

# Public Document Pack



## AYLESBURY VALE DISTRICT COUNCIL Democratic Services

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2 May 2016

### CABINET

A meeting of the **Cabinet** will be held at **6.15 pm** on **Tuesday 10 May 2016** in **The Olympic Room, Aylesbury Vale District Council, The Gateway, Gatehouse Road, Aylesbury, HP19 8FF**, when your attendance is requested.

**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](mailto:bashton@aylesburyvaledc.gov.uk);

### AGENDA

#### 1. APOLOGIES

#### 2. MINUTES (Pages 3 - 8)

To approve as a correct record the Minutes of the meeting held on 12 April 2016, attached.

#### 3. DECLARATIONS OF INTEREST

Members to declare any interests.

#### 4. COMMERCIAL AVDC UPDATE (Pages 9 - 18)

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

To consider the report attached as an appendix.

Contact Officer: Jean Gamester (01296) 585105

#### 5. ENTERPRISE ZONES - MEMORANDUM OF UNDERSTANDING (Pages 19 - 34)

**Councillor Bowles**  
**Deputy Leader and Cabinet Member for Economic Development Delivery**

To consider the report attached as an appendix

Contact Officer: Tracey Aldworth (01296) 585004



**6. HS2 UPDATE** (Pages 35 - 40)

**Councillor Mrs Paternoster**  
**Cabinet Member for Growth Strategy**

To consider the report attached as an appendix.

Contact Officer: Susan Kitchen (01296) 585436

## CABINET

12 APRIL 2016

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

**IN ATTENDANCE:** Councillors C Adams and P Strachan

**APOLOGY:** Councillors S Bowles

### 1. MINUTES

RESOLVED –

That the Minutes of 8 March, 2016, be approved as a correct record.

### 2. AYLESBURY VALE ESTATES BUSINESS PLAN

Members were aware that the Council and the Akeman Partnership had set up Aylesbury Vale Estates (AVE) in 2009, following a competitive dialogue procurement to manage, improve and develop the Council's commercial property portfolio and provide an income stream to the Council.

At its meeting on 15 March, 2016, the Economy and Business Development Scrutiny Committee had received a report on AVE's draft business plan, a copy of which was attached to the Cabinet report. The Scrutiny Committee report had included a copy of the draft business plan (which had been attached to the confidential section of the Cabinet report). The Chairman of the Scrutiny Committee, Councillor Strachan, elaborated upon the Committee's deliberations. Mr Graham Cole and Mr Philip Ingman of Akemman Asset Management also attended.

Cabinet was advised that the Scrutiny Committee had sought further information and in response to a number of specific questions, had been advised as follows:-

- That AVE compared their performance against the Investment Property Databank (IPD) which was the standard benchmark for investors to analyse performance of property in the UK market. AVE's performance was consistently better than comparably managed properties.
- The Committee had received details of the work and measures that AVE was taking to mitigate market uncertainties.
- That broadband had been upgraded to Rabans Close, with a view to attracting more higher end users.
- That while AVE had not externally benchmarked its performance, there was no reason why this could not happen in the future, subject to shareholder agreement.
- That AVE would be interested in investing/managing centres and general convenience facilities in Aylesbury, should the opportunity arise.
- That AVE would look to identify investment opportunities to grow/diversify the portfolio and enhance its value, in particular, opportunities that might arise from the emerging Vale of Aylesbury Local Plan.

Having commented on a number of specific issues relating to the confidential Appendices, the Scrutiny Committee had endorsed approval of the draft business plan. However, The Committee had asked for a further report on AVE's performance in six months time.

To facilitate discussion about the detail of the Business Plan, Cabinet resolved to exclude the public from the meeting under Section 100 (A) (4) of the Local Government Act, 1972, on the grounds that the item involved the likely disclosure of commercially sensitive information as defined in Paragraph 3 of Schedule 12A of the Act. The disclosure of such information might prejudice negotiations for contracts and land disposals or transactions.

