

Public Document Pack



AYLESBURY VALE DISTRICT COUNCIL Democratic Services

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29 October 2015

CABINET

A meeting of the **Cabinet** will be held at **6.30 pm** on **Tuesday 10 November 2015** at the **Winslow Church of England Combined School, Lowndes Way, Winslow MK18 3EN**, when your attendance is requested.

Please note the venue for this meeting

NOTE: There will be an informal session starting at 6.15 pm to give Members the opportunity to comment on issues on the Agenda. The press and public may attend as observers.

Membership: Councillors: N Blake (Leader), S Bowles (Deputy Leader), J Blake, A Macpherson, H Mordue, C Paternoster and Sir Beville Stanier Bt

Contact Officer for meeting arrangements: Bill Ashton; bashton@aylesburyvaledc.gov.uk;

AGENDA

1. APOLOGIES

2. MINUTES (Pages 1 - 4)

To approve as a correct record the Minutes of the meetings held on 6 October 2015 and 15 October 2015 (copies attached).

3. DECLARATIONS OF INTEREST

Members to declare any interests.

4. QUANTON CONSERVATION AREA (Pages 5 - 22)

Councillor Mrs Paternoster
Cabinet Member for Growth Strategy

To consider the report attached as Appendix B.

Contact Officer: Anne Davies (01296) 585383

5. VISITOR INFORMATION CENTRE, AYLESBURY (Pages 23 - 36)

**Councillor Mrs Macpherson
Cabinet Member for Leisure, Community and Civic Amenities**

To consider the report attached as Appendix C.

Contact Officer: Teresa Lane (01296) 585006

**6. WATERSIDE NORTH PHASE 1 - APPOINTMENT OF A DEVELOPMENT PARTNER
(Pages 37 - 50)**

**Councillor Bowles
Cabinet Member for Economic Development Delivery**

To consider the report attached as Appendix D.

Contact Officer: Teresa Lane (01296) 585006

7. CAPITAL PROGRAMME (Pages 51 - 58)

**Councillor Mordue
Cabinet Member for Finance, Resources and Compliance**

To consider the report attached as Appendix E

Contact Officer: Andrew Small (01296) 585507

8. BUDGET PLANNING 2016/17 (Pages 59 - 76)

**Councillor Mordue
Cabinet Member for Finance, Resources and Compliance**

To consider the report attached as Appendix F.

Contact Officer: Andrew Small (01296) 585507

9. TOWARDS AN ENTERPRISE COUNCIL (Pages 77 - 84)

**Councillor Mrs J Blake
Cabinet Member for Business Transformation**

To consider the report attached as Appendix G.

Contact Officer: Evelyn Kaluza (01296) 585549

10. EXCLUSION OF THE PUBLIC

The following matter is for consideration by Members "In Committee". It will therefore be necessary to

RESOLVE –

That under Section 100(A)(4) of the Local Government Act, 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in the Paragraph indicated in Part 1 of Schedule 12A of the Act:-

1. Waterside North Phase 1 – Appointment of a Development Partner (Paragraph 3)

The public interest in maintaining the exemptions outweighs the public interest in disclosing the information because the reports contain information relating to the financial or business affairs of organisations (including the Authority holding that information) and disclosure of commercially sensitive information would prejudice negotiations for contracts and land disposals/transactions.

11. WATERSIDE NORTH PHASE 1 - APPOINTMENT OF A DEVELOPMENT PARTNER
(Pages 85 - 86)

(Category – Paragraph 3 of Part 1)

Councillor Bowles

Cabinet Member for Economic Development Delivery

To consider the confidential information in the attached appendix.

Contact Officer: Teresa Lane (01296) 585006

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Public Document Pack Agenda Item 2

Cabinet

6 OCTOBER 2015

PRESENT: Councillor N Blake (Leader); Councillors J Blake, A Macpherson, C Paternoster and Sir Beville Stanier Bt.

APOLOGIES: Councillors S Bowles and H Mordue

1. MINUTES

RESOLVED –

That the Minutes of 1 September, 2015, be approved as a correct record.

2. FOOD SERVICE PLAN

Cabinet received a report, also submitted to the Environment and Living Scrutiny Committee concerning proposed revisions to the Food Service Plan. The Scrutiny Committee report incorporated a copy of the updated Plan and summarised the key features. The Food Standards Agency (FSA) was the regulatory body for ensuring food safety standards. The FSA had developed a framework agreement which provided for the production by all local authorities of a Food Service Plan.

As mentioned previously, the revised Plan had been considered by the Environment and Living Scrutiny Committee which had commented on a number of specific issues, but had otherwise endorsed the Plan. The Plan would be submitted to full Council for formal adoption as part of the Council's Policy Framework.

Cabinet was invited to consider recommending Council to remove the Plan from the Policy Framework, and in future delegating approval to the Cabinet Member for Environment and Waste. Future revised plans would however still be subject to review by the Scrutiny Committee, whose comments would be taken into account by the Cabinet Member. This would provide the Council with greater flexibility to take advantage of any commercial opportunities that might present themselves in relation to the delivery of this particular service.

The FSA set out how food controls should be delivered by local authorities in the Food Law Code of Practice guidance document. Each local authority had to have an up to date documented Food Service Plan which was readily available to consumers and businesses and which stated how they intended to deliver food controls in their area, including the delivery of food enforcement activity.

When drafting the Food Service Plan, the FSA stated that local authorities had to have regard to any advice issued by the FSA and the Local Government Association. Consequently, the structure and content of the Plan was largely dictated by FSA requirements and the Food Law Code of Practice, with limited discretion to deliver local food controls any differently. Bearing this in mind, the existing adoption process was somewhat cumbersome. It was therefore felt that a more appropriate approval mechanism would be to submit the Plan for Scrutiny, after which final sign off would be the responsibility of the Cabinet Member for Environment and Waste. Cabinet felt that Scrutiny remained an essential element in the adoption process, particularly as future decisions might involve targeting the limited resources available to high risk rather than low risk businesses and possibly developing potential income generating opportunities. Accordingly it was,

RESOLVED –

- (1) That The revised Food Service Plan be commended for adoption by Council and the Environment and Living Scrutiny Committee thanked for its input.
- (2) That, for the reasons outlined above, Council be recommended to remove the Plan from the Policy Framework and in future approval of the Plan be delegated to the Cabinet Member for Environment and Waste, after having been the subject of scrutiny.

3. RISK MANAGEMENT STRATEGY AND STRATEGIC RISK

The risk management arrangements of the Council formed a key part of the overall internal control arrangements of the Council and were incorporated within the Annual Governance Statement. The Risk Management Strategy was last updated in September, 2013 and a revised Strategy and been produced to reflect changes in the Council's approach to risk and its changing risk appetite. A copy of the revised Strategy was submitted. A Risk Statement had been produced, which was also submitted, and which would be the subject of annual review. Both these documents had been posted on the Council's web site as part of the agenda pack for this meeting.

As part of its governance arrangements the Council was required to manage risks effectively as highlighted in CIPFA's Good Governance in Local Government document. The Strategic Risk Register provided evidence of a risk aware and risk managed organisation. It reflected the risks "on the current radar". The Risk Strategy had been updated to reflect the Council's wish to become a totally sustainable organisation and a copy formed part of the agenda pack (also posted on the Council's web site). The Strategy was the subject of review at six monthly intervals. Having asked that the Strategic Risks Summary should reflect the Council's dependency on the work of the wider south-east authorities in relation to delivery of the Vale of Aylesbury Plan within the expected timeline, it was,

RESOLVED –

That, subject to appropriate reference being made to the Council's dependency on the work of the wider south-east authorities in the "Sources of Assurance" section of the Strategic Risks Summary (page 7 of Appendix 3 to the Cabinet report) with particular reference to delivery of the Vale of Aylesbury Local Plan, the updated Risk Management Strategy, Risk Appetite Statement and Strategic Risk Register be approved.

CABINET

15 OCTOBER 2015

PRESENT: Councillor N Blake (Leader); Councillors J Blake, A Macpherson, H Mordue, C Paternoster and Sir Beville Stanier Bt.

IN ATTENDANCE: Councillors K Hewson

APOLOGY: Councillor S Bowles

1. VALE OF AYLESBURY LOCAL PLAN (VALP) ISSUES AND OPTIONS

Cabinet received a report also considered by the Vale of Aylesbury Local Plan Scrutiny Committee on 14 October, 2015 and which would be submitted to Council on 21 October, 2015, concerning the content of the Local Plan Issues and Options Consultation Document. The background to the preparation of the document was summarised in the Minutes of the Scrutiny Committee.

The document did not allocate sites for development as proposed allocations would be included at the Draft Plan stage. The document set out the capacity which could be derived from the Housing and Economic Land Availability Assessment (HELAA) of 22,523 dwellings, the housing need of 21,300 dwellings from the Housing and Economic Development needs Assessment (HEDNA), an estimated need for 10,000 dwellings to meet unmet need, and the spatial options for meeting the need. There was a shortfall between the need and the potential supply and other options for meeting this need had to be considered, including combining the HELAA supply, and other aspects of supply, including a new settlement, intensification of development or substantial extensions at Milton Keynes to exceed the projected need. The document also set out a list of planning policies, a revised settlement hierarchy and new evidence relating to landscape designations.

Both the HELAA and the HEDNA reports would be placed on the Council's web site for comment as well as the Issues and Options Consultation Document. Hard copies of these documents would be made available in the Members' Lounge and the Forward Plans Section for any Member who wished to carry out an in depth study of the rationale and conclusions. The Consultation Document invited comments on the revised settlement hierarchy, a list of proposed development management policies and work to support local landscape designations.

The Chairman of the Vale of Aylesbury Scrutiny Committee was invited to elaborate upon that Committee's deliberations concerning the document and these observations were discussed by Cabinet on a section by section basis. It was noted that the Scrutiny Committee had asked in particular for an additional sentence to be included in question 2 in the section of the document relating to the implications of the HEDNA to assist consultees in considering their response. Cabinet also sought clarification around a number of specific issues referred to in the consultation document, including the calculation of the unmet housing need figures, traveller site requirements and housing provision for elderly people. Reference was also made to an e-mail from Councillor Whyte to the Cabinet Member for Strategic Growth, written after he had listened to the Scrutiny Committee discussions the previous evening. Officers were asked to respond after consultation with the Cabinet Member.

The six week consultation period would commence on 23 October. This would involve a number of consultation events but would primarily be web based. Everyone on the Local Plan consultation database would be invited to comment, and the consultation would be publicised via a press release and on social media. All comments would be

taken into account in the production of the Draft Local Plan in Spring 2016. Members were advised of the dates of the consultation events.

RESOLVED –

- (1) That the Vale of Aylesbury Scrutiny Committee be thanked for its input and that Council be recommended to approve the Local Plan Issues and Options Consultation Document as amended to reflect the Scrutiny Committee's discussions.
- (2) That Council be recommended to give delegated authority to the Director responsible for overseeing the formulation of the Plan, after consultation with the Cabinet Member for Strategic Growth, to make such textual changes as might be necessary to prepare the document for consultation.

QUANTON CONSERVATION AREA DESIGNATION

Councillor Mrs Paternoster

Cabinet Member for Growth Strategy

1 Purpose

- 1.1 To approve the revised Conservation Area at Quanton having noted the responses to the period of public consultation.

2 Recommendations/for decision

- | | |
|-----|---|
| 2.1 | That the responses to the consultations contained in this report (Appendix 1) be noted. |
| 2.2 | That the Conservation Area boundary (Appendix 2) be adopted. |
| 2.3 | That the Management Plan be adopted. |

3 Executive summary

- 3.1 Quanton Parish Council have commissioned Aylesbury Vale District Council to review Quanton Conservation Area. The Conservation Area at Ivinghoe was initially designated by Aylesbury Vale District Council in 1972 and has not been reviewed since. It is therefore important that this Conservation Area is reviewed and that an appraisal which adequately supports designation and accords with a nationally accepted standard as defined by Historic England is completed.
- 3.2 A detailed appraisal of Quanton has been undertaken which identifies what is significant about the village and recommends alterations to the existing Conservation Area boundary. A copy of a map showing the proposed Conservation Area boundary is contained within Appendix 2 of this report. Copies of the draft appraisal document are available within the Members Lounge and on request from the Conservation Areas Officer.

4 Supporting information

Legislation and Guidance

- 4.1 The Planning (Listed Buildings and Conservation Area) Act 1990 P(LBCA) Act 1990) defines a Conservation Area as “an area of special architectural or historic interest, the character or appearance of which is desirable to preserve or enhance.”
- 4.2 The P(LBCA) Act 1990 places three duties on Councils in relation to Conservation Areas:
- To designate those areas considered to be of special architectural or historic interest as Conservation Areas
 - To review all Conservation Area designations “from time to time”
 - To formulate and publish proposals for the preservation and enhancement of the Conservation Areas

Review of Conservation Area at Quanton

- 4.3 The Conservation Area Appraisal document for Quanton:
- Defines the special interest of Quanton

- Identifies those features which make Quainton of sufficient interest to warrant designation
 - And lays out some settlement specific management proposals for the preservation and enhancement of the Conservation Area
- 4.4 The proposed Conservation Area boundary at Quainton has been drawn to include those elements and features which are considered to be of architectural or historic interest, or which positively contribute to the special character or appearance of the area as a whole
- 4.5 The general principles used to define Conservation Area boundaries are laid out in the AVDC Conservation Area SPD (March 2011), section 2.5. The detailed reasoning for the proposed boundary and the special interest of Quainton are laid out in the Quainton Conservation Area Appraisal Document.
- 4.6 Following approval of the Conservation Area boundary, the full Quainton Appraisal Document will be finalised.

Quainton

Summary of inclusions within the proposed Conservation Area at Quainton.

- 4.7 Many of the proposed changes to the Quainton Conservation Area boundary relate to minor alterations where the existing boundary cuts through properties. In these cases the proposed boundary has been altered to follow extent boundaries in order to avoid any confusion or misunderstanding.
- 4.8 The most significant changes to the existing boundary are the proposed inclusion of;
- *Townsend*

Townsend is located to the west of the historic core of Quainton. There are many examples of 'Ends' settlements within Buckinghamshire particularly in the southern half of the Aylesbury Vale. 'End' development is characterised by small groups of buildings dislocated from the main core of villages and often concentrated around manors, farms or particular buildings or features. In the case of Townsend the buildings are clustered around Townsend Farm and the junctions of Upper and Lower Street. Later development has resulted in coalescence and Townsend has become absorbed within the peripheries of Quainton.

The proposed boundary has been drawn tightly around the junction and those buildings which are either listed or have been highlighted within this document as Local Heritage Assets. The exceptions are 13, Townsend – an attractive 1950s chalet and 1, 2 and 3, Klee Close which are modern structures that have been built on the footprint of the barns and outbuildings that originally formed the farmyard of Townsend Farm. In their design these buildings pick up on the utilitarian character of the former buildings on the site. Other elements of the site still survive including the pond within the farmyard. For all of these reasons it is considered that this development still maintains a strong connection with Townsend Farm and therefore should be included within the proposed Conservation Area boundary.
 - *Eastern end of Church Street and Pumping Station*

The 1972 Conservation Area boundary runs along the southern side of Church Street close to the junction with the road that leads to Denham House. It is proposed that the Conservation Area boundary is extended to

include both sides of the road and the pumping station to the east of the church.

The eastern end of Church Street from the Almshouses to the junction has a very distinct character from the western end. The point where the road curves and drops in gradient marks the gentle transition from the developed character of the majority of Church Street to a more rural character on the fringes of the village. The role of trees, hedges and verges, as well as the lack of paving reinforces the rural setting of Quainton which is such a fundamental part of its character. The approaches to the village are therefore extremely important and both the eastern end of Church Street and the road that runs along the eastern boundary of the churchyard should be recognised within the Conservation Area boundary. Both roads form important foregrounds and backdrops to the setting of Holy Cross and St. Mary's Church.

To the east of the church is a small pumping station which is partially obscured from view by hedging. This attractive stone building with its slated gabled roof and stone mullion windows sits well within its rural context and makes a positive visual contribution to the character and appearance of the road and to the setting of the church.

- *Southern side of the Strand and 20, The Strand (The Old Police House)*

Similar to Church Street, the eastern end of The Strand forms an important entrance into the village. It marks the transition from the historic development around The Green and the modern development of White Hart Field to the open and undeveloped character of the surrounding rural landscape. Trees, hedges and verges all reinforce the rural character of the area and this stretch of road provides vantage points to a series of wonderful views of the church, Quainton windmill and the surrounding landscape.

It is proposed that the Conservation Area boundary is extended to include 20, The Strand, which was the former police house. This late 19th or early 20th century detached building is prominently situated slightly back from the road edge behind a wooden fence. Now converted to a private domestic dwelling, the building retains much of its original character and a cell still survives within the garden. This building is significant because of the positive visual contribution it makes to the character and appearance of the area as well as to our understanding of the social history of the village.

- *37, 39, 41, 43a, and 43 Lower Street*

Group of early 20th century buildings, which although significantly change, still maintain their basic form, massing and outline. They belong to a period that marked the end of the relatively large scale development within the village which started during the 19th century and ceased before the 1st World War. No. 43 Lower Street is an attractive example of a former farm house. This building, which maintains much of its original character, makes a strong visual statement within the street scene.

- *14, 15 and 17 Upper Street*

Nos 14, and 17, Upper Street are both examples of early 20th century development. This was a period that marked the end of the relatively

large scale development within the village which started during the 19th century and ceased before the 1st World War.

The buildings differ greatly in scale. 17, Upper Street is a substantial Edwardian building which is shown on historic maps of the village as having been located within sizable grounds. The plot has subsequently been subdivided and developed. The principle elevation of this large two storey building faces away from the road, to take advantage of the magnificent views to the south. The building is significant because it retains much of its original external character and is a relatively high status example of Edwardian development within the village. The subdivision of the grounds of 17, Upper Street, marked the beginning of substantial modern development along Windwood Drive.

In contrast 14, Upper Street is a much more modest building. It forms a pair with 4 Upper Street which sits within the 1972 Conservation Area boundary. Situated slightly back within its plot, but above the height of the road, this is a visually prominent building which despite some later alterations has maintained much of its original form, scale, massing and character and makes a positive visually contribution to the streetscape.

Summary of Management Plan for proposed Conservation Area at Quainton.