Cabinet Members challenged robustly some of the assumptions made in the Plan, both in specific and general terms. In particular, the following issues were raised:-

- The need for asset rental values to be updated to reflect the CBRE 2016 valuation.
- The need for greater clarity around the actions proposed to meet the voids targets and clearer presentation of information concerning voids activities.
- The need to be confident that suitable risk assessments had been undertaken in relation to AVE's commercial activities over the period covered by the Business Plan.
- The need for greater clarity around the proposed transaction concerning the future of the land currently occupied by the Depot, particularly in relation to site valuations within the context of possible future uses.
- The need for greater clarity around the valuation of community assets.
- Members sought and were given an assurance that sufficient time was being given by senior managers within the asset management company to the management of AVE's commercial portfolio.

Accordingly, Cabinet felt unable to approve the Business Plan in its entirety at this stage. Members appreciated however, the need to maximise the income generation potential from the commercial property portfolio at Rabans Lane and agreed that this particular element of the Plan, which involved refurbishment plans, could be approved. Accordingly, it was,

RESOLVED –

- (1) That the helpful input from the Economy and Business Development Scrutiny Committee be acknowledged.
- (2) That the Business Plan insofar as it relates to the refurbishment of commercial property at Rabans Lane be approved.
- (3) That approval of the remainder of the Plan be deferred for three months to enable the asset management team to consider the issues highlighted above.

### **3. AVDC COMPANY GOVERNANCE**

Cabinet appreciated that as the approaches of the Commercial AVDC programme, and in particular, the formation and ownership of companies had the potential to become more commonplace to fulfil the Council's innovative and enterprising way in which to react to its financial challenges, there was a need to ensure good governance so that the Council's actions and those of its companies were clear and transparent and accorded with the overall aims of AVDC.

To this end a guide had had been produced which set out how the relationships between any company in which AVDC had a financial interest and the Council as a corporate body, should be conducted. The guide also covered in broad terms the way in which new companies should be developed. The guide should be viewed within the context of the already existing control mechanisms for companies that Cabinet and Council had already agreed, such as the company business plans, articles of association and shareholders' powers.

The governance of any company owned or invested in by AVDC was important as there was a need to:-

- Ensure that it was clear for staff, the public, Members and company staff who was responsible for what, when and why.
- Ensure that AVDC and the relevant company was clear on its roles and responsibilities.
- Ensure that nothing was developed that conflicted with AVDC, or which placed AVDC in an unlawful position.
- Ensure that any and all legal or contractual issues were complied with.
- Ensure that the relevant company was operating ethically and that transparency accorded with the Council's legal responsibilities.

Good corporate governance was aimed at ensuring that all the above were adhered to in order to maintain and improve the image of the company and that AVDC ensured overall that the company delivered against the reasons for which it had been created, and its business plan. It was also important that there was consistency across all companies that AVDC might own or relate to, so that there was a common understanding for all partners involved in oversight and management.

The aim of any company owned or part owned by AVDC was to produce overall benefits for the residents and businesses within the Vale. This might be through investment, commercial opportunity, a host of other reasons, or simply by generating income for the Council through divided payments funded from profit. This also might be through purchasing or re-selling elements of Council services which might result in an overall better position for the Council. This overarching aim should be at the heart of all decision making, and the guide sought to assist in developing these approaches.

The guide set out a number of principles wholly or partly owned companies should deliver. It was recognised that companies created prior to the publication of the guide might not be fully compliant, or those which were not 100% owned by AVDC. However, where possible these should be transitioned over the medium term to align with the guide wherever practicable. AVDC's current financial interests were as follows:-

Vale Commerce	100%
Aylesbury Vale Broadband	95%
Novae Consulting	100%
Bucks Advantage	50%
Aylesbury Vale Estates	50%

As part of the guide, shareholder representatives were highlighted for the larger companies. The role of shareholder representative was to act as a key steer and conduit between AVDC and the companies' board of directors, informing and reinforcing the shareholders' wishes. It did not formally constitute a board member position which enabled the role to have allegiance to AVDC rather than the company and enable swifter guidance to be provided as opposed to waiting for more formalised processes, in line with the more commercial/agile nature of the operation. This did not however alter the matters reserved to the shareholders in any incorporation documents, and hence still meant that more changes would still be referred back to Cabinet.

So as to enable shareholder representatives to be put in place as demand required, it was felt that the Chief Executive after consultation with the Leader of the Council should have this function, again reflecting the more agile nature of working in a more commercial operation.