- 4.9 The following site specific issues were raised within the Quainton Conservation Area Management Plan and during the period of public consultation. These proposals should be considered in addition to those contained within Aylesbury Vale's Conservation Area Management Plan - District Wide Strategy
- Maintaining the rural character of the village especially through the preservation of the hedges, trees and banks that line the carriageways. Also it is important to maintain the connection between the village and surrounding countryside gained in part through views from within the village out into the surrounding landscape and also from outside the village looking in.
 - Maintain the integrity of the key open spaces within the village in particular, The Green, Townsend and the churchyard.
 - Recognise the key role played by Quainton Windmill and Holy Cross and St. Mary's Church. The setting of both of these buildings is fundamental to the identity and character of the village as a whole.
 - Maintain the rural character of the village through the rationalisation of signage and street furniture. This can be achieved through undertaking a street furniture audit. (please refer to the Aylesbury Vale Highway Protocol)
 - Maintain and repair surviving areas of stone and brick footpaths. These footpaths need to be recorded and plotted on a map and an analysis of their condition undertaken. It should be noted that areas of historic street surfacing may also survive beneath layers of tarmac. Consideration should be given whether these areas should be re-exposed or preserved in situ as archaeology. These traditional street surfaces contribute greatly to the visual and textural quality of the streetscapes. (please refer to the Aylesbury Vale, Highway Protocol)

- Maintain the essential form and character of utilitarian/agricultural outbuildings as outline in this document.
- Encourage the retention of historic features (particularly windows and doors) where they survive on buildings, especially those buildings which are not listed and are therefore not protected by legislation.
- Where new development is deemed acceptable ensure that its form, layout, massing, materials and design reflect and respect the key characteristics of the built historic environment of the village as identified within this document.
- Overhead wiring around the village and in particular on The Green Efforts should be made to see if these cables could be placed underground and the poles removed.
- Traffic volumes and issues relating to parking have had a significant and detrimental impact upon the character of the village. Traffic mitigation schemes may be appropriate, but these must be visually unobtrusive and not detract from the special character and appearance of the village.

Process of Public Consultation for Quainton:

- 4.10 The draft Quainton Conservation Area Appraisal (including the proposed boundary) has been subject to a seven week period of public consultation between Monday 29th June until Friday 14th August 2015.
- 4.11 The public consultation was run in accordance with the Statement of Community Involvement (SCI) except the period of consultation was extended from 6 weeks to 7 weeks to take into account the Summer holiday. Each household and business affected by a proposed change to the existing Conservation Area boundary was consulted by letter. Posters regarding the review were displayed on Quainton Parish Council noticeboards and the full appraisal document was published online on the AVDC website. An exhibition board concerning the review was displayed during the Quainton Neighbourhood Plan public consultation event at Holy Cross and St. Mary's Church on Friday 3rd July and Saturday 4th July. The exhibition was also on display at The Village Beer Festival on The Green on 11th July.
- 4.12 During the public consultation period (9th July) the Conservation Areas Officer attended a Parish Council meeting at Quainton in order to allow residents to ask any questions that they might have had regarding the document or the revised Conservation Area boundary.
- 4.13 39 written responses were received as a result of the period of public consultation. 4 respondents raised objection to the proposed alterations.
- 4.15 Responses to the consultation are summarised in Appendix 1.

5 Options considered

- 5.1 In light of the statutory requirement under section 69 (2) of the Planning (Listed Building and Conservation Area) Act 1990 to review designated Conservation Areas and to consider the designation of new areas, the option of not considering Quainton for a Conservation Area review has been rejected.

6 Reasons for Recommendation

- 6.1 The recommendations reflect the previous decision by Members to take into account the views of residents, business owners and interested groups in reviewing and designating Conservation Areas.
- 6.2 The review of a Conservation Area accords with the Council's responsibilities under section 69(2) of the Planning (Listed Building and Conservation Areas) Act 1990 and is an effective means of helping the Council to protect the District's cultural heritage.

7 Resource implications

- 7.1 Budgetary provision is already made for the completion of this project.

8 Response to Key Aims and Objectives

- 8.1 Directly meets the key aim of the AVDC Corporate Plan 2011-2015 to "protect and improve the living experience of the Vale" (Enhance our natural and built environment-deliver a programme of Conservation Area Reviews).

Contact Officer
Background Documents

Anne Davies (01296) 585383
Conservation Area SPD

District Wide Strategy for the Management of Conservation Areas
Quainton Draft Appraisal Documents.

Appendix 1: Responses to the Quinton Consultation:

Organisation/ Individual	General Comments	Response
1.Quinton Parish Council	<ul style="list-style-type: none"> The parish council are also fully in agreement to the proposed extension of the conservation area boundary to include the Townsend area and other notable buildings nearby. Opportunity to present the key findings and recommendations to the residents of Quinton generated a great deal of interest, prompting suggestions for places and buildings to be included. It would be appreciated if those proposed sites raised by the public are also considered in the final document. 	<ul style="list-style-type: none"> Noted See responses below
2Historic England	<ul style="list-style-type: none"> I think this will be a very helpful document which succeeds in addressing why the place as a whole is significant. As ever I must note our disappointment that Article 4(2) Directions are not been considered. Given that the appraisal makes clear that architectural details make vital contribution to the character of the area these should be a key tool in its management. One thing that does make an important contribution to the character of the area but is not I think given enough emphasis in the appraisal is the fact that in general buildings are on the whole relatively small. Also there is a definite pattern of development of closer packed houses around the green which sit right next to the road and a lessening of density at elsewhere, where houses tend to be semis or detached and set back from the road. These may be an obvious points but these factors do help give cohesiveness to the village despite the variety of architectural styles and one potential development pressure may be larger buildings which are too close together. 	<ul style="list-style-type: none"> Noted At this time the council has not made any commitment to pursue any Article 4(2) Directions Noted Text will be amended to reflect comment.
3. Quinton Village Society	<ul style="list-style-type: none"> The whole area of both the new and old allotments down to and including Scraggs Cottage 	<ul style="list-style-type: none"> This area forms part of the fields surrounding the south-western area of the village. It is recognised that this area has significant community value but

	<ul style="list-style-type: none"> • 24 North End – by taking the inclusion line west along the northern boundary of Hatherways (12 Upper Street) 	<p>it is not considered that it contributes significantly to the character and appearance of the conservation area. It forms part of the setting of the conservation area and as such will be offered protection in the operation of the National Planning Policy Framework.</p> <ul style="list-style-type: none"> • This is already included
4.Resident	<ul style="list-style-type: none"> • We think it is vital to keep the Swan and Castle as a pub. It is good for the village to have competition 	<ul style="list-style-type: none"> • It is proposed that the Swan and Castle public house is included within the Conservation Area boundary because of its prominent visual position close to Townsend at a pinch point within Lower Street. The building is visually attractive and is important in terms of the social history of the village.
5. Resident	<ul style="list-style-type: none"> • Pleased Townsend has been included in the CA 	<ul style="list-style-type: none"> • Noted
6.Resident	<ul style="list-style-type: none"> • So pleased Townsend is included and thus protected in the new Conservation Area. Amazed that it has not been included before. 	<ul style="list-style-type: none"> • Noted
7.Resident	<ul style="list-style-type: none"> • I agree with the proposed extensions to the boundary 	<ul style="list-style-type: none"> • Noted
8. Resident	<ul style="list-style-type: none"> • Surprised that CA goes back to 1972 as major alterations have been made to houses on the Green 	<ul style="list-style-type: none"> • Designation of a CA does not preclude development
9.Resident	<ul style="list-style-type: none"> • The views are what make Quainton. 	<ul style="list-style-type: none"> • Noted – we hope that this has been adequately reflected within the graphics and text of the appraisal document.
10.Resident	<ul style="list-style-type: none"> • I think the Swan and Castle site would be a good place for an attractive residential close of houses catering for the older or younger residents of the village. 	<ul style="list-style-type: none"> • The proposed CA designation should reflect what exists at the time of review rather than what may exist in the future.
11.Resident	<ul style="list-style-type: none"> • The conservation review now includes some iconic and important areas which are vital for Quainton. I agree with these proposals. 	<ul style="list-style-type: none"> • Noted

12.Resident	<ul style="list-style-type: none"> We support these proposed plans but there is no mention of the impact of HS2 will or could have on these plans 	<ul style="list-style-type: none"> The purpose of Conservation Area designation is to acknowledge the special character an area. It is not intended to prevent future development, designation along with other forms of protection must inform planning decisions relating to the historic environment. The fact of the designation would become a material consideration with regard to any decisions relating to HS2
13.Resident	<ul style="list-style-type: none"> Glad to see additional areas of conservation. 	<ul style="list-style-type: none"> Noted
14.Resident	<ul style="list-style-type: none"> Proposed amendments are welcome. Seems strange that they were not part of previous review 	<ul style="list-style-type: none"> Noted
15.Resident	<ul style="list-style-type: none"> The parish will benefit from the larger conservation area. Glad to see The Swan and Castle protected. 	<ul style="list-style-type: none"> Noted
16 Resident	<ul style="list-style-type: none"> I fully support the conservation area 	<ul style="list-style-type: none"> Noted
17.Resident	<ul style="list-style-type: none"> Glad to see Swan and Castle in Conservation Area 	<ul style="list-style-type: none"> See comment above re Swan and Castle
18.Resident	<ul style="list-style-type: none"> I think that the new conservation area at Townsend will provide some extra protection for this attractive end of the village 	<ul style="list-style-type: none"> Noted
19. Resident	<ul style="list-style-type: none"> Fully support proposed conservation area 	<ul style="list-style-type: none"> Noted
20.Resident	<ul style="list-style-type: none"> I agree with the proposals to increase the conservation area 	<ul style="list-style-type: none"> Noted
21.Resident	<ul style="list-style-type: none"> Totally agree with the conservation area review 	<ul style="list-style-type: none"> Noted
22.Resident	<ul style="list-style-type: none"> The conservation area appears to encapsulate all parts of the village that hold historic buildings or features. Extending this to be a complete boundary or conservation belt would further protect the village. Very pleased with what has been proposed would just like to see more. Can we please include a conservation area for the area designated for HS2 	<ul style="list-style-type: none"> CA designation is a specific designation relating to the built historic environment and therefore it would not be appropriate or justifiable to include those areas of the village that do not fulfil this criteria.

23. Resident	<ul style="list-style-type: none"> I fully support the additions to the Conservation Area at Quainton – I approve of The Swan and Castle being included 	<ul style="list-style-type: none"> Noted
24. Resident	I support the extension of the conservation area	<ul style="list-style-type: none"> Noted
25. Resident	<ul style="list-style-type: none"> I fully support all the proposed boundary amendments within the conservation area review 	Noted
26. Resident	<ul style="list-style-type: none"> I agree with the conservation area review entirely 	<ul style="list-style-type: none"> Noted
27. Resident	<ul style="list-style-type: none"> Glad the conservation area includes the Swan and Castle 	<ul style="list-style-type: none"> Noted – see comments re Swan and Castle above.
28. Resident	<ul style="list-style-type: none"> I feel that Station Road should be extended further to preserve the unique open area. 	<ul style="list-style-type: none"> CA designation is a specific designation relating to the built historic environment. Although it can include areas of open space, these usually relate to areas like greens or churchyards, or fields that contain archaeological remains. Although the fields along Station Road are important in terms of the views across them and the setting of the Conservation Area and a number of listed buildings, so are many fields surrounding the village. It would not be justifiable to include all of these.
29. Resident	<ul style="list-style-type: none"> The new conservation area proposals are sensible and in keeping with the need to retain green spaces to maintain and enhance the quality of living spaces (proposed and current) in Quainton 	<ul style="list-style-type: none"> Noted
30. Resident	<ul style="list-style-type: none"> I agree with the proposed Conservation Area 	<ul style="list-style-type: none"> Noted
31. Resident	<ul style="list-style-type: none"> Whilst there is a public footpath traversing an area of The Paddocks, it is not possible to access the remainder of the property from that footpath. There has never been a possibility of anyone ‘walking more freely’ over the land and therefore it is believed it should not form part of the ‘protected’ green spaces. 	<ul style="list-style-type: none"> Letter response sent to confirm that nowhere within the draft Conservation Appraisal is it implied that private land along the boundaries of the proposed Conservation Area is freely accessible to the public.
32. Resident	<ul style="list-style-type: none"> The current conservation area boundary runs along the north side of The Strand but it is now proposed to extend the boundary to cover the 	<ul style="list-style-type: none"> Both sides of the Strand have been included in the Conservation Area boundary since the trees

	<p>road, the highway verge and presumably the hedgerow of the southern boundary of The Strand, together with the Old Police House, No. 20 The Strand. While we have no objection to the inclusion of the Old Police House within the conservation area boundary, we see no justification for the boundary to be extended to take in The Strand itself, or the highway verge and field boundary on the southern side. There is nothing of specific conservation or historic merit with this land and the justification put forward on Page 19 of the consultation document does not meet the test set out at paragraph 127 of the National Planning Policy Framework. Specifically this states that “when considering the designation of conservation areas, local planning authorities should ensure that an area justifies such status because of its special architectural or historic interest”.</p> <ul style="list-style-type: none"> • There is no special architectural or historic interest in The Strand itself which essentially is a rural road on the approach to a village. The justification that has been put forward for its inclusion seems to be based on the misconception that as an area of transition between the modern development of White Hart Fields and an area of undeveloped land to the north, it reinforces the rural character of the area and this amounts to something of special architectural or historic interest. It does not. Moreover, the fact that the road itself affords limited views of the church, windmill and surrounding landscape is not a reason for designating a conservation area. • Paragraph 127 of the NPPF states that the concept of conservation should not be devalued through the designation of areas that lack special interest. Extending the designation of the conservation area to cover The Strand itself and the southern verge and field hedgerow would undermine and devalue the existing conservation area contrary to the NPPF. • We object to this proposed extension for the reasons set out above and request that the boundary of the conservation area should continue to run along the northern side of The Strand, consistent with 	<p>and hedges on both sides of the road are considered to reinforce the rural character of this area and this stretch of the road provides vantage points ‘to a series of wonderful views of the church, Quainton windmill and the surrounding landscape.</p> <p>Paragraph 2.5.2 (a) of the adopted Conservation Area SPD states that ;</p> <p>‘Conservation area boundaries are drawn to include elements and features (modern or historic) which are considered to be of architectural or historic interest or which positively contribute to the special character or appearance of the area as a whole.’</p> <p>It is appreciated that the NPPF post dates this advice but given that the Strand contributes positively to the conservation area in its’s entirety the concept of conservation will not be devalued by this inclusion.</p>
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	the boundary as originally fixed when the conservation area was designated in 1972.	
33. Resident	<ul style="list-style-type: none"> I would just like to point out that the hedge along the Strand and up to the church, is made up mostly of elm and some ash. In view of elm disease and now ash die back, I do not see much point in including these hedges in the conservation area. My alternative approach would be to leave the original plan as it is. Provision for new housing should also be considered to keep the village viable. We have lost the butchers, and the shop looks next, and we are down to one pub, villages must be allowed to grow to keep things viable. 	<ul style="list-style-type: none"> Despite some loss of vegetation, hedges make an important contribution to the character and appearance of the Conservation Area. The inclusion of this hedgerow recognises this contribution. Noted Conservation area designation does not preclude development. It is not the purpose of conservation area designation to identify new housing allocation.
34. Resident	<ul style="list-style-type: none"> I wish to make the following comment in reference to the Paddocks and Stables opposite the Old School House which I believe should be included in the Conservation Area for the following reason. Protection of this site is of great importance. It is, so to speak, the gateway to the backland of the village up the hill. This must be strongly resisted as potential development of the site could give access to that backland. Including this site within the Conservation Area of the village would give the village some protection from this possibility. From the village's point of view, as you pass the church and Brudenell House and its garden, this field is a very attractive first look up the hills which are such a major part of the attraction of the village. It is a favourite walk for many of the village and for the many visitors to the village, who go on to climb up the bridleway/footpath to the water 	<ul style="list-style-type: none"> The proposed extension of the Conservation Area boundary to the north side of Church Street, in the vicinity of the Church, provides a strong, clearly identifiable boundary with views into the Conservation Area. The hedge merges into the trees which form the boundary to Brudenell House. The vegetation of the hedgerow provides a distinct separation from the wider expanse of open land merging into farmland to the north of the village. Inclusion of the land within the Conservation Area would not in itself protect it from proposals for development. However the area forms part of the setting of the Conservation Area which would be significant in the event of any proposals for development. <p>This comment appears to refer to Neighbourhood Plan proposals.</p>

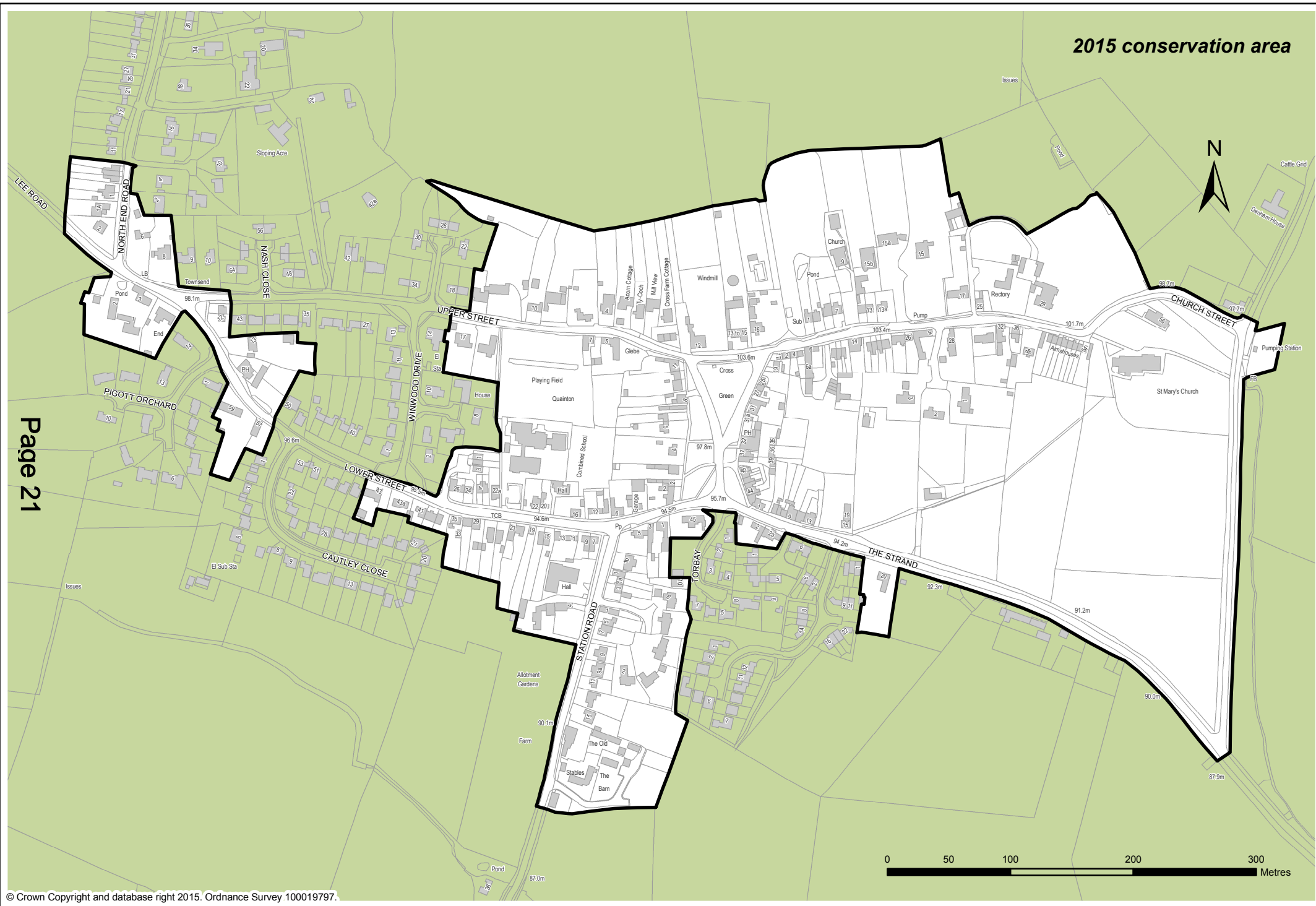
	<p>tower at the top of the hill. This field should have a higher rating on Beauty than 1. (I have to say that without the insensitive use of a part of this field by the current owner who seems to be using it as a dump and to park lorry and caravan this would be recognised but despite this it should still be recognised.) Historical Significance (current score 0)</p> <ul style="list-style-type: none"> • The house and the field beyond have a wartime historical interest in that there was a Italian POW camp established here, with the house being used to house Italian POWs' families and the field (land parcel No 1) being used by them to grow food. This has been immortalised in a portrait commissioned by Bucks County Council of the Chairman of Bucks County Council, James Ireland, by Romeo di Girolamo, a renowned painter who became President of the Royal Society of British Artists. Romeo di Girolamo, whose father had been one of those Italian POWs, commemorated his father's life by painting the Chairman emerging from this particular site, which is very recognisable. This portrait hangs in County Hall. This site should have a higher rating in Historical Significance than 0. • This land should be included within the proposed amendment to the 1972 Conservation Area of Quainton Village. 	<ul style="list-style-type: none"> • As above • As above
	<ul style="list-style-type: none"> • In regards to East of 20, The Strand (the "Land"), we would like to express our opposition to the inclusion of any part of the Land in the proposed new conservation area. • The Land to which we refer to is on the East of 20, The Strand and borders the North of Policeman's Field in the second entrance to which we own along with other acreage which is referenced as being part of No.2 on the map of the Quainton Conservation Area Review. 	<ul style="list-style-type: none"> • See response to resident 32 above. • It should be noted that there is no statutory requirement to notify residents/land owners of proposals to designate a Conservation Area although this is always undertaken as a matter of courtesy.

	<ul style="list-style-type: none"> • Pleased be advised that we see no valid reason for the inclusion of the verge, ditch, hedge and trees on our land to be a part of the proposed modification to the existing conservation area and we will take legal action to contest the matter should this prove necessary. • Please note that we have only recently been made aware that AVDC have previously written to a number of Quainton residents in late June 2015, however, we confirm that no such communication from you has been received despite the proposed infringement on our Land, which we would appreciate, is duly noted. 	<ul style="list-style-type: none"> • See response to resident 32 above and as above. • No “infringement” on land
35. Resident	<ul style="list-style-type: none"> • We farm behind the Thames Water Pumping Station and to the Northeast of the Village. I was glad to hear that you think the views into and out from the village are some of its greatest assets. • I understood you to say that inclusion in the conservation area was predominantly governed by housing and archaeology, so am I right in thinking that the aforementioned views are irrelevant? • The East side of New Street and South side of the Strand are now proposed to be included, with which I am very happy, but they do not include either archaeology or housing. Perhaps the views from the Church Yard are being considered in this case, and if so ought not the views from there to the North, below Denham House, also be included? • I see no good reason why the Stables and Paddocks in Church Street, opposite the Old School House and Church (which are in the CA), should not also be included. 	<ul style="list-style-type: none"> • Noted • All views are relevant as identified in chapter 7. <p>As above</p> <ul style="list-style-type: none"> • As above
36. Resident	<ul style="list-style-type: none"> • Please can I politely request that land parcel number 1 as listed in the ranking of Quainton Green spaces in the Neighbourhood Development Plan be included within the Conservation Area boundary going forward? • This parcel of land overlooks the Conservation Area and forms part of 	<ul style="list-style-type: none"> • See response to Resident 32 above.

	<p>the lovely view from the Church yard up to the hills - it is particularly lovely and in my view should be protected from any development.</p> <ul style="list-style-type: none"> • I believe it also has some historical significance having been used by Italian Prisoners of War to grow vegetables and keep livestock during WWII. I also believe that this land parcel previously belonged to the Croft, a property situated on Church Street which falls within the Conservation Area. • This land parcel and its associated stables and paddocks should in my view be included within the Conservation Area as part of an arc of land including The Croft and Brudenell House (and their respective curtilages). 	<ul style="list-style-type: none"> • As above
<p>37. Resident</p>	<ul style="list-style-type: none"> • I would like to register my opposition to the creation of a conservation area on the land bordering the road to the east of Quainton in the proposed Conservation Area Review. • I farm the land known as "the Policeman's field" to the south the area proposed. I have been responsible for the maintenance of these hedges and ditches all my life. 	<ul style="list-style-type: none"> • Noted
<p>38. Resident</p>	<ul style="list-style-type: none"> • I would like to ask why the areas below Cautley close and Pigott orchard are not included ? • These are residential areas with an out look across open land and development on the fields immediately below these areas would be highly detrimental to the residents, not too mention immediate impact of any additional traffic emanating from these areas. • Why would we protect the open flatter areas to the east of the main village and nearer to the more significant roads whilst not protecting the areas immediately around the residential housing to the West, most of which appear to be outside of this area and therefore I assume more exposed to development requests ? • If we are therefore able to provide feedback and suggestions I would 	<ul style="list-style-type: none"> • These comments refer to open fields around modern housing development on the south side of the village. They lie outside the built up area of the village and the historic core. Conservation Area designation does not preclude development but potential development of these fields is more appropriately controlled by the policies of the NPPF . The open fields to the east of the village have been incorporated into the Conservation Area since they are enclosed by historic routes into the village; thus there is a relationship between this land and the historic development of Quainton.

	<p>like to suggest the fields around the village immediately backing onto existing residences fall within this conserved area - and in our case, specifically below Cautley close and Pigott orchard.</p>	
<p>39. Resident</p>	<ul style="list-style-type: none"> • I think that the fields and stables north of the churchyard towards Denham House should be included in the Conservation Area. This area used to be part of The Croft in Church Street (included in the Conservation Area) but was sold off via probate in the early part of the new Millennium. If you look at the satellite view of the village via Google Maps, it becomes more apparent that the arc of land inside the Conservation Area including The Croft and Brudenell House (and their respective curtilage) should be extended to include the stables and paddocks. • As far as Denham House and Denham are concerned, this property and the area was home to Italian Prisoners of War during WW2 where they were billeted in a POW camp. One of the previous inhabitants of Denham House grew up to become a well know artist and former President of the Royal Society of British Artists, Romeo di Girolamo, whose landscape paintings drew inspiration from the views towards the churchyard. In fact the picture he was commissioned to paint of the retiring leader of Bucks County Council (James Ireland), which hangs in County Hall, includes these views of the churchyard and aforementioned land. 	<ul style="list-style-type: none"> • As above • As above

2015 conservation area



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AYLESBURY VISITOR INFORMATION CENTRE

Councillor Mrs Macpherson

Cabinet Member for Leisure, Communities and Civic Amenities

1. Purpose and scope

- 1.1 This report outlines the current operation of the Aylesbury Visitor Information Centre and details options for the future of the service.

2. Recommendations for decision

Cabinet is recommended to:

- 2.1 Close the Aylesbury Visitor Information Centre (VIC) from late March 2016 and reinvest the current budget* in more effective visitor economy support.
- 2.2 Authorise the Senior Communications and Marketing Officer in consultation with the Cabinet Member for Leisure, Communities and Civic Amenities to progress all necessary works to implement the closure.

* This should be considered as part of the wider budget report considered by Cabinet in December 2015

3. Supporting Information

Current Situation

- 3.1 This report has been produced as a result of significant changes to the structure of tourism support within AVDC, as well as external changes and the on-going declining footfall at the Visitor Information Centre (VIC).

A changing town centre

- 3.2 Work on the Aylesbury Town Centre Improvement Plan is transforming the town:
- A Marketing Aylesbury Group (MAG), led by AVDC, has been established. The MAG is working on a strategic marketing plan for the town aimed at both residents and visitors, which includes a website for the town centre which launched in October 2015.
 - A signage audit and strategy has been completed. The strategy includes wayfinding and interpretation information aimed at visitors to the town. Funding for the implementation needs to be secured.

AVDC Capacity

- 3.3 Loss of staff with a tourism role within AVDC;
- The Senior Communications and Marketing Officer and Communications and Marketing Officer for Leisure, who have been responsible for tourism delivery, relocated to the Communications and Marketing Team in August 2014 to take on a Council-wide remit. As a result the capacity within these roles to promote the VIC has reduced significantly.

- The Community Development Manager's post was made redundant in November 2014, which means that responsibility for the VIC has moved to the Senior Communications and Marketing Officer.

4. Aylesbury Visitor Information Centre

Original Purpose

- 4.1 Budget £63,200. A more detailed budget is in Appendix 1.
- 4.2 Officer time £4,542 per year (2hrs/week)
- 4.3 AVDC currently provides the Visitor Information Centre (VIC) in Aylesbury, based at the King's Head. The Council used to also run the Tourist Information Centre in Buckingham until 2010/11, but due to budget cuts the Centre was handed over to Buckingham Town Council to run. The Information Centre in Wendover was closed in Autumn 2014 by Wendover Parish Council.
- 4.4 Tourism South East manage the VIC service on behalf of AVDC which keeps costs and overheads comparatively low. The contract was recently re-negotiated with AVDC benefitting from a 40% profit share of sales, which resulted in an approximate cashback saving of £2,000/year (which represents just over 4% of the management costs).
- 4.5 The aim of the VIC is to enhance visitors' experience, effectively up-selling opportunities and attractions in the area to them, thereby ensuring greater expenditure and investment in the local economy which supports businesses and jobs. Staff at the Aylesbury VIC support the promotion of Aylesbury Vale, help to engage with tourism businesses and support visitors and residents who do not have access to online services or who may struggle to find information through the internet themselves.
- 4.6 The VIC supports the Aylesbury Town Centre Improvement Plan by helping to support the ambition of Aylesbury becoming an arts and entertainment town (as its Unique Selling Proposition) by providing an outlet for local artists and craft makers to sell their work.

Changing Position

- 4.7 Footfall and enquiries at Aylesbury VIC have been falling year on year since 2011. The footfall for the first six months of the current financial year is slightly lower than the same period in 2014. (See appendix 2) This is due to a number of factors, including:
 - the economic downturn
 - the National Trust's disinvestment in the King's Head site and the closure of other shops on the site
 - changing behaviour trends for sourcing information i.e. internet
- 4.8 A location move for the VIC to a more prominent site has been discussed on a number of occasions. However, finding the right location with a low rent has proved difficult.
- 4.9 Analysis of the Aylesbury VIC's users between December 2014 and September 2015 has revealed that approximately 30% are visitors and 70% are local residents. (See appendix 3) This compares to a national average statistic of 60% of TIC users being visitors and 40% being local residents from

a national audit undertaken by Visit England in 2013. Historical data on the users of Aylesbury VIC isn't available, therefore it is not possible to determine whether the user profile has changed over time or to quantify how this balance may change if the centre was relocated.

- 4.10 Of the respondents to an Aylesbury VIC survey 94% said that they usually go to a VIC when visiting a new area, despite information being available online. 47% of these respondents were aged between 65 & 74 and 32% between 45 & 64 years.
- 4.11 The VIC offers a range of services (see appendix 4); analysis shows that the majority are also now offered by other outlets in the town centre. Those services which aren't currently duplicated or are only partially replicated are:
- sale of local event tickets
 - sale of Aylesbury merchandise
 - local accommodation bookings
 - provision of UK holiday information
- 4.12 Both the sale of local event tickets and sale of Aylesbury merchandise are partially duplicated by entertainment venues such as Bucks County Museum and there is scope and potential interest from entertainment venues to offer a greater provision in the future.
- 4.13 There has been a decline in accommodation bookings made through the VIC; a total of 41 bednights were booked through the VIC in 2014/15. See appendix 5.
- 4.14 The provision of UK holiday information does not offer commercial gain and is therefore unlikely to be taken up by other outlets in the town centre in the future.

5. Options Considered

- 5.1 The options for consideration have been laid out in a series of tables below. Each option is examined with regards to its impact on AVDC and it's impact on the district.

Increase investment

Details	<p>Relocate VIC to a shared location, offering cost reductions and greater income generation potential</p> <p>Despite the aborted proposal to move Aylesbury Library and the VIC to the district council's 66 High Street offices in 2013, the prospect of Aylesbury VIC sharing space with the library in its current location on Walton Street is still an option. Initial scoping suggests a one-off capital investment being required to provide the necessary on-site infrastructure, but this would enable the opportunity for far greater merchandising sales, guaranteed passing footfall and potentially result in the service running at a lower cost.</p> <p>Other co-location options could also be investigated, such as entertainment venues, or other locations which reflect the suggestion from Visit England, that:</p> <p>"Provision of visitor information is likely to change dramatically over the next 10 years. More and more visitors will use the internet to plan their visit. In-destination information will see a growth in the use of smart phones to access information on demand, but 'face to face' information and advice will continue to be important. However, this will be available in different locations such as retailers, restaurants, travel agents, transport operators, car rental companies and public houses who will have found that they can increase their business and increase customer satisfaction by providing visitor information as part of their service."</p>
Impact on AVDC	<p>Budget saving: Reduction in running cost of the Centre. By Year 3 annual costs could have reduced from £67,742 to £7,310 (including staff time)*</p> <p>One-off capital investment of £30,000 (est)</p> <p>Supports the Aylesbury Town Centre vision</p> <p>Delivering this level of work will require additional officer time (estimated 40 days/year) to be created or diverted from other work</p> <p>Risk that if sole current officer delivering visitor economy leaves, then replacement Snr Communications and Marketing Officer is unlikely to have the knowledge or background to continue this work</p>
Impact on the district	<p>Greater reach of visitors and residents about the Aylesbury Vale offer</p> <p>Greater reach should result in increase in footfall at attractions and extended or return visits to the district</p> <p>Larger merchandise space could be utilised to support more local artists/craft makers</p>

*Based on projections of a co-location with Aylesbury Library, moving from TSE managing the centre to a shared service with Bucks CC from Year 3 onwards.

Business as usual

Details	Continue to provide VIC service in current location
Impact on AVDC	<p>Significant budget (£67,742 combined budget and officer time cost per year) being spent with a declining impact/benefit</p> <p>Potential need to increase officer time above 2hrs/week to drive footfall</p> <p>Negative perception of maintaining a service not fit for purpose</p> <p>Risk that if sole current officer delivering visitor economy leaves, then replacement Snr Communications and Marketing Officer is unlikely to have the knowledge or background to continue this work</p>
Impact on the district	<p>VIC does not fulfil role - for visitors</p> <p>Access issues for those with walking difficulties, wheelchair users and those with pushchairs results in a service which isn't available to all residents and visitors</p>

Decrease investment

Details	<p>Handover the Visitor Information Centre to Aylesbury Town Council, if they want to take over the service, at nil cost to the District Council</p> <p>The research, data and options for the VIC have been discussed informally with the Clerk of Aylesbury Town Council in order to ensure that all possible factors and solutions have been considered for this report. Aylesbury Town Council will formulate an opinion once their Members have discussed the full report.</p>
Impact on AVDC	<p>Service sustained, whilst creating a budget saving for AVDC (Year 1 either* £55,995 or £65,995 combined budget and officer time saved after deduction of officer time cost for handover. Year 2 onwards £67,742 combined budget and officer time saved per year.)</p> <p>Officer capacity for other work is increased, following estimated 40hrs officer time for handover (approximate cost of £1,747)</p> <p>Saved budget could be channelled into Aylesbury Town Centre Plan improvements such as signage implementation in the short term</p> <p>*Staff may be eligible for TUPE, but if not redundancy payments of approx. £10,000 would be required</p>
Impact on the district	<p>Issues and concerns set out in section 4 including declining footfall still not addressed</p>

Cease investment

Details	Close the VIC (and replace with static or digital information at key gateways into the town and other high footfall areas as part of signage strategy)
Impact on AVDC	<p>Budget and officer capacity saving in Year 1 of £56,000 (combined budget and officer time savings after deduction of approx £10,000 redundancy payments and £1,966 officer time for closure process)</p> <p>Budget and officer capacity saving from Year 2 onwards £67,742 per year (combined budget and officer time saving)</p> <p>Estimated 45hrs of officer time to close the centre (approximate cost of £1,966)</p> <p>Potential negative perception and media coverage in short term</p> <p>Saved budget could be channelled into Aylesbury Town Centre Plan improvements such as signage implementation in the short term. (This should be considered as part of the wider budget report considered by Cabinet in December 2015.)</p>
Impact on the district	<p>Loss of support on additional duties such as updating Visit Bucks website</p> <p>Loss of support for local artists/craft makers</p> <p>Visitors may not appreciate the full Aylesbury Vale offer</p> <p>Loss of face-to-face services only VIC offers e.g. accommodation bookings</p> <p>Opportunity for other businesses to take on services e.g. local event tickets, Aylesbury merchandise</p> <p>24hr access to information in Aylesbury town centre through new information points</p>

6 Reasons for recommendation

6.1 Having considered the findings and options, it is recommended to close the Visitor Information Centre from late March 2016 and divert the budget to town centre improvements, which will support the visitor economy in a more effective way, such as the implementation of the signage strategy.

In summary, this is because:

- The centre is no longer meeting its primary purpose of serving visitors to the town and area
- Visitors and residents are gaining information through other mediums, predominantly online, resulting in an ongoing decrease in footfall. The new Visit Aylesbury website has just been launched and provides 24/7 information for visitors to the town centre.
- Relocating to a shared location would require additional short term investment and additional ongoing staff resource, but the cost saving projections cannot be guaranteed
- Improvements to information at gateway points (car parks, stations etc) and signage would meet the needs of the majority of visitors to the town
- The majority of services offered at the centre are also provided by other outlets in the town

- Transferring the centre to another organisation, such as the Aylesbury Town Council, would not solve the issues and concerns listed above.
- The current contract with Tourism South East ends on 31 March 2016, with notice being required three months ahead, therefore a decision needs to be taken now.

7. Resource Implications

7.1 These are dealt with in the body of the report.

Contact Officer	Lyndsay Purdie	01296 585783
Background Documents	Appendix 1	Visitor Information Centre budget breakdown
	Appendix 2	Footfall comparison
	Appendix 3	Users – residents vs visitors
	Appendix 4	VIC Services
	Appendix 5	Accommodation bookings

Appendix 1

Visitor Information Centre budget breakdown

Area of work	Spend
Management fee inc staff	£44,000*
Rent	£7,500
Business rates	£2,500
Utilities	£5,400
Maintenance	£300
Marketing	£3,466
Insurance	£34
Total	£63,200

*Approximate, as TSE management contract cost is subject to profit share which will reduce the yearly fee slightly, and it is likely that cost will see a % increase in the future

Appendix 2

Footfall Comparison

	2015/16			2014/15			2013/14			2012/13		
Month	Walk-in visitors	Walk-in overseas visitors	Total footfall	Walk-in visitors	Walk-in overseas visitors	Total footfall	Walk-in visitors	Walk-in overseas visitors	Total footfall	Walk-in visitors	Walk-in overseas visitors	Total footfall
April	698	87	785	983	51	1,034	1,009	133	1,142	1,503	61	1,564
May	642	73	715	728	98	826	1,011	149	1,160	1,360	59	1,419
June	803	72	875	700	73	773	1,141	111	1,252	1,563	64	1,627
July	929	123	1,052	1,022	120	1,142	1,433	163	1,596	1,760	162	1,922
August	1,042	129	1,171	1,068	94	1,162	1,524	249	1,773	1,464	114	1,578
September	893	75	968	1,067	84	1,151	971	112	1,083	2,199	139	2,338
October			0	920	53	973	906	87	993	1,529	89	1,618
November			0	775	35	810	993	42	1,035	1,162	71	1,233
December			0	703	36	739	845	25	870	898	42	940
January			0	625	41	666	908	27	935	546	27	573
February			0	602	19	621	1,205	55	1,260	787	41	828
March			0	774	12	786	845	57	902	872	125	997
Total	5,007	559	5,566	9,967	716	10683	12,791	1,210	14,001	15,643	994	16,637
April - Sept total				5,568	520	6,088	7,089	917	8,006	9,849	599	10,448

Appendix 3

Users – residents vs visitors

(In addition to the physical footfall are telephone and email enquiries)

Dates	Phone	Local	Other UK	Abroad	Total	% by phone	% local	% other UK	% Abroad
8-13 Dec	11	166	30	3	210	5.24	79.05	14.29	1.43
15-20 Dec	17	128	14	7	166	10.24	77.11	8.43	4.22
22-27 Dec	12	77	9	5	103	11.65	74.76	8.74	4.85
29 Dec - 3 Jan	7	116	6	9	138	5.07	84.06	4.35	6.52
5 - 10 Jan	12	138	6	18	174	6.90	79.31	3.45	10.34
12 -17 Jan	15	133	10	5	163	9.20	81.60	6.13	3.07
19-24 Jan	22	132	7	3	164	13.41	80.49	4.27	1.83
26 -31 Jan	13	135	9	13	170	7.65	79.41	5.29	7.65
2 - 7 Feb	23	107	27	1	158	14.56	67.72	17.09	0.63
9 -14 Feb	23	128	23	6	180	12.78	71.11	12.78	3.33
16 - 21 Feb	26	134	25	5	190	13.68	70.53	13.16	2.63
23 - 28 Feb									
2-7 March	16	123	37	1	177	9.04	69.49	20.90	0.56
9-14 March	21	288	49	7	365	5.75	78.90	13.42	1.92
16-21 March	18	160	35	1	214	8.41	74.77	16.36	0.47
23-28 March	30	151	31	1	213	14.08	70.89	14.55	0.47
30 March - 4 April	14	117	20	27	178	7.87	65.73	11.24	15.17
6-11 April	19	114	31	22	186	10.22	61.29	16.67	11.83
13-18 April	17	161	30	15	223	7.62	72.20	13.45	6.73
20-25 April	17	154	30	13	214	7.94	71.96	14.02	6.07
27 April - 2 May	18	132	26	17	193	9.33	68.39	13.47	8.81
4 - 9 May	20	116	32	14	182	10.99	63.74	17.58	7.69
11-16 May	29	123	41	27	220	13.18	55.91	18.64	12.27

18-23 May	35	114	39	12	200	17.50	57.00	19.50	6.00
25 - 30 May	24	93	27	15	159	15.09	58.49	16.98	9.43
1 - 6 June	15	150	41	15	221	6.79	67.87	18.55	6.79
8 - 13 June	11	116	18	17	162	6.79	71.60	11.11	10.49
15 - 20 June	29	137	47	6	219	13.24	62.56	21.46	2.74
22 - 27 June	24	187	66	27	304	7.89	61.51	21.71	8.88
29 June - 4 July	23	141	49	32	245	9.39	57.55	20.00	13.06
6 - 11 July	34	164	40	26	264	12.88	62.12	15.15	9.85
13 - 18 July	16	160	25	12	213	7.51	75.12	11.74	5.63
20 - 25 July	21	160	32	32	245	8.57	65.31	13.06	13.06
27 July - 1 August	14	206	41	30	291	4.81	70.79	14.09	10.31
3 - 8 August	17	190	39	35	281	6.05	67.62	13.88	12.46
10 - 15 August	22	152	49	31	254	8.66	59.84	19.29	12.20
17 - 22 August	31	242	25	42	340	9.12	71.18	7.35	12.35
24 - 29 August	26	310	52	19	407	6.39	76.17	12.78	4.67
31 August - 5 Sept	21	142	41	15	219	9.59	64.84	18.72	6.85
7 - 12 September	15	187	34	16	252	5.95	74.21	13.49	6.35
14 - 19 September	13	182	35	16	246	5.28	73.98	14.23	6.50
21 - 26 September	19	148	43	12	222	8.56	66.67	19.37	5.41
Totals	810	6214	1271	630	8925	9.08	69.62	14.24	7.06

Appendix 4

VIC Services

VIC service	Also provided at another outlet in Aylesbury town centre	Potential fit with another outlet in Aylesbury town centre	Other provision of service
Holiday information service	UK holidays (eg coach holidays, cottage breaks) provided by travel agents, such as Adams Travel. Destination specific brochures are not held. (eg Cornwall)	Unlikely to be a fit with another outlet as does not offer any income generation for the outlet	Online
National Express tickets	Post Office		Online
Theatre tokens	WHSmith / Waterstones / Waterside Theatre		Online
Event information	Library / pubs & cafes		Visit Aylesbury website / AVDC website / Visit Bucks website / Mix96 website
Local attractions and days out information	Library	Library to increase provision / Pubs and cafes	Visit Aylesbury website / Visit Bucks website
Local event tickets	Bucks County Museum (very occasionally)	Bucks County Museum expand offer / Waterside theatre / Queens Park Arts Centre	Potential for one of the local websites to provide online tickets sales
Local guides and leaflets	Library / various retailers & businesses	gateway entrance points (car parks, stations etc)	Visit Aylesbury website / Visit Bucks website
Local transport timetables	Bus and Train stations / Friars Square Shopping Centre	Library	Transport provider websites

Stamps	Post Office / supermarkets		
Photocopying and faxing facilities	Snappy Snaps / Aylesbury Study Centre		
Local crafts and gifts	Aylesbury markets / Queens Park Arts Centre	Independent retailers / Waterside theatre / Bucks County Museum	Potential for one of the local websites to provide online sales e.g. Visit Aylesbury
Aylesbury merchandise	Bucks County Museum (predominantly books and mugs)	Bucks County Museum expand offer / Waterside theatre / Queens Park Arts Centre / Library	Some merchandise available through national retailers including Aylesbury duck mug and tea towels & postcards depicting historic Aylesbury Potential for one of the local websites to provide online sales e.g. Visit Aylesbury

Appendix 5

Accommodation bookings

Type	2014/15	2013/14
Total local bookings	3	16
Total telephone bookings	1	5
Total bednights	41	49
Average bednight value	£31	£48
Value of total bednights	£1,287	£2,357

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WATERSIDE NORTH PHASE 1 - APPOINTMENT OF A DEVELOPMENT PARTNER
Councillor Bowles
Cabinet Member for Economic Development Delivery

1 Purpose

1.1 This report provides an update on the current marketing process (which commenced last Autumn) to seek a suitable Development Partner for the delivery of Phase 1 of the Waterside North scheme.

1.2 It also sets out a number of decisions for recommendation to Council to enable the next steps to be taken and the scheme to be delivered. This includes the costs associated with the development which need to be approved as part of the capital expenditure programme which forms a separate report on this agenda.

1.1 Recommendations

Cabinet recommends to Council, approval of the:

- i) Appointment of Developer A as the Council's development partner
- ii) Inclusion of £4.02m in the capital programme in order to acquire the commercial element of the development
- iii) Expenditure of £3.3m for the public realm element of the scheme (also included in the capital programme) on the basis that this money is expected to be reimbursed by the South East Midlands Local Enterprise Partnership

2 Supporting information

Background

2.1 In the last 10 years, AVDC has been leading the redevelopment of Aylesbury town centre. Its record is impressive and has resulted in the delivery of major projects in the town centre such as Aylesbury Waterside Theatre, Waitrose, Travelodge and most recently the University Campus Aylesbury Vale.

2.2 AVDC's strategy on town centre redevelopment, has three key aims:

- i. To improve the attractiveness of the town centre through developments which act as a catalyst for further investment by the private sector and other public sector partners for the overall benefit of the town and the economy. An example of this is the theatre which has attracted a range of new restaurants to the town and is underpinning interest in the Waterside North Phase 1 development.
- ii. To use its own developments to directly generate new jobs and new wealth in the local economy - Waitrose and Travelodge have collectively delivered 200 new jobs.
- iii. To create a revenue stream for the council from the rental generated by tenants of the buildings constructed by AVDC.

- 2.4 Aylesbury Vale District Council is committed to the successful delivery of the Waterside North masterplan (Appendix 1), as the next development to help meet these aims.
- 2.5 The masterplan has been worked up in consultation with a number of stakeholders including Buckinghamshire County Council (BCC) who own land adjacent to the current temporary Exchange Street car park owned by AVDC.
- 2.6 The plan received wide spread public endorsement through a public consultation process in May 2014.
- 2.7 The context for the development and delivery of the masterplan is the Aylesbury Town Centre Plan which was approved by Cabinet in 2013. The Plan sets out the Vision for the town centre, the guiding principles for future development and a series of actions for improving different parts of the centre. Waterside North is one of the major actions in the Plan.
- 2.8 The masterplan is capable of phased and independent development of the areas of land within the different ownerships. This is an important factor given the volatility of the retail market in particular and as part of the public consultation on the masterplan, an outline scheme for bringing forward at this stage, the first phase of the masterplan was presented (Appendix 2).
- 2.9 For Phase 1, the County Council is initially focussed on repurposing its former offices in Walton street for residential led mixed use and the creation of a temporary surface car park which will help offset the parking spaces lost by the development on the Exchange Street car park. The BCC scheme has required the demolition of a number of buildings including the rear of the old County Offices and the a former police station building which had been vacant for a long time. The new car park is due to open in November 2015.
- 2.10 The AVDC element of Phase 1, has focussed on delivering a mixed-use scheme of up to five new café/restaurant units on the ground floor, with apartment accommodation on three levels above. The site is in the heart of the town centre in close proximity to the Odeon Cinema which enables the development to capitalise on the buoyant and growing café/restaurant market.
- 2.11 A new public square is also included in this phase. This will enable a significant area of new public space to be created in line with the Town Centre Plan Vision. The new public square will provide a fitting setting for the lighting of the torch celebrations associated with the start of the bi-ennial Paralympic Games. The link to the Paralympic legacy was an important factor in securing the grant funding from South East Midlands Local Enterprise Partnership (SEMLEP).

3. Progress to date

- 3.1 In preparation for seeking a partner, the Council has undertaken a number of preliminary activities. These include:
- Submitting an outline planning application in July 2014 (approved in February 2015)
 - Securing a funding commitment from SEMLEP for the new public space

- Establishing occupier demand for the cafe and restaurant units (food and beverage/F&B)

4. The procurement process

4.1 The Council's objective is to secure a development which will:

- Initiate the Waterside North masterplan through a high quality first phase in line with the outline planning consent
- Generate an income from the commercial element of the scheme
- Improve the viability and attractiveness of the town centre so as to attract further private/public investment and enable the development of phases 2 and 3 of the masterplan to be brought forward

4.2 In September 2014, Cabinet considered three delivery options for Phase 1 and gave approval for two of the options to be explored further using the most appropriate procurement process. The two delivery options were:

1. Appointment of a building contractor to construct the scheme to an AVDC specification. In this option, AVDC as the sole developer would bear all the costs and risks on both the residential and commercial space (predominantly the café/restaurant units) but also all the subsequent financial benefit.
2. Appointment of a development partner to construct the whole scheme but with the partner financing and owning the residential element and AVDC financing and retaining ownership of the commercial space.

In both options, AVDC would own the public space.

4.3 A Bidders' day was held at the Aylesbury Waterside Theatre in January 2015. The purpose of the event was to present the Phase 1 opportunity to a wide range of potential developers, and encourage the participation in the procurement process.

4.4 In February, after consideration of a number of different procurement frameworks, the Council advertised its intention to seek a partner using a Housing and Communities Agency (HCA) framework and invited Expressions of Interest.

4.5 No expressions of interest were received from developers who only wanted to construct the scheme ie delivery option 1. All expressions of interest were for option 2 - the development partner option and two potential Development Partners were subsequently shortlisted to complete a Sifting Brief as the next stage of the procurement .

4.6 In June, the two potential Development Partners were invited to submit the following details as part of an Invitation to Tender (ITT):

- Scheme design proposals (which provide the basis for taking the outline planning consent scheme to the next stage of preparing a

reserved matters application).

The developers were asked in particular to consider how best to optimise areas of the outline consent which are currently shown as internal car parking and some general commercial space fronting onto Long Lional.

- A detailed financial proposal prepared as a draft business plan and cash flow.

The developers were asked to consider the premium payment(s) required from the Council to fully fund anticipated development expenses, how these can best be cash flowed, how access to Council finance can assist viability, how profit sharing (overage) should be structured and how any new/additional or saving in costs will be accounted for.

- The proposed legal arrangements which will enable the development to proceed. The submitted and marked up draft Development Agreement and Lease address the various preconditions to development, commencement and completion of works, recalculation of costs and the usual issues of performance, insurance and dispute resolution.
- Tender Acceptance – confirmation that the Tender is deemed to remain open for acceptance or non-acceptance for not less than ninety days after the date of receipt of Tenders. The Council may accept a Tender at any time within this prescribed period.

4.7 In essence, the requirements set out in paragraph 4.6 above, formed the pre-determined criteria for evaluating the bids. Both tenders have been checked initially for compliance by the Council and a further process of competitive dialogue has been undertaken with each developer to support the evaluation process and the recommendation that Developer A be appointed as the Council's Development Partner.

4.8 The evaluation was carried out by a combined panel of AVDC officers, the Council's general advisors on this scheme, Lambert, Smith, Hampton and specialist advisors including the Council's planning advisor (who submitted the outline planning application on behalf of the development arm of AVDC) and Strutt and Parker the letting agents for the food and beverage units.

5. **The winning bid**

5.1 It is important to recognise that the submission at this stage is not complete. If Council approve the appointment of Developer A as its Development Partner, there will be an intense period of progressing the scheme to detailed design as well as the need to finesse the draft Development Agreement which forms the detailed contract between AVDC and Developer A for the delivery of the scheme.

5.2 Meanwhile, a summary of the how the recommended bid from Developer A has sought to address the points in paragraph 4.6 is set out below.

- 5.3 **Scheme design proposals** – Developer A’s bid proposes 4 café/restaurant units fronting the new public square with the commercial space fronting Long Lion designed to accommodate a further café/restaurant use in due course or alternative use as A1 (shops) or A2 (financial and professional services). The use of this unit will be a matter for the Council to decide and take forward.
- 5.4 Letting agents, Strutt and Parker, have confirmed that the café/restaurant space is marketable as configured and would be well received by operators. Up to three units would be pre-let. All four units would be let on 15 year certain leases.
- 5.5 Developer A proposes that the integral car park is not the best parking solution and should be replaced with a parking permit scheme. The integral parking space would be used to maximise the residential space and provide up to 47 one and two bedroom apartments.
- 5.6 The financial implications of losing parking spaces from Exchange Street car park both during the construction period and permanently are explained in section 6 of the report.
- 5.7 **Financial implications** – section 6 provides an overview of the key financial elements of the scheme many of which are requirements of the Council set out in the draft Development Agreement. The specific financial implications of Developer A’s bid are set out in Appendix 1 of the confidential pages of the report.
- 5.8 **Legal arrangements** – whilst there are a number of areas to finesse with the Developer A regarding the draft Development Agreement and a number of actions for the Council to take eg completion of a Right of Lights survey, there are not considered to be any insurmountable issues outstanding points of commercial negotiation.
- 5.9 **Tender acceptance** – the necessary confirmation has been received.
- 6. Key financial elements of the scheme**
- 6.1 The financial structure of the scheme is that the Development Partner will accept the site from the Council and then build, at their own risk, the agreed development of residential and retail.
- 6.2 Upon completion of the construction phase, the Development Partner will sell the residential unit on the market and capture the value from doing so. The profit from the sales of the residential units will partially offset the cost of constructing the retail units and the Council will pay the Development Partner the previously agreed unfunded balance in order to take freehold ownership of the retail units.
- 6.3 The Council will let the commercial space to tenants and the income stream from doing so will represent the Council’s return from the investment.
- 6.4 In return for an agreed profit element, the Development Partner accepts both the construction risk and the sales risk on the residential units.

- 6.5 In the event that property prices increase significantly during the development phase such that the Development Partner makes greater profits than envisaged, there will be an overage clause within the agreement to enable the Council to benefit from the unexpected uplift in values.
- 6.6 In the event that property prices fall then the Development Partner is committed to the sales values used in its calculation of the unfunded balance and any loss resulting from it is borne by the Development Partner.

Construction finance

- 6.7 Within the arrangement, the Council ultimately pays the unfunded balance, also termed the net estimated residual cost, of the scheme to the development. If the Council can mitigate the construction costs, or increase the sales values in any way during the negotiation process then it will benefit directly through achieving a lower net residual cost.
- 6.8 As the Development Partner cash-flows the construction phase (ultimately offset by the value of residential sales), the Development Partner's financing costs would be a significant element of the proposal, which the Council would end up paying as it contributes to the residual net sum.
- 6.9 In recognition of its significantly lower borrowing costs, the Council has indicated to both Development Partners that it would cash-flow up to the 75% of the Development Partner's costs (beyond the unconditional stage) and would request only a very small margin for doing so.
- 6.10 By capping its lending to 75% and requesting security over the partially completed asset, as a lender's charge, together with a parent company guarantee, the Council's financial interests are protected whilst at the same time ensuring that the cost to the Council of the Development Partner financing the scheme are minimised.

Public realm

- 6.11 Wrapping around the scheme and completing the area between Walton Street, the County Council's buildings and the existing Odeon complex is an area of public space. Government Growth Funding of £3.3m has been awarded for this element of the scheme by South East Midlands Local Enterprise Partnership. The grant is split between AVDC and the County Council - £3m is to be used for the public space that falls within AVDC's land ownership and this will cover the entire costs including design fees. The remaining £300k will be used towards the public space on land within BCC ownership. A public space architect has been appointed to design the whole scheme but will cost the two areas separately.
- 6.12 The Development Partner will be commissioned to undertake these works in order to reduce disruption to the town. The commissioning formed part of the procurement process and the works will be conducted on an open book basis with capped Development Partner fees so as to ensure both value and transparency.

Impact on car parking

- 6.13 The development on Exchange Street car park will see the permanent loss of approximately 90 spaces and potentially another 40 more during the construction phase.
- 6.14 The car park is popular with visitors to the town and generates income for the Council. The loss of spaces will, therefore, have an impact on income, but the exact implications are hard to predict.
- 6.15 Opening next door in November, is the County Council's temporary car park behind the Old County Offices. In capacity terms, this replaces the majority of the permanent spaces lost.
- 6.16 With or without the proposed development of this scheme, the opening of the County's Car park would have had an impact on car parking revenues from this site. It is, therefore, important not to confuse or attribute the revenue loss from one event to the other.
- 6.17 The development, in itself, will create additional demand for car parking within the town centre and it is reasonable to assume that the remainder of Exchange Street and the County Council's car park will be premium in meeting both existing and new demand. This should increase the already high levels of usage and this will in part offset the revenue from the reduction in spaces.
- 6.18 The Council also has lower utilised car parks within the town which could be used to accommodate the higher demand. Signing and pricing will be important factors in making sure that visitors are able to park in locations that satisfy their needs and these will be considered as part of the wider review of car parking provision in response to changes in both demand and provision.
- 6.19 Ultimately whilst there will be some impact on car parking provision within the town, through better utilisation of existing car parks and through the additional provision represented by the County Council's new car park, there is enough parking provision to accommodate it.
- 6.20 The effect on revenue is, consequently, hard to predict as higher demand might offset lower provision in this favoured location. To demonstrate that the business case is robust in this regard an element of lost revenue to the Council has been factored in at 1/3 of the existing revenue assumed to be generated by these spaces, less the savings in direct operational costs.
- 6.21 The lost income represented by temporary loss of provision during the construction phase is assumed to form part of the Capital Sum and Fees.

Rental Income

- 6.22 The Council's advisors in respect of the commercial element of the scheme, Strutt and Parker, have reviewed the proposals put forward by the Development Partner and considered its commercial value in terms of location, the local market place and layout. Based upon this they have provided an assessment of the rental income the commercial space is reasonably likely to attract.

- 6.23 The numbers provided by the advisor have been used in the financial model, together with the standard terms that would usually be expected by the tenants. The one important point to note is that normal conditions expected within the market place include a rent free period of one year in order to develop the business and a capital incentive, equal to a further year, in order to defray fit out expenses.
- 6.24 So, in line with all similar commercial developments, the Council should not expect to receive any rental in the first two years of operation. Longer term, these incentives are recouped through the proportionally higher rental numbers. Lease rental periods would normally be for 25 years, with a potential break clause after 15 years has elapsed, thereby providing a reasonable degree of income security to the investor. Industry standard is for rent reviews (upwards only) every five years.

Funding of the Scheme

- 6.25 Because of the wider funding pressures being experienced by all of local government, any period of financial outlay not matched by equivalent income makes funding a scheme difficult. The returns from the scheme are sufficient to support a Prudential Borrowing case to be made, but the short term borrowing repayments would create an unfunded pressure on the revenue budget which would be undesirable in the current environment.
- 6.26 For this reason, together with the fact that the scheme is as much about the provision of leisure and social infrastructure associated with the expansion of Aylesbury, it is proposed that the capital cost of the scheme is funded from 2016/17 expected allocation of New Homes Bonus. Should, for any reason, (see Budget Planning 2016/17 Paper) the funding through New Homes Bonus not be available, then it is proposed that the scheme is funded instead from the available balance of the Capital Programme.

Funding via this route would ensure that there is no cost (other than opportunity costs) associated with the financing of the scheme and the entire net revenue generated by the scheme would be available to support the provision of other Council services.

Risk and risk mitigation

- 6.27 A risk and mitigation statement is attached as Appendix 3 highlighting what are considered to be the major risks facing the progression of this project.
- 6.28 A number of the risks, around viability, acceptability of the final design and consent, will be mitigated through a “Go, Don’t Go” decision point early to middle of next year. If either the Development Partner or the Council cannot reasonably be satisfied that the commercial terms or design requirements of the Council (as Planning Authority) are within the parameters laid out within this report then the decision will mutually be taken not to proceed with construction.
- 6.29 Within the private sector there is a general nervousness that the public sector sometimes takes decisions for political rather than commercial reasons and, therefore, they are reluctant to work, at their own financial risk, with the public sector where there is a significant risk of loss to them that could be caused through the Council’s action.

- 6.30 For this reason we have been advised that it is normal in such development schemes for the promoting party (the Council in this instance) to carry the financial risk to the Development Partner should the Council decide to withdraw prior to the point where the scheme goes unconditional and up to a capped maximum sum. This requirement has been explored with potential development partners and it became evident that such a requirement was necessary to ensure that any potential partners would even bid for the scheme.
- 6.31 The maximum contribution required by the Development Partner is £330,000 and reflects the fact that there is considerable investment on their part leading up to the “Go, Don’t Go” decision point around design and planning consent. As the Council has the option to exit for reasons over which the Development Partner has no direct control, they require this to be reflected in the potential share of abortive costs.
- 6.32 In the lead up to the final decision point there are various sub elements and issues that will need to be resolved satisfactorily and costs incurred will be staged and minimised in order to ensure that any financial risks under this obligation are minimised.

Overage

- 6.33 Although the Development Partner requires risks outside of their control to be shared they are also happy to share in upside gain. To this end they have offered two potential opportunities to share in betterment on the scheme. In the first instance, at the point of “Go, Don’t Go”, if costs or sales values have improved they are happy for these to be reflected and fixed into a, (lower only), agreed revised deficit payment from the Council upon completion.
- 6.34 The second opportunity is in terms of actual residential sales values, where, if values increase above a fixed level, being that which is required to make the scheme viable for the Development Partner, then they will share in the additional value 50/50 with the Council in the form of an overage payment.

Financial model

- 6.35 The detailed financial appraisal is set out as Appendix 1. It is contained within the confidential pages of the report as it contains assumptions around rental income which, if made public, would prejudice future negotiations with prospective tenants





PHASE 1

Risk and mitigation plan		Appendix 3
	Detailed Risk	Risk Mitigation
Certainty of Rental Income	The viability of the scheme is dependent upon generating the income predicted in the financial model. There is no advantage to the Council, or the residents of the Vale, of building the units only to find that they cannot be let.	The risk of building an unsuccessful venture can be mitigated by making the decision to move into the construction phase dependent upon achieving a number of pre-lets on the space. For the purpose of gain approval it is suggested that this should be 3 of the 5 units. The leases offered to prospective tenants will tie them into the arrangement for a fixed period of time which will effectively guarantee the Council income over a set period of time. The quality of the tenant will be an important consideration when agreeing pre-lets.
Decision on the part of either party not to proceed with the development	The agreement is precedent on a number of detailed issues being resolved, a number of which are not wholly in the developers control. If the conditions can not be satisfied then the either party may chose not to proceed and abortive costs incurred will need to be shared.	The Council was unable to attract any potential bidders without committing to share in the abortive cost risk up to a capped maximum of £330,000 should the Council decide not to proceed. This risk is solely down to Council to control as it would only be invoked through decisions on its part. The risk can be minimised through control of development costs and the phasing of key decision points so that lower value risks are hedged earlier in the process.
Failure to Secure Funding for the Public Realm	The Public Realm is important to the scheme as creates a vital public space that enhances the Town centre and increases the attractiveness and viability of the commercial and residential schemes. A business case for the commercial and residential elements of the scheme cannot be made if the cost of highly specified public realm scheme is added to the total scheme cost. For this reason an application was made to SEMLEP for Government Grant funding and this has been approved. In theory all Government funding commitments are at risk as part of the Government's wider spending	The view from SEMLEP is that this funding is reasonably secure as it comes from one of the Government's earlier funding rounds and many national schemes are in progress on the back of this promised funding. Thus, it would be difficult for the Government to remove this funding. However, in the event for any reason it was withdrawn then there is sufficient unallocated funding within the Capital Programme to deliver this element of the scheme if the Council believed it to be a funding priority.

	review scheduled for late November.	
Cost Overruns	That the cost to the Council of the final Commercial space might increase as a result of ground condition, weather or other factors.	The developer commits within the agreement to a fixed maximum cost to the development, negotiated through the procurement phase. Any increase in costs will need to be managed and, ultimately, borne by the developer.
Downturn in the Housing Market affecting sales values	That a lower total income from the sale of the residential units pushes up the residual net cost to the Council for the Commercial space.	Similarly to the above risk, the developer has committed to the minimum amount of income it believes it will achieve from the residential scheme and thus takes any market risk from the prices not be achieved because of market conditions.
Financial Failure of the Developer	Meeting the developers financing costs leaves the Council at risk should the relationship or the developer fail.	The amount loaned to the developer by way of development finance through the construction period would be tied to and will not exceed more than 75% of the certified development value at that point. The will secured over the value of the development as a legal charge, so that in the event of financial failure the Council can realise its value through the asset. All necessary due diligence has been performed on the developers and their current financial standing has been assessed to be suitable in order to undertake this contract.

CAPITAL PROGRAMME UPDATE 2015/16 TO 2019/20
Councillor Mordue
Cabinet Member for Finance, Resources and Compliance

1 Purpose

- 1.1 This report seeks to update the capital programme for the current year and for plan period to 2019/20. If endorsed by the Cabinet the report will be passed to the Finance and Services Scrutiny Committee for review, as required under policy framework requirements. After consideration of the report by scrutiny any comments will be passed to Council to assist in their decision making.

2 Recommendations

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|--|
| <p>2.1 That Council be recommended to agree the updated capital programme for 2016/17 onwards, as set out in Appendix A.</p> <p>2.2 That the Finance and Services Scrutiny Committee be invited to review the programme and indicate any comments that it wishes full Council to take into consideration in agreeing an updated capital programme for 2016/17 onwards.</p> |
|--|

3 Background

- 3.1 The Council maintains an integrated strategic capital programme which is divided into three sections.
- Major Projects – These being the largest and highest profile.
 - Housing Schemes – Being the housing enabling and housing grant based schemes.
 - Other Projects – Being all the other schemes included within the capital programme.
- 3.2 The programme is reviewed annually with the current programme being last approved and adopted at Council in March 2014.
- 3.3 This report provides an updated position with respect to forecast receipts, revises the position (as necessary) with regards to current schemes and seeks the inclusion of future new major investment projects.

4 Capital Resources Update

- 4.1 The economy is continuing to grow despite the wider European problems. This, in turn, has had a positive impact on the construction industry, particularly housing, and this means the demand for land and its value continues to increase.
- 4.2 The housing market also continues to grow with house prices showing an 8.6% increase compared to last year. However, this appears to have had an impact on the appetite for home ownership amongst former Council House tenants. This slowdown has had an affect on the anticipated income from Right to Buy, which is one of the Council's major sources of capital income, to the point that actual receipts could be down on the level received over the last couple of years.

- 4.3 Since April 2012 when the Government increased the available discount for tenants from £38,000 to £75,000, the number house completions rose over the next two years to 47 in 2013/14 and 40 in 2014/15. However, VAHT are anticipating house completions to be only 20 in the current year, which will see a decrease in the level of receipts AVDC can expect to receive.
- 4.4 These factors do have a bearing on the available resources for the capital programme. Any decrease in anticipated resources effectively reduces the level of resources available to fund new schemes and so increases the possibility of borrowing and so this needs to be factored into the programme.
- 4.5 The changes in anticipated resources which need to be factored into the programme are as follows:
- a.) Share of house sale receipts from VAHT - these flow from the stock transfer agreement and run for 25 years from the transfer date. The number of sales has been forecast to be 20 for 2015/16, with the same number being forecast for 2016/17.
 - b.) Asset Sales - these are sums released from the disposal of Council-owned assets, mainly land or property. The majority of these disposals are for housing development schemes. Existing assumptions around timing and values have been reviewed on the basis of the current state of the housing market.
 - c.) Capital Contribution – This relates to the contribution from the New Homes Bonus reserve allocated to Capital Schemes by Council.
 - d.) Revenue Contributions –These include New Homes Bonus and use of Repair Reserves.
 - e.) Government Grant – Specifically in support of the Waterside North Scheme.
- 4.6 The table below sets out the available resources at the beginning of 2015/16 and projected resources at the end of the Capital Programme period of March 2020 before any expenditure has been taken into account.

	Current Resources April 2015 £'000s	Resources Projection March 2020 £'000s
Share of Right to Buy Receipts	2,793	7,793
VAT Share (Ends 2016)	428	1,428
Asset Sales	6,815	9,523
Capital Contributions	839	839
Lottery and Section 106	0	3,900

Revenue Contributions	0	6,547
Prudential Borrowing (UCAV)	0	6,419
Total	10,875	36,049

- 4.7 We are at the stage where the generation of sizeable capital receipts in the future will no longer be possible as our asset base has been reduced to small land holdings and our operational buildings i.e. offices, leisure facilities, public conveniences, etc. This means that future commitment to projects can only be given on the understanding that the funding will have to be met from external sources either borrowing or third party contributions.

5 Capital Expenditure

- 5.1 The capital programme is attached as Appendix A. As it is split into three sections, Major Projects, Housing Schemes and Other Projects, these are covered separately.

6 Major Projects

- 6.1 The following are listed under the Major Projects section – UCAV, Waterside Development, and the Swan Pool.
- 6.2 The capital programme includes the latest forecast costs for the individual schemes and reflects the position reported informally to the Major Projects Sub Committee details of which are summarised in the following paragraphs.
- 6.3 There is some residual public realm work required around the Waterside properties now that the Canal Society has vacated the site.
- 6.4 The Waterside Academy project is in the final stages of completion and should have been handed over to the University by the date of this meeting. The capital programme includes the agreed scheme costs.

Swan Pool, Buckingham

- 6.5 The Swan Pool and Leisure Centre improvement project commenced on site in February 2015.
- 6.6 The £2.7 project was awarded a £500,000 grant from Sport England and will be funded from S106 contributions from housing development within the Buckingham area, £700,000, accumulated Repairs and Renewals provisions, £500,000, with the balance being drawn from New Homes Bonus funding also in recognition of the Housing growth being delivered in and around Buckingham.
- 6.7 Improvements to the centre include refurbishing and enlarging the changing village, creating a new and separate dry side changing area and installing a climbing wall. The gymnasium will also be extended and the reception area will be modernised to include a larger spectating area.
- 6.8 To date the new crèche, dry change and extended health and fitness suite have been completed and opened to customers. Progress remains good and the project remains on budget and on target to be completed in January 2016.

- 6.9 The project is intended to be as environmentally friendly as possible, making use of sustainable technologies and the work has been phased with the aim of keeping as many facilities open throughout the improvement programme as possible.

Waterside North and Public Realm North of Exchange Street

- 6.10 There is a linked item on the agenda that presents the business case for the development of restaurant outlets and housing on part of the Exchange Street car park.
- 6.11 The sums included within the capital programme represent the estimated cost of the two schemes and the assumption that they will be met from existing resources.
- 6.12 If approved, the revenue implications included in the associated report will need to be factored into the budget development process.

Pembroke Road Depot

- 6.13 In 2011/12 Cabinet recognised the need to purchase Pembroke Road Depot (Unit 17/18), Unit 19 (existing Sita/John O'Connor building) and units 12-16 south of the site to allow for the expansion of the depot. Expansion was required based primarily due to operational limitations relating to vehicle parking and waste storage capacity, but business opportunities around development of a new workshop for our own HGV's and MOTs were also a consideration.
- 6.14 The specific factors requiring the acquisition are set out below;
- i. The depot is likely to breach our Environmental Permit due to the amount of waste being transferred at the site, the storage of the waste and the inadequate drainage on the site to accommodate the types of waste stored. The EA have the regulatory powers to stop all operations on the Site, issues fines and non compliance notices until we are compliant with our permit. Continued non compliance can result in our Environmental Permit being withdrawn.
 - ii. The depot has limited space for vehicle parking and we are currently 2 vehicles away from breaching our Operators licence issued by the DVSA. Due to growth of the district the number of vehicles on site will increase and it is likely the DVSA would take enforcement action if we did not address issues of overcrowding of parked vehicles on our site. This would likely result in fines and grounding of our fleet.
 - iii. Following the JCB accident it was identified that we have overcrowding issues in terms of parking /waste operations and movement of people around the yard that needed to be addressed by i) improved site management (which has been implemented) and ii) separation of vehicles and pedestrians. Item ii) has not been implemented due to lack of available space at the depot.
 - iv. The current workshop location has resulted in allowing the public pedestrian access to extremely dangerous operational areas of the depot.
 - v. Due to the growth in the district we have reached a physical capacity of how much mixed recycling we can transfer from the depot. During busy periods mixed recycling has had to be stored outside and in the central

operational area of the depot. This has prevented safe operations to continue.

- vi. AVE could technically serve notice on us at any time. Until July 2013 AVDC had the ability to buy back the option on the depot from AVE. This opportunity has now expired and AVE can serve notice on AVDC to vacate the depot and the Sita building.
- 6.14 Acquisition of the Depot from AVE would enable all the issues identified above to be addressed.
- 6.15 A residual development budget remains from the depot expansion project of 3 years ago. The delivery of that scheme had been delayed because of the land ownership issues. The remaining capital budget will be utilised to complete the planned works, thereby addressing the issue above.
- 6.16 AVE have indicated that they are willing to sell the land at Pembroke Road for the book valuation, but as the land required encompasses $\frac{3}{4}$ of the available land at Pembroke Road, AVE would wish to dispose of the entire site as any residual land in their ownership would have little operational value to them.
- 6.17 The entire site is valued at £2.2 million and is independently assessed as representing a fair value. Because of the nature of the ownership of AVE, half of the payment will ultimately be returned to AVDC through higher returns from AVE.
- 6.18 The additional land, beyond the Council's minimum requirements to deal with the operational issues, presents an income generation opportunity from an enhanced workshop and Authorised Testing Facility, and secures our place in the market as the Vehicle and Driver Standards Agency is currently closing existing Authorised Testing Facilities and pushing the work to the private sector.
- 6.19 Opportunities for maximising the commercial value delivered by the site will be presented for consideration separately.

7. Housing Schemes

- 7.1 The main element of funding within this category relates to the Council's housing enabling function. Within this function the Strategic Housing team negotiates with private developers and Registered Providers, (housing associations), to help deliver a policy compliant level of affordable housing. It is often essential to contribute a level of grant to help this and ensure the best mix of units is brought forward.
- 7.2 The Council continued to be successful in its delivery of affordable housing projects over the period of recession. Now that there are signs of improvement in the market, Housing will endeavour to deliver as many houses as possible within their resources. However, due to the challenges received from private developers on the grounds of financial viability and recent Government announcements including the introduction of Starter Homes being considered as affordable housing, it is even more important to be able to provide a level of grant to help ensure the delivery of these units.
- 7.3 Other than carrying forward sums committed to affordable housing but unspent from previous years, no change is proposed to the funding provision for these projects.

8. Other Projects

- 8.1 Provision for these schemes remains unchanged, other than carrying forward unspent sums on schemes, which have been delayed for reasons outside of the Council's control.
- 8.2 The programme includes a provision to replace some of the Refuse and Recycling fleet. A number of vehicles will be replaced in March this year with the balance of the provision being rolled forward into next year.

9 New Schemes

- 9.1 At its meeting in December 2014 Cabinet agreed to the making of a Compulsory Purchase Order (CPO) in respect of a long term property in Albion Street, Aylesbury. The property is in a very poor state both internally and externally, the grounds are unkempt and severely overgrown and the property has stood empty for 9 years. Unless resolved through other means, once the CPO has gone through it was agreed that the property would be disposed of on the open market with conditions that the new owner would renovate the property. A sum has been included within the programme to enable this to happen.
- 9.2 Back in 2014 Cabinet also agreed to the disposal of the Elmhurst Community Centre with the proceeds being earmarked for an improvement programme of the other centres. The disposal has yet to go through but the anticipated sale receipt and the improvement programme has been included within the programme.

10 Options considered

- 9.1 The proposed capital programme represents the allocation of anticipated resources in accordance with corporate priorities.

11 Reasons for Recommendation

- 10.1 The Council is required to set a capital budget for the coming financial year and proper financial management incorporates a longer term view of capital activity. Regular review and updating of resource availability and capital investment plans is essential especially when a number of major schemes are running in parallel.

12 Resource implications

- 12.1 The Capital Programme presented within this report updates projected capital resources and requests the inclusion of 2 new significant schemes, being the first phase of development at Waterside North and the proposed acquisition of Pembroke Road in order to deal with operational issues.
- 12.2 The Capital Programme allocates only a modest amount of the projected available Capital Resources to new schemes.
- 12.3 Waterside North and the associated Public Realm are proposed to be delivered through identified new resources from New Homes Bonus and Government Grant.

- 12.4 This leaves an unallocated balance available to the Council for other purposes and provides a buffer should not all of the projected Capital Resources be achieved.
- 12.5 This is pertinent given some of the uncertainty surround the longevity of the Government's support for the New Homes Bonus scheme.
- 12.6 Although it is predicted that there will be some ongoing support from this scheme it is expected that this funding route will now cease by 2020.
- 12.7 Residual support should be sufficient to fund the obligations proposed for the development of the Waterside North Scheme, but in the event that it is not, then some of the uncommitted balance could be attributed to the proposed scheme in order to ensure its delivery.
- 12.8 The resources implications are dealt with within the body of the report.

13 Response to Key Aims and Objectives

None.

Contact Officer
Background Documents

Tony Skeggs 01296 585273
Capital Programme 2013/14 to 2019/20
Cabinet 17 December 2013

BUDGET PLANNING 2016/17

Councillor Mordue

Cabinet Member for Finance, Resources and Compliance

1 Purpose

- 1.1 This report sets out the high level issues facing the Council when developing budget proposals for 2016/17 and in terms of updating its Medium Term Financial Plan (MTFP).
- 1.2 The report also sets out a proposed timetable in order to agree the budget and set the Council Tax prior to the end of February 2016.

2 Recommendations/for decision

- | |
|---|
| <ol style="list-style-type: none">2.1 Cabinet is requested to consider the report and agree the approach proposed for developing the 2016/17 budget and the Medium Term Financial Plan. |
|---|

3 Supporting information

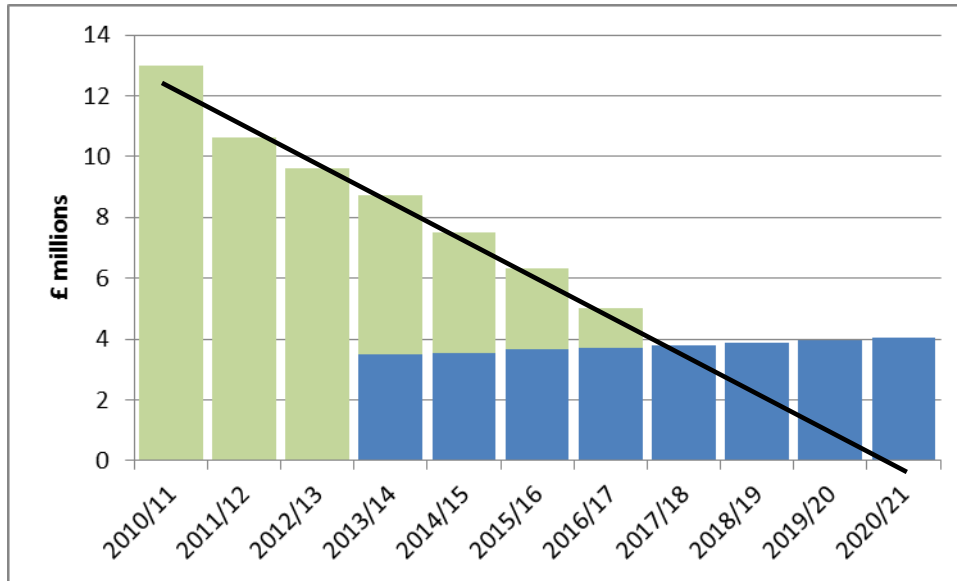
- 3.1 The current Medium Term Financial Plan (MTFP) for 2016/17 was agreed by Council in February 2015. This predicted the need to identify £0.7 million of savings in order to balance the budget for 2016/17 based upon the information available at that time and a set of assumptions around key variables within the budget.
- 3.2 These key assumptions will need to be revisited and reviewed as part of the budget planning and preparation process for 2016/17 and for the 4 years thereafter, which make up the Medium Term Planning period.
- 3.3 The previous 5 years have been categorised by the Government's balancing of the public sector funding equation and for local government this has meant dealing with large reductions in funding support whilst managing the expectations of the Vale's residents.
- 3.4 In terms of the Government's financial agenda, most of this period was framed within two significant spending review periods.
- 3.5 Post the Election in May, the Country is now waiting on the Government to produce a new Spending Review in order to give direction and provide the shape of the funding landscape over the next 5 year Parliamentary term period.
- 3.6 Even without this, there is clarity over the fact that the Government is still committed to its objective of balancing the budget within this 5 year planning period and, therefore, continued efficiency, income generation and potentially cut backs for local government will be the main messages.
- 3.7 The Chancellor is expected to give the results of his Spending Review on the 25th November 2015. This will provide headline numbers for each Government department. It is, therefore, expected that we will not receive grant allocation numbers until late in December.
- 3.8 Given that this is a pivotal point for the Government in determining its policy for the next 5 years, much depends on the outcome and much may change as a consequence. An announcement of the detail for individual councils in late December, after the point by which the Cabinet must publish its initial

proposals, therefore presents a considerable headache in terms of financial planning.

- 3.9 Not only will the Spending Review be relevant for the Grant allocation numbers, but it will also determine the Government's policy intention towards other areas, such as housing, welfare and council tax strategy, which in turn may well have significant implications for the way in which the Council organises itself and the way in which it allocates its resources.
- 3.10 This report proposes a strategy for resolving the budget within this wider uncertainty, provides an update on the key assumptions / risks and also considers the options and alternative approaches which are available for resolving these.

4 Government Grant

- 4.1 The Government has been dealing with the inherited public sector deficit since the banking sector collapse in 2009/10. The Government's objective has been to return the economy from an annual deficit to a surplus. The scale of this challenge was vast and the impact on public services has been far reaching.
- 4.2 Since 2010/11 the Council has seen its Government support (Grant) towards the cost of services reduced from an equivalent of £13 million to £6 million in 2015/16. Given that in 2010/11 Government's support funded 58% of services residents enjoyed, the impact of this reduction has been far reaching for the Council.
- 4.3 The Council has reacted through increased efficiency, higher charges in some areas, new money making initiatives and through the reduction and the ending of some services. However, against this backdrop the majority of services survive and in many cases the quality of service provided has improved.
- 4.4 From the 1st April 2013, Government Grant is now made up of two elements, Revenue Support Grant and Retained Business Rates. The system of Business Rate Retention allows councils to benefit (or lose) from changes in the amount of business rates collected in their area and thus each council will be incentivised to promote economic expansion.
- 4.5 The chart below shows how grant has reduced since 2010 and the black line indicates the current core Medium Term Financial Plan assumption on the future trajectory for grant allocations.



- 4.6 Core to the Council's financial planning is the underlying assumption that all Government Grant support, including that represented by Retained Business Rates, will end by 2020/21.
- 4.7 Whilst it is believed, that the Government might not actually remove the retained element of business rates, it has been assumed that they will capture value associated with it through other means, i.e. by removing another funding stream, by introducing a new charge or by passing on a new unfunded responsibility.
- 4.8 The Chancellor's statement to his Party's conference in October 2015, that all business rates will be retained by councils in 2020, does not directly contradict the planning assumption view held above.

5 Chancellor's Statement and its Potential Implications

- 5.1 In a major announcement made to the Conservative Party Conference on 5th October, Chancellor George Osborne set out plans to hand over, by 2020, 100% of business rates revenues - currently worth £26bn a year, to local government.
- 5.2 Entitled 'devolution revolution' the stated aim of this reform, is to ensure all income from local taxes goes on funding local services, so helping fix the current broken system of financing local government.
- 5.3 As part of the Chancellor's proposals, the Uniform Business Rate, established back in 1990 and set by central government, would be abolished. Instead, local authorities would have power to cut business rates to attract economic activity in their areas. As a further incentive, local areas would be allowed to keep the full benefit from growing their business rates yield as a reward for promoting growth. The announcement is, therefore, effectively about 100% retention of growth in business rates by local authorities.
- 5.4 However, in return for full business rates retention Revenue Support Grant would be phased out and local government will also be asked to take on new, as yet unnamed, responsibilities but which are thought to be centred around economic growth, so as to ensure the reforms are fiscally neutral.

- 5.5 Whilst on the face of it, this is a positive announcement for local government there is considerable detail which will need to be explained before the true nature of the announcement and its implications for individual councils can be understood.
- 5.6 At the centre of this are the nature of the new obligations, the allocation of growth between tiers, the baseline allocation of resources across the Country (currently Aylesbury Vale collects £46 million but only keeps £3½ million) and what safety nets might exist for areas overly dependent on a single employer.
- 5.7 Hand in hand with this announcement was the statement that Core Grants (Revenue Support Grant) will effectively end at the same time. Core Grants are paid from the 50% of all business rates which the Council currently retains and so its ending is a necessary part of this announcement. In practice the Medium Term Financial Plan for Aylesbury Vale assumed this would end anyway in 2017/18, as the Council effectively dropped out of the Grant system at that point.
- 5.8 However, other funding streams, such as New Homes Bonus, were funded by the Government from the 50% of all Business Rates that it received. Therefore, without Core funding, in all probability this announcement will also see the ending of NHB and other funding streams.
- 5.9 Whilst 2020 is towards the end of this Planning period and therefore might seem a relatively distant consideration, it is possible that the Treasury might work towards convergence over the intervening years and therefore the impacts of the announcement might be felt much sooner.
- 5.10 It is too early at this stage to speculate what the impacts might be, but they will be explored through the budget planning process as they become clearer.

6 Determination of Grant Numbers for Provisional Budget Planning

- 6.1 The Government pre announced indicative settlement figures for 2015/16 in 2014/15 so the Council was able to plan with a degree of certainty for the reductions in funding.
- 6.2 This year, because of the significant implications that might arise from the Spending Review, no pre announcement is likely.
- 6.3 Given the potential scale of the financial challenge facing the Government and its clear intent to consider radical solutions, which might include the fundamental redesign of the funding system and / or potentially even the structure of local government as part of its devolution agenda, the scale of any changes to the core grant funding stream are hard to predict.
- 6.4 Over the past 3 or 4 years the reduction for this Council has fairly consistently averaged £1.2 to £1.3 million per annum. The reduction for 2015/16 was £1,176,380. Whilst there remains enormous future uncertainty, this trend has proved to be at least fairly reliable over previous years.
- 6.5 Therefore, in the absence of any clearer information it is proposed to base Medium Term Financial Planning on the continuation of this trend with Grants still being completely removed from the Council by 2020.
- 6.6 It should be reemphasised that there is considerable potential for the actual position to be worse or better than this assumption and to combat the risks associated with either outcome it is proposed that an element of scenario planning is built into the draft budget proposals.

- 6.7 The actual Grant reduction numbers are not expected to be announced until December (potentially the 23rd or 24th, if the announcement follows the pattern of previous years), which will again impact upon the Council's ability to consider its budget planning proposals in good time.

7 Business Rates Growth Retention

- 7.1 As highlighted earlier, one of the key features of the new system of government funding was the introduction of local Business Rates Retention. More specifically, retention of a proportion of growth or losses. As is often misunderstood, it does not mean the retention of all business rates collected locally.
- 7.2 Growth or losses sit outside of the Grants system, although do have a relationship to it.
- 7.3 In practice, after levies and tariffs (needs based assessments) are applied this Council will keep only 20% of any real growth after inflation, and only 6% of the total business rates collected. This is somewhat different to the 50% nominally messaged and considerably short of the 100% often implied.
- 7.4 Conversely, the Council will still have to meet 40% of the cost of business rate losses or reductions. This includes 40% of the entire cost of backdated appeals (refunds) back to 2005 or 2010 where a valuation is appealed and won.
- 7.5 Officers have been keeping a careful eye on actual Business Rates collection performance during the first 2½ years of the scheme's operation so as to better understand the impact on the Council's finances.
- 7.6 Based upon this monitoring the conclusion reached is that Business Rates Retention produces volatile outcomes, but on balance does appear to be producing real growth in the Vale.
- 7.7 There are some significant caveats to this statement, not least of all, the outstanding appeals associated with the highest value retail properties (the large supermarkets) as these have the potential to significantly reduce the value of rates paid. It is primarily this uncertainty which leads the Council to be cautious in either forecasting, or utilising any predicted gains from the business rates retention system.
- 7.8 An appeals reserve has been created against this inherent volatility and an appeals provision exists within the business rates collection account. This can be drawn upon to smooth out the volatility.
- 7.9 For information the actual outturn for 2014/15 is set out in the table below. This information has been reproduced in order to explain the distribution of surpluses generated within the system.

Distributed as Follows:	Budget 2014/15	Actual 2014/15	Change + / -
	£M	£M	£M
Business Rates Collected	48.929	49.064	
Set aside for Appeals			
Balance Available for Distribution	48.929	49.064	
Government (50%)	24.465	24.532	0.067
Bucks CC (9%)	4.404	4.416	0.012
Bucks F&R (1%)	.489	0.491	0.002
AVDC (40%)	19.572	19.625	0.053
Minus Tariff	- 15.722	- 15.722	-
Retained Business Rates	3.850	3.903	0.053
Compensation for Govt. Changes	0.650	0.901	0.251
Disproportionate Growth Levy	- 0.476	- 0.629	0.153
Retained Business Rates (Loss)	4.024	4.175	0.151

- 7.10 Importantly, the Council is paid Business Rates based upon the budgeted number and so the small gain will be available for use as part of budget planning.
- 7.11 Looking forward, whilst 95% of all outstanding appeals have been resolved the largest and highest risk appeals are still in the 5% which has not. These supermarkets' appeals remain the issue of most concern as this has the greatest potential impact on the value of retained business rates.
- 7.12 Beyond their resolution, confidence in the Vale producing business rate growth is high and is therefore likely to be able to draw gain from the system.

8 Business Rate Pooling

- 8.1 The Government included within the legislation the option for councils to pool Business Rate income in order to reduce the amount of payments (Levies) to the national pool in the event of excess business rate growth.
- 8.2 Aylesbury Vale, together with partner authorities, has submitted an expression of interest in pooling in each of the previous three years, only to subsequently withdraw the application due to shared concerns over the potential downside risks linked to the outstanding appeals.
- 8.3 Again, the respective finance officers of the councils in Buckinghamshire have been working on the options for submitting a potential pooling application this October.
- 8.4 Whilst it appears that there is potential gain to be derived from submitting a Pooling application, as yet, the Government has not yet published a Pooling prospectus for 2016/17. In previous years this was published at the end of July for an end of October submission deadline.
- 8.5 The delay in publishing its intentions for 2016/17 is looking increasing unusual. When taken in context of the Party Conference announcement by

the Chancellor, it is looking increasingly as if Pooling will be subsumed within the future plans for the reform of the Business Rate distribution process.

- 8.6 Given the timeframes, and the fall of Cabinet meeting dates, officers from across Buckinghamshire will continue to work on a submission in the event that a short window of opportunity is presented. A verbal update will be given to Cabinet at its meeting on the status of any application.

9 Council Tax Freeze Grant

- 9.1 Each of the previous 5 years have been marked by the offer from the government of a Council Tax Freeze Grant for those councils which do not implement a tax increase in individual years.
- 9.2 The extent and value of Freeze Grant on offer has varied, year on year, but ultimately any payment offered has been added to Core Grant and has therefore been eroded in proportion to the reductions of that Grant.
- 9.3 The Council's Medium Term Financial Plan already assumed the ending of Core Grant for this Authority by 2017/18, and with its ending the extinguishment of any benefit derived from accepting the Freeze Grant in any previous year.
- 9.4 The statement by the Chancellor, that all Core Grant will end by 2020, confirms this assumption and will potentially ensure the ending for all councils of any benefit derived from accepting Freeze Grant over the past 5 years.
- 9.5 For those that chose not to freeze tax, a cap of a 2% maximum increase has applied, above which a referendum of the electorate must be undertaken to gain agreement for a higher increase.
- 9.6 In all 5 years only one referendum has been held (by a Police authority) and this was heavily defeated. Given the costs of holding a referendum and difficulty in persuading a community to accept a higher increase the threshold, in all but name, effectively represents a cap on Tax increases.
- 9.7 With a change in Secretary of State and with a change in the make up of the Government post May's General Election, it is not known what the Government's attitude towards Council Tax will be over the next Parliamentary term.
- 9.8 Intrinsically, the Government is a Party of low taxation and it seems unlikely that there will be any rolling away of the control the Government has sought to exercise over this area.
- 9.9 By way of a pointer, the Chancellor's announcement on control over Business Rates also included a cap on the ability to increase their level, (although, did include complete freedom to reduce them by any amount), and even this freedom was restricted to those demonstrating the strongest local governance models.
- 9.10 Whilst this is only speculation, it seems likely that the Government will continue to exercise control over Council Tax increases in this Parliamentary term in much the same way as it did over the previous one. The only exceptions might be for those that have been handed greater devolved control by the Government.
- 9.11 Because of the absence of any lasting benefit from accepting Freeze Grant and the massive financial challenges presented by the reductions in Grant, the Council Tax strategy adopted has broadly been to increase Council Tax, at least in line with inflation, up to the Council Tax Referendum Threshold.

This strategy has been finessed in each year to take account of point in time issues.

- 9.12 Whilst the applicability of this Strategy is reviewed annually, taking into account revised assumptions around grant levels, retained business rates, the level of savings / new income generated and the anticipated impact of any reduction in service provision caused by any predicted unfunded budget gap, it is still assumed to generally hold true across the Medium Term Financial Planning period.

10 Aylesbury Vale District Council Tax Base Changes

- 10.1 The Tax Base is a measure of the number of household which are liable to pay Council Tax in the area in a given year. The Tax Base also takes into account the banding (size) of the property and the entitlement to discounts of the occupiers.
- 10.2 With the growth in the Vale over recent years the Tax Base has increased significantly above its historic growth trends, resulting in more Council Tax being payable. Whilst useful, in terms of delivering services, the reality is that the growth which has resulted in the Tax Base growth often contributes more cost, by way of demands for infrastructure and services, than the increased Council Tax income new residents will pay.
- 10.3 It is estimated that the combination of these factors will result in Tax Base growth in excess of 2% in 2016/17 (3% in 2015/16).

11 New Homes Bonus

- 11.1 The gap in funding for infrastructure and services caused by growth has in part been met by the Government through its introduction of New Homes Bonus. This has proved to be a valuable and important resource for the Council in recent years in terms of addressing pressures faced, but also in terms of sharing the benefit with the communities impacted by growth.
- 11.2 The Government funds New Homes Bonus (NHB) by top slicing the amount available for Core Formula Grant to councils. All councils are therefore losing a proportion of their grant to pay for the introduction of the Bonus scheme.
- 11.3 The NHB Policy agreed by Council allows for a proportion of the Bonus received to be used in the revenue budget to compensate for the loss of grant that NHB represents, plus the unfunded costs of providing a standard level of service to the new homes built in the Vale.
- 11.4 Crucially, the Council's revenue budget is not dependent on NHB (or new house building) and the vast majority of it is set aside for infrastructure projects sponsored by both the District and parishes. However, this statement is predicated that if New Homes Bonus ended, the resources tied up within the scheme would be returned to local government in the proportion with which they were contributed.
- 11.5 The Council has always been sceptical as to the longevity of the New Homes Bonus Scheme, partly because there is considerable uncertainty over whether it achieves its policy objective, but also because of the considerable strain it places on the local government funding system. For this reason it has consistently chosen to limit its revenue exposure to the funding stream.
- 11.6 Given that New Homes Bonus is funded by the Government through the top slice of Core Grant, the announcement by the Chancellor of the ending of Core Grant by 2020 (replaced by the full retention of Business Rates) means

the ending of New Homes Bonus within that timeframe seems much more probable.

- 11.7 The Medium Term Plan for 2016/17 agreed back in February assumed that a 6th adjustment would be made to the revenue budget based on the New Homes Bonus associated with growth actually delivered in 2015/16.
- 11.8 Whilst it is considered unlikely that New Homes Bonus will be abolished completely in 2016/17, (because of the revenue budget exposure many councils have to it), the continuation of the scheme in its present form is also considered to be unlikely and this is therefore flagged as a significant risk area in the development of budget plans for 2016/17 and the Medium Term Financial Planning period.

12 Inflation, Pay and other Economic Pressures

- 12.1 The MTFP agreed in February made assumptions around these elements based upon a gradual improvement in economic outlook. In practice, whilst the economy has now started to show some tentative signs of recovery the rate of inflation remains low and seems likely to remain relatively constant for now.
- 12.2 Beyond this current low point, the predictions are that any changes are likely to be upwards, but only gradually. As a result the amounts assumed for Pay and Inflation in the MTFP are, if anything, slightly overstated but will be reviewed and refined through the budget development process.
- 12.3 The introduction of the Living Wage by the Chancellor is expected to impact the Council over the Medium Term Plan period. Not specifically in relation to its own workforce but through higher contract costs. Already we have been made aware by some contractors that the Living Wage will mean higher operating costs for them and that ultimately these will be passed on through contract re-tendering exercises.
- 12.4 The Government's Pension reforms also impact in 2016/17 as the National Insurance reduction for contracted out pension arrangements will end. This will mean higher Employer National Insurance contributions and higher costs to employees too.
- 12.5 The date for the ending of the arrangement and the higher costs associated with the change have been known for a number of years and the Medium Term Financial Plan has already factored this change in.
- 12.6 The 31st March 2016 sees the next tri-annual pension fund revaluation. Whilst any changes in pension costs associated with this will not impact the budget in 2016/17, it may have implications for 2017/18.
- 12.7 At this stage, it is too premature to say what the implications might be, but members will be kept informed as the picture develops.

13 Financial Impacts of Major Capital Investment Decisions

- 13.1 The revenue financing implications arising from the decision taken by Council to construct the Aylesbury Vale University Campus were factored into the budget for 2015/16.
- 13.2 The rental income becomes payable upon occupation and this has been factored into the Medium Term Financial Plan.
- 13.3 In terms of new impacts, the Capital Programme is to be considered in a broadly parallel process to that of revenue budget development and the

revenue impacts of any funding decisions taken will need to be considered and built into revenue planning as part of the approval process.

- 13.4 Where the Council has had spare cash balances available, it has used these in lieu of borrowing. This reduces the need to take long term borrowing and also the Council gets the lender's return, thus it is financially advantageous to do so.
- 13.5 Utilising spare cash in this way is especially advantageous during periods of low interest rates. It is generally predicted that the Bank of England will begin to increase base rates in 2016, but this is still heavily dependent on external and global factors and any increase, when it comes, is likely to small and gradual.
- 13.6 The impact on investment income, the costs of borrowing and the returns or savings from investment decision must therefore all be considered together in order to understand the actual impacts of these decisions.
- 13.7 The final impact of completed and planned investment decisions are still being modelled and will be set out in more detail in subsequent reports.

14 Aylesbury Vale Estates

- 14.1 Cabinet and Scrutiny has yet to examine and approve the annual Business Plan for Aylesbury Vale Estates. This is largely due to a change of Board membership and the use of the opportunity this presented to re-evaluate the objectives and performance of the vehicle
- 14.2 Whilst officers are engaged in this challenge process it is premature to bring forward a final business plan for consideration.
- 14.3 However, the financial models for the next 3 years (including the current year) are well developed and these will be used as the basis for the Council's Medium Term Financial Planning.
- 14.4 The proposed Business Plan included two scenarios, a base (or central) case and an enhanced case. The enhanced case sets out higher predicted returns for the investors, but was more dependent on events not directly under AVE's control. For the purpose of Budget Planning the Base Case will be used, this being the lower risk, lower return scenario.
- 14.5 From the Council's perspective, returns from AVE have not grown as expected over previous years. Many of the reasons for this are outside of AVE's direct control and are a matter of record, but the Council is increasingly anxious to see AVE to move beyond these historic barriers to maximise the benefits and gains promised by the vehicle at its inception.
- 14.6 Officers will continue to work with the Board and the Asset Manager to develop plans which will deliver against the Council's aspirations for it in the short to medium term.
- 14.7 Progress in this regard will be reported to members through the budget development process.

15 Service Based Budgetary Pressures

- 15.1 As part of the budget development process a review of service based budget pressures will be undertaken. At this stage, and with the possible exception of waste, these are not understood to be extensive.

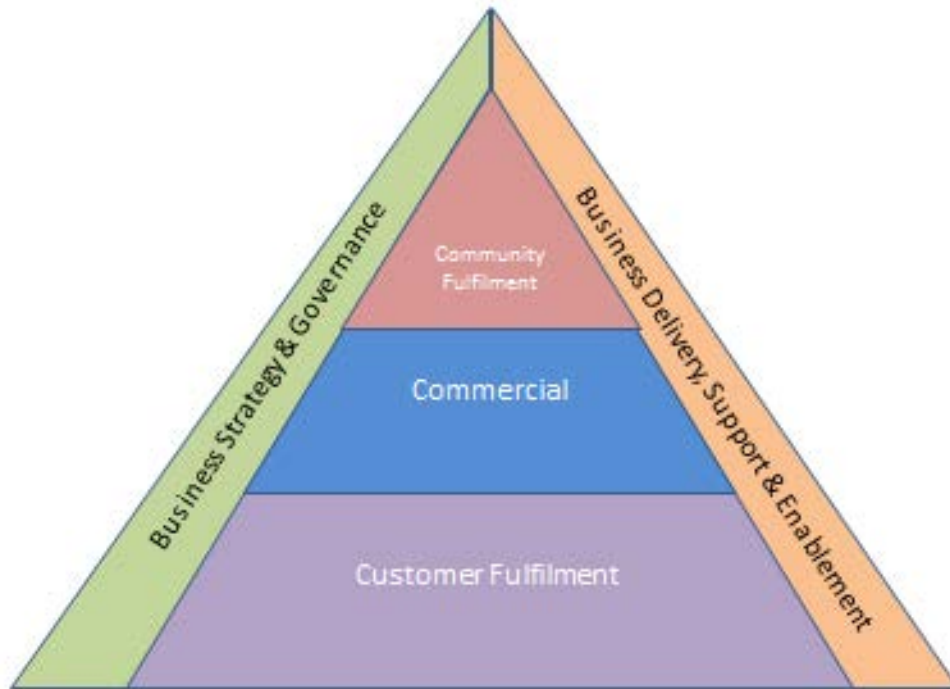
16 Savings and Transformational Efficiencies

- 16.1 The Council has been committed to savings, new income generation and transformational programmes for the past few years in recognition of the fact that the national funding position was likely to continue to deteriorate over the life of the MTFP. These programmes are known internally as 'New Business Model' (NBM).
- 16.2 These have already delivered significant contributions to savings targets and it is expected that they will continue to do so. A table of savings achieved since the Government's reductions in Grant funding commenced are set out below. This shows savings and income realised to date are in excess of £11 Million.

Year	Savings / New Income Identified £
2011/12	2,809,700
2012/13	2,030,200
2013/14	1,339,900
2014/15	2,427,600
2015/16	2,456,500
Total	11,063,900

- 16.3 The NBM programmes are designed to enhance and develop new income streams, rationalise existing services and to cease some services where they are not valued by residents. Through this approach the Council has thus far been able to avoid crude cost cutting exercises. Around a third of savings are being achieved from new income sources with the remainder from efficiencies.
- 16.4 Officers have continued to explore transformational pieces of work under the badge of New Business Model in order to deliver the bulk of the predicted saving, with this being supplemented by opportunistic savings where these present themselves.
- 16.5 Whilst the NBM programme has reaped considerable efficiencies and new income sources over the last 4-5 years, there is only so far that such a programme can go before more major structural changes are needed to continue the quest to deliver the level of change and savings required by the reduction in Government Grant. We believe that we are approaching the point where the level and pace will slow dramatically as avenues for change are exhausted without wider fundamental change.
- 16.6 To this end the senior management team has developed a wholesale restructuring plan for the entire organisation – know as 'Sustainable AVDC'. This programme is based upon the founding elements of the NBM programme, and applies this to the entire organisation. In short its aim is to:
- React to the increasingly challenging financial position of the council
 - Deliver automated and more cost efficient forms of service delivery including self serve, aligning us with most of the other service providers that our residents use in their day to day life

- Create greater value and income from more commercial operations to cross subsidise those areas of the council which can not cover their own costs
 - Focus on the customer at the heart of everything we do
- 16.7 In achieving these aims there are a number of changes to the way in which we are organised, and how our staff work. In summary:
- Overall a need for a much more commercial approach and understanding of our business
 - Remove the silo arrangement of staff, moving them into a more generic approach to fulfilling customers demands (without losing specialism where these are needed to meet customer demands)
 - Detach management responsibility from professional expertise – recognising that good management does not always come with specific technical expertise
 - Become more flexible in the way we work, and the way we serve customers, enable staff, process and structure to react to new demands from our communities
 - Wider spans of responsibility for managers, and a more corporate as opposed to departmental orientation
- 16.8 In the simplest form, AVDC need to be:
- Orientated around the customer, fulfilling their demands – delivering what customers want
 - Speedy response to customer demands, similar to commercial organisations – when customers want it
 - Within a cost effective delivery model – at a cost customers will pay
- 16.9 To kick start and enable this change, the entire structural model of AVDC will be changing. This is in recognition of the above context and sets AVDC on a new footing to deal with the future challenges ahead. Conceptually, the new AVDC will do away with the historical departmental structure and replace it will be a five part, more flexible and universal structure. More details on the broad shape and form are set out below



Structural Element	Summary Function	Example Current Functions (not exhaustive)
Community Fulfilment	Forming and Delivery of Economic, Community and Growth Strategies to deliver the long term success of the Vale	Forward Plans Strategic Housing Economic Development
Commercial	To create value and profit to sustain the delivery of services long term	Major Capital Programmes Capital Asset Management Commercial Ventures
Customer Fulfilment	To deliver repetitive and predictable services to customer as quickly and efficiently as possible	All services that are requested by customers
Business Strategy & Governance	To strategically steer and guide the development of the AVDC and its affiliates	Legal & Monitoring officer Democratic Services Audit & Compliance Strategic Finance
Business Delivery, Support & Enablement	To operationally support the council in achieving its goals	Day to day transactional support services

16.10 The new structure will enable AVDC to be far more reactive to the changes that are required for the coming years. The approach to moving to the new structure will be a 3 stage process.

Stage 1 – 'lift and shift' staff to the new structure – this will in the main be simple management realignment to move whole teams or

sections into the new structure. The aim of this stage is to deliver the new structural layout of the council as soon as possible. This is likely to take place in early 2016.

Stage 2 – service review and service change – this stage will consider the work that is done in each part of the new structure, assess the level of demand, the best way to service this, the level of resources required and to deliver a refined new structure within each element of the council. This stage will take some time to complete. Planning for these reviews will be undertaken between now and November but indicatively it is anticipated that to review services across the council will extend into 2017.

Stage 3 – implement the above service review changes – delivering efficiencies over the end of 2016/17 and into 2017/18. At this stage it is envisaged that this will reap somewhere in the order of £3m once fully implemented. At this stage it is envisaged that this will be mainly through a combination of automation, service efficiency and staff reduction.

16.11 Members will be updated as a fuller programme becomes clear, and where changes to staff and responsibilities are known.

16.12 Whilst the above delivers against some of the short/medium term budget pressures, there is still some way to go to deliver against the level of savings required to meet the expected MTFP.

17 Beyond 2016/17

17.1 As identified at the start of this report, the issue that dwarfs all others looking forward is that of continuing to provide services whilst the resources that have historically enabled this to happen are removed.

17.2 The announcement by the Chancellor presents a glimmer of hope, but much will depend on the detail of any proposal and this may take some considerable time to materialise. In any event, the timeline presented by the Government for its introduction is beyond the date by which the Government's austerity programme is due to end.

17.3 Faced with rapidly decreasing resources from Government and with on-going pressure on councils not to increase resources from taxation, or by other means, together with new financial burdens placed on local government, the financial outlook for councils, at best, remains extremely challenging.

17.4 Thus far, the Council's strategy has been effective, in that by the end of 2015/16 the cumulative annual savings, additional income and efficiency measures achieved exceeded £11 million.

17.5 The baseline target for the Medium Term Financial Plan period, prior to review, stands at £6.3 million, but there is much uncertainty over the amount and the time within which this has to be achieved. There are scenarios whereby this amount might be lower, but equally it could be greater and required much sooner than assumed within the current plan.

- 17.6 So, the core planning assumption remains that Government Grant will cease completely by 2020. Despite all the uncertainties surrounding this, it still seems to be a realistic central assumption.
- 17.7 If true, then the impacts of the continued cuts on local government may mean that it becomes unsustainable in its current form and this may either encourage much greater collaboration or hasten the need for enforced fundamental restructure of the existing approach to the provision of services.
- 17.8 Given that this is largely outside of the Council's direct control, it must continue to look to solve its own financial challenges.
- 17.9 As discussed in the earlier section the Council's approach is completely focused on being more entrepreneurial to generate new income and to rationalise and reorganise its resources in order to be the most efficient it can in the way it delivers its services.
- 17.10 This approach is sound and represents the one which it is embracing but ultimately, if this approach is unsuccessful then the last solution will always remain to reduce the amount or quality of service provided to the residents and businesses of the Vale.

18 Process for Resolving the Budget for 2016/17

- 18.1 As previously described it is hoped that the budget for 2016/17 can be resolved using the reorganisation and income generating strategies set out within this report and without the need for a crude or simplistic cuts exercise. It is believed that this should be possible but, as highlighted, there are some key uncertainties which are unlikely to be resolved until late in the process.
- 18.2 It is therefore proposed to work on refining the budget process making assumptions about the range of outcomes and aiming for the worst case scenario where appropriate.
- 18.3 The Council has Working Balances in excess of its stated minimum and these are invaluable in allowing the Council to push forward with new invest to save initiatives or to flex savings targets from one year to the next in the event of unexpected funding pressures or new windfalls. Balances (adding to, or a use of) are therefore likely to form part of the strategy for concluding the balancing of the budget for 2016/17.
- 18.4 As identified the focus remains on restructuring and new income generation and not upon lists of potential cuts for consideration. If a specific proposal requires a Cabinet decision or scrutiny consideration it will have already been taken through the democratic process at the appropriate time, or be separately identified for debate as part of the budget development process.
- 18.5 This will again make the budget process lighter touch and avoids the need to take lists of potential service reductions through scrutiny committees.
- 18.6 An initial budget position will be presented to Cabinet in December and will be the subject of Scrutiny by Finance and Services Scrutiny Committee.

19 Timetable

- 19.1 An indicative timetable of reports and meetings leading to the conclusion of the process is attached as Appendix A to this report.

20 Options considered

- 20.1 This report sets out the current position in relation to budget planning and highlights the issues that will need to be resolved prior to agreeing a budget recommendation in January. As such there are no options to consider at this point in time with the exception of the grant to parishes.

21 Reasons for Recommendation

- 21.1 The report asks members to note the current position and asks them to agree the process to be adopted for concluding Budget Planning for 2016/17 and for revising the MTFP.

22 Resource implications

- 22.1 These are included within the report.

23 Response to Key Aims and Objectives

- 23.1 The Budget is the key lever in terms of delivering Corporate Plan objectives where they require additional investment or resources. The budget also articulates the costs of providing existing services and a balance has to be struck between the competing demands for resources. These issues will be explored further in subsequent reports on budget development.

Contact Officer
Background Documents

Andrew Small Tel: 01296 585507

Appendix A

Budget Timetable 2016/17

Meeting Date	CReports	Meeting	Possible Reports
10^h November	27th October	Cabinet	Scene Setting Report / Grant Changes
16 th November	3 rd November	Finance Scrutiny	Consideration of High Level Issues
18 th November		Budget Seminar	Consideration of Scene Setting / Grant Changes
14 th December	1 st December	Finance Scrutiny	Consideration of Cabinet Report
16th December	1st December	Cabinet	Initial Budget Plan / Strategy
		No Scrutiny of Budget Proposals by Economy or Environment	At this stage there are thought to be no operational service impacts arising from the proposals which require Scrutiny consideration
11th January	29th December	Cabinet	Budget Recommendation to Council
21 st January		2 nd Budget Seminar	
3rd February	19th January	Council	Budget Setting
24 th February	9 th February	Council	Council Tax setting

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TOWARDS AN ENTERPRISE COUNCIL **Councillor Mrs J Blake** **Cabinet Member for Business Transformation**

1. Purpose

- 1.1. This report invites members to approve the formation of a Local Authority Trading Company with Aylesbury Vale District Council being the sole shareholder. The Company would be a Company Limited by Shares.
- 1.2. The trading company would provide opportunities for the Council to generate new income streams over and above current and proposed income generated through reviewing core service delivery. As a distinct commercial entity the company would have the essential commercial flexibility to respond to customer needs and have greater flexibility to engage with partners to help fulfill those needs.
- 1.3. The company would be 100% owned by the authority and would have no private shareholders. All profits generated by the company would be reinvested back to the company or Council.

2. Recommendations

2.1 That the Council be recommended to:

- a) approve the business case as set out in the body of the report and the creation and incorporation of a wholly-owned Local Authority Trading Company as per Option 1 in section 9.
- b) grant delegated authority to the Chief Executive, after consultation with the Leader and Cabinet Member for Business Transformation, to decide on the final company name and the date and details of incorporation of the trading company;
- c) grant delegated authority to the Chief Executive, after consultation with the Leader and Cabinet Member for Business Transformation, to determine the number and appointment of Directors to the trading company; and
- d) grant delegated authority to the Chief Executive, after consultation with the Leader and Cabinet Member for Business Transformation, to agree and sign a shareholder agreement, Articles of Association and a service level agreement between the Council and the company.
- e) To approve a loan of up to £50k on commercial terms as working capital for the company from General Working Balances and to delegate authority to the Director with the responsibility for finance to agree the loan payment stages and repayment terms.
- f) agree to indemnify the company Directors against personal liability while acting for the company through appropriate Directors Liability Insurance.

3. Background

- 3.1. Faced with rapidly decreasing resources from Government and with on-going pressure on councils not to increase resources from taxation, or by other means, together with new financial burdens placed on local government, the financial outlook for councils, at best, remains extremely challenging. The Council has responded

over the years with a range of initiatives, particularly through the New Business Model programme which has contributed to the delivery of over £11 million savings/income since 2011.

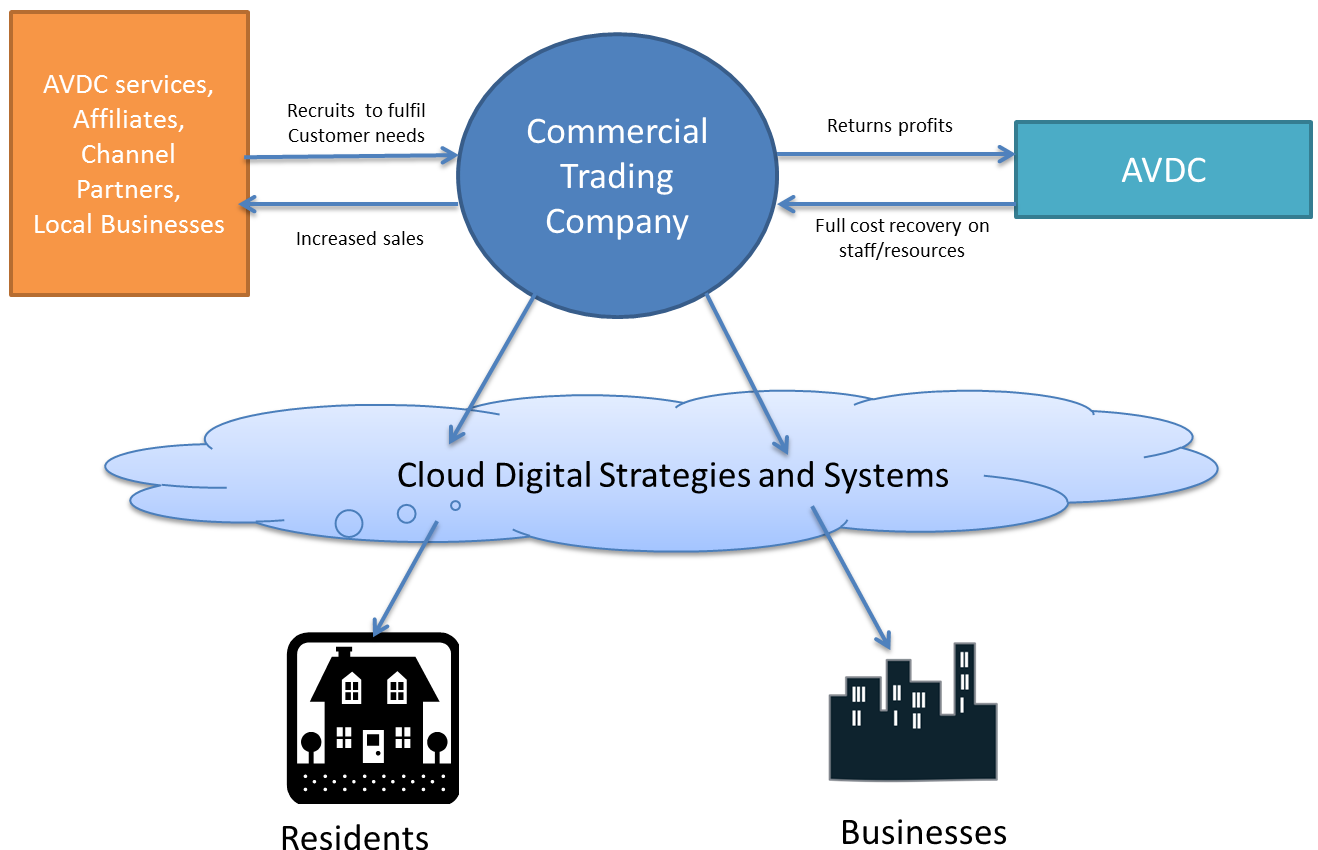
- 3.2. However in order to achieve a secure financial future, the Council, needs to not only continue to reduce our costs, but also look more to secure additional income streams and be more commercially minded in the way in which it carries out its business. This is reflected in the Council's approach to developing the Medium Term Financial Plan which is referred to in a separate report on this agenda.
- 3.3. Over the past few years the Council has used the flexibility created by the Localism Act 2011 to explore ways to generate new income through trading. The Council now has a number of trading companies already which include Aylesbury Vale Estates LLP, Novae Ltd and Aylesbury Vale Broadband Limited.
- 3.4. It is essential if the Council is to meet the financial challenges ahead for it to progress with the trading element of its income generation work in order to:
 - Maintain front line services over the long term through reinvestment of trading profits;
 - Develop commercial acumen in tandem with transformation programme efficiencies. This would enable staff to develop new skills and abilities and enable them to apply a more commercial approach to their areas of work;
 - Ensure a culture of self-reliance which would send a positive message around the potential for growth of Council services;
 - Ensure that the Council is best placed to identify and pursue any potential opportunities.

4. Nature of the Business Proposed (including objectives and targets)

- 4.1. Over the last few months officers have been working with external consultants with particular expertise in the delivery of rapid growth results for companies and transforming business models. Working together they have identified areas which have the potential to generate significant revenue streams for the council in future.
- 4.2. The key assets the council has for this commercial venture to succeed is the customer relationships it has developed through existing service provision and trading areas. Using this trusted relationship and through expanding its customer base, the council is in a strong market position to create value added services and products for the customers.
- 4.3. The company has the potential to grow rapidly. The goal would be to generate increasing continuity of revenue streams with minimal resources. However, in order to establish the potential for achieving a substantial source of income for the council, the focus over the next 6-12 months would be on testing a smaller scaled version of the proposed venture. This would lead to the development of a more comprehensive business plan for consideration by the council as set out in the shareholder agreement.
- 4.4. The initial focus would be to develop a range of offers, products and services to Aylesbury Vale's residents, closely followed by the business community under separate brand identities. For example by engaging with existing customers of the council such as garden waste customers the company will be able source information, offers and products through affiliate partners such as a garden centre. This model would be similar to other e-commerce companies who sell other

suppliers' products on their website or provide "local" offers or subscriptions and retain a percentage of transactions as well as managing the customer relationship.

- 4.5. The brands identified for the residential and business areas would initially become visible to customers through electronic communication where the link to the council will be established. (This will keep costs to a minimum).
- 4.6. It should be noted that there would be no selling or direct marketing to customers at the first point of contact and at every stage customers would have the option to stop receiving any further communications. The Council will comply with the Data Protection Act 1998, The Privacy and Electronic Communications Regulations 2003 and all associated Regulations and Guidance from the Information Commissioner's Office.
- 4.7. The key targets of the proposed company in the initial 6-12 months would be to:
 - grow the customer database (email contacts) by 20%
 - Increase interactions with customers who have engaged at the first point of contact by 20-25%
 - Generate revenue to recoup the set up and running costs within 12 months
- 4.8. A model of how the trading company would operate in simple terms is set out below:



- 4.9. It is likely that trading would be modest at the outset, especially in the first six months of trading whilst the customer relationships grow and develop. Experience from other local authority trading companies reflects the need to allow the company time to expand and establish its presence and recruit local and national fulfillment partners. However, it is expected that there would be sufficient trading within the first trading year to cover any company administration and operating costs. As business plans are

developed and business opportunities and trading expands and develops, it may be necessary to establish separate and/or subsidiary trading companies. Again the decision to take such a course of action would be supported by an appropriate Business Case approved by the council and be part of the shareholder agreement.

5. **Timescales**

- 5.1. Initial engagement with residents will be with those garden waste customers who have supplied an email address and this is expected to commence in November 2015. This communication would be from AVDC and would be linked to their garden waste subscription. Through the use of data analytics this would show how many customers respond to receiving information from the Council and who is interested in continuing to engage through more regular news /information on home and garden related topics.
- 5.2. It is anticipated that the Trading Company would be established immediately if Council approval is given in accordance with the administrative and governance arrangements as set out in this report. This will allow the company to start providing further offers to customers and start to engage more widely with local businesses.

6. **Investment and Resources**

- 6.1 To ensure a level playing field with the rest of the private sector and to avoid breaching state aid rules, the Company would not be subsidised by the council. The full costs of any borrowing, accommodation and services provided would be recovered by the Council. Suitable administrative and governance arrangements would be established to ensure that this is the case.
- 6.2 The direct financial costs associated with this report relate to the cost of registering a trading company and would be in the region of £100 plus officer time in preparing the necessary documentation and governance arrangements.
- 6.3 In addition consultancy support through interim management arrangements would cost approximately £4k per month which will be recovered from trading revenues.
- 6.4 Further set up costs relating to software licenses and developing initial customer offerings should not be more than £15k and this would be recovered through the revenues of the company. However in order to facilitate any other potential sales and marketing costs the initially the company would require working capital and this would be provided by the council on commercial rate terms with the repayment terms to be agreed by the Director with the Responsibility for Finance. This would not be in excess of £50k and would be funded from General Working Balances.
- 6.5 It is not possible at the present time to ascertain the likely income relating to the establishment of this trading company. This would depend on the success of subsequent trading activities, but the expectation during the 6-12 months is, as a minimum, to recoup the set up costs and enhance council efficiency. The longer term success of the commercial operation is expected to significantly contribute to or replace the loss of government grant in 2020.
- 6.6 It is not anticipated that any staff would transfer to the company during the initial 6-12 months. There would be two dedicated staff working with the external consultants to drive forward the trading opportunities and these staff would be backfilled. In addition there may be other staff who may need to provide support but this would be achieved through Service Level Agreements with the trading company.

7. Risk Management

- 7.1. This new commercial venture fits with the Council's increased appetite for seeking income opportunities where the benefits outweigh the risks.
- 7.2. Reputationally the council would be demonstrating its desire to operate in an entrepreneurial way for the benefit of local council taxpayers, and businesses as well as the wider community and local economy whilst keeping the core values of trust. However it is recognised that there may be some who would not see the benefits in the same way but through the initial success of greater engagement with customers the Council would be able to have testimonials and greater evidence of the benefits.
- 7.3. Financially the council is not committing a significant upfront investment and, whilst there is some uncertainty about the level of return which would be generated through the trading company, this would be quickly reduced as the level of responses to early engagement activities start to feed back.
- 7.4. Overall it is considered that the risk associated with the actual formation of the company is low and that the trading activities and resultant impact on the council would be beneficial.
- 7.5. More specific risks associated in general terms with the formation of a local authority trading company and some of the operational risks are outlined below.

Area of risk/uncertainty	Confidence in ability to Manage Risk	Risk Management
Failure to set up the trading company in strict compliance with legislation	High	External legal advice sought, existing companies already established by AVDC which can act as a model
Challenge to state aid	High	Full cost recovery and service level agreements would be in place
Possible conflicts of interest arising for members or officers acting as Directors	High	Clear code of conduct arrangements in place
Breach of Data Protection Act	High	Evidence supplied to the satisfaction of the Information Governance Group on how personal data would be safeguarded.
Breach of The Privacy and Electronic Communications Regulations 2003, and non compliance with the Information Commissioners Office	High	Best practice adopted for email marketing and opportunity at every stage for customers to opt out
Failure to comply with taxation laws	High	Professional advice to be sought.
Conflict of interest over workload priorities with other council projects/initiatives	Medium	Priorities set from the top to support the venture and internal realignment and communications would reinforce importance of working to make the venture successful. This would need monitoring
Failure of a supplier or affiliate	Medium	Vetting of suppliers prior to engagement and ability to switch quickly to minimise impact on customers but may not be able to

		eliminate risk
Cyber security risks	Medium	Complete cyber risk assessments and meet industry best practice Need to consider cyber risk insurance

8. Governance arrangements

- 8.1 It has been recommended by HB Law, the Council's legal advisers, that the Trading Company should be a 'Company Limited by shares' so that the Council can have oversight of the Company's trading activities and approve significant strategic and operational decisions of the Company. The degree of oversight and control will be set out in the shareholders agreement.
- 8.2 The Company would have its own legal identity and also have the benefit of limited liability. Consequently the debts of the Company stay within the company and any creditors would not have recourse to the Council or any of the Company Directors except in exceptional circumstances. The Company can set up other companies to focus on specific income generation.
- 8.3 The Company would have a Board of Directors. It is proposed that delegated authority is given to the Chief Executive after consultation with the Leader and Cabinet Member for Business Transformation to initially appoint Directors.
- 8.4 The Directors of the company would have responsibility for managing the affairs of the company and ensuring a profitable trading environment. They would be responsible for the day to day management and for making recommendations to the Council as shareholder as to the direction of company travel. They would be bound by the Shareholder's Agreement limiting their freedom to undertake certain actions.
- 8.5 All Directors would need to comply with their statutory duties under the Companies Act 2006 including a duty to act in the best interests of the Company and to avoid conflicts of interest. Council members and/or employees appointed as Directors would need to be aware that potential conflicts of interest may arise when carrying out their roles for the Council and when acting as Directors for the Company. Member Directors would still also be bound by the Members' Code of Conduct, in so far as this Code does not conflict with their legal obligations as Directors. An outline of these duties, responsibilities and liabilities would be provided to the Directors as part of their letters of appointment.
- 8.6 As sole shareholder of the company, the Council would have overall control of the company. It is often necessary in business to make rapid business decisions. Where those business decisions fall outside of the powers available to the Directors of the company, then they would need to be referred to the appropriate decision-making body of the Council in an expedited fashion.
- 8.7 A scheme of delegations would be developed to clarify decisions that can be taken by staff and Directors of the company and those which have to be referred back to the council as reserved matters under the shareholders agreement.
- 8.8 The Company shall be bound by a Shareholder Agreement. This agreement would ensure that the Company could not do certain things without the express approval of the council. It would detail the powers of the Board of the company and how and when the council might influence the company. It may relate to issues such as production of business plans, regular reports to Council, consents for acquisition and disposal of assets, loans and distribution of profits. The shareholders agreement can be amended and developed as necessary to ensure that a proper balance of powers between the company and the Council remain as the company grows.
- 8.9 The Company would also be bound by the Articles of Association which will set out the objectives of the company. The objectives of the company must be clearly laid out in order for the company to trade in all the proposed areas. The Articles of

Association also outline the conduct of Board meetings and representation on the board and the shareholder's rights and obligations including voting rights.

- 8.10 Service Level Agreements would be completed with the Council regarding use of Council staff and resources.
- 8.11 It is proposed that the Company would initially use Council accommodation and resources in its operations and would reimburse the Council for doing so. The proposals should not have any direct implications for staff as it is not proposed that any staff would transfer to the Company. Staff may at times be working on Company business, but that time and resource would be charged to the company. In the longer term, the company may employ its own staff subject to the demands and prospects of its trading functions
- 8.12 In order to protect commercial confidentiality, it is recommended that the final company name and trading styles are determined by the Chief Executive after consultation with the Leader, Cabinet Member for Business Transformation of the Council and proposed directors. The Company would be purchased 'off the shelf' in order to facilitate the administrative process. The Company would have to abide by UK Company and taxation legislation including the filing of annual returns and accounts. The general administrative demands of the company would be met within existing expertise within the Council.

9. Legal Implications

- 9.1 Sections 1 and 4 of Localism Act 2011 and section 95 (4) of the Local Government Act 2003, and The Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009 mandate that certain local authority trading must be carried out through a company, following the prior preparation and approval of a business case by the Council.
- 9.2 The Council will need to ensure that the arrangements comply with the Public Contracts Regulations 2015 (Regulations). If at any time the company decides to change its business model, and for example starts providing services for the Council then the "teckal" rules may apply. (Essentially a company controlled by the council with no private sector capital investment and more than 80% of the company's activities are carried out in). HB Public Law shall advise the Council on compliance with the Regulations.
- 9.3 Operating a trading arm through a company vehicle such as a Limited Company requires that the Directors of the company operate in accordance with UK Company law. Although the company has limited liability, the Directors of that company may individually face claims for wrongful operation of the company. It is therefore recommended that the Council indemnify the Directors through appropriate Directors Liability Insurance both whilst acting as a director and for a period of six years following cessation as a company director.
- 9.4 The Council must comply with the Data Protection Act 1998, The Privacy and Electronic Communications Regulations 2003, and associated Regulations, because it will be processing personal data and engaging in marketing.
- 9.5 Officers have had informal preliminary discussions with the Council's external solicitors, HB Law, about the principle of setting up a trading company. HB Law are supportive of the proposed approach and welcome the innovation that the Council continues to promote in response to the financial challenges.
- 9.6 HB Law have also emphasised the importance of ensuring that the detailed

arrangements are carefully considered to ensure that they are tax efficient. Prior to finalising the incorporation of the trading company there would be further discussion with HB Law to ensure that the detailed arrangements are in the Council's best interests in terms of both allowing it to exploit income generation streams which could not be developed without utilising a trading company, as well as enabling the Council to maximise longer term opportunities.

10. Options Considered

Forms of corporate body

There are several forms of corporate body which the delivery vehicle could take:

- Option 1 - Company limited by shares – This is useful when the primary objective is to make and distribute a profit to shareholders and could be used by the LA under their general power of competence
- Option 2 - Company limited by guarantee – useful where the objective is to secure that any assets and operating profit are applied solely for the designated objective but it is not the usual model for distribution of profits
- Option 3 - Community Interest Company (CIC) – company limited by shares or guarantee but must have an asset lock or a limitation or prohibition on the distribution of profit
- Option 4 - A 'teckal' company – where 80% of the company's activities must be carried out in the performance of tasks entrusted to the council (the "function" test) and be 100% controlled by the Council
- Option 5 - Registered society – must be not-for-profit and exist for community benefit

Option 1 is the recommended delivery vehicle for this particular commercial venture

11. Reasons for Recommendations

- 11.1 To provide the council with a route to generate a significant income stream to protect council services in the future.

12. Resource Implications

- 12.1 Resource implications are covered in the report.

Contact Officer: Evelyn Kaluza (01296) 585549

Background documents: None

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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