Cabinet was advised that the Audit Committee had been given the opportunity to consider the guide and had made a number of comments about the Council's relationship with its companies, mainly around sufficient resource being available to deliver the companies' aims and their governance, the importance of the skills sets of directors/officers to discharge the required actions and the reporting and controls that existed over the investments, including scrutiny. The Committee did not feel that any changes were needed to the guide itself. Members were informed that all the issues raised by the Audit Committee were covered in the Cabinet report and/or the guide or had been addressed under the day to day management of the companies or the governance sector of AVDC. The guide had been developed from the Council's pool of knowledge to date on creating and operating the companies. The intention was to update the guide periodically in the light of experience and to reflect any changes in the Council's approaches to its commercial operations.

Members appreciated that the guide was a dynamic document enabling it to be fine tuned as the Council's experience of operating in a commercial manner increased and within the context of minimising reputational risks, it was considered that the section on communications should be monitored. It was noted that planned marketing activities should form part of the quarterly reporting arrangements.

RESOLVED –

- (1) That the Audit Committee be thanked for its input to the general principles of the guide.
- (2) That the guide entitled “Companies in which AVDC has Financial Interest Guide” attached as an Appendix to the Cabinet report, designed to clarify the roles, responsibilities and relationships between the companies it owned and AVDC, be approved and adopted.
- (3) That nominations of shareholder representatives for AVDC companies be delegated to the Chief Executive, after consultation with the Leader of the Council.

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## COMMERCIAL AVDC UPDATE MAY 2016

Councillor Mrs J Blake

Cabinet Member for Business Transformation

### 1 Purpose

- 1.1 The purpose of this report is to present an update on the Commercial AVDC development and transformation programme, and to request funding to support the next stage of commercial and organisational development.

### 2 Recommendations/for decision

- |   |
|---|
| <ol style="list-style-type: none"><li>1.2 That council approves the investment of £160,000 to backfill officers dedicated to commercial development activities. (para 4.1.17)</li><li>1.3 That council approves the implementation of restructuring and development of a behavioural framework, including investment of £346,000 in implementation of that framework and associated organisation restructuring. This includes redundancy costs that will be determined progressively over the years 2016 to 2021. (para 4.3.16)</li></ol> |
|---|

### 3 Executive summary (if longer than 2 pages)

- 3.1 AVDC is building on the success of the changes it has delivered in recent years to continue to drive action to ensure that there is a more sustainable funding model, based on developing a Commercial organisation with a continuously improving operating model. This will allow the Authority to implement its vision of driving the current and long term economic, social and environmental wellbeing of the area.
- 3.2 To achieve this, there are three primary strands of activity, a) focussing on driving returns from commercial activity, b) reviewing Council Services to improve effectiveness and efficiency and c) improving the overall capability of AVDC's staff.
- 3.3 As well as commercial initiatives, the process being followed is for the newly appointed Sector Leads to conduct a series of "Business Reviews" in their respective sectors. These reviews aim to assess each service to understand who its customers are, what their needs are and how the service can best be structured to deliver those needs in the most efficient and cost effective way.
- 3.4 By 2020/2021, these activities will need to provide a contribution of £5m to the council's revenues, through a combination of increased income and reduced expenditure.
- 3.5 We believe in stretching ourselves to ambitious targets, so we also aim to have generated sufficient profitability that we could chose to operate without taxing our residents by 2023/2024.

## **4 Supporting information**

### **4.1 Introduction**

- 4.1.1 Over the last six years through a wide range of initiatives Aylesbury Vale District Council has saved around £14 million despite losing 60% of the government grant.
- 4.1.2 We were the first council in the country to move all of our IT to Amazon's cloud, thereby enabling significant saving in staffing and software. These changes enabled an estimated savings of £6 million over the past 5 years in efficiencies in front line services and general operating efficiencies. The office space saved allowed us to generate rental and conference revenue of £150,000 in 2015 alone.
- 4.1.3 We have invested in excess of £100 million in Aylesbury town centre at a time when developers were reluctant – this has not only provided greater resources for the local economy, it has generated a further revenue of £2.5 million of new revenue to the council.
- 4.1.4 Despite a 40% increase in demand for their services, the planning team have been able to reduce costs so that the team now operates entirely within the statutory fee of £172, with no subsidy required from the council tax payer.
- 4.1.5 Our investment in Swan Pool in Buckingham turned around a subsidised service to provide a net contribution of £600,000 a year.
- 4.1.6 More than 15,000 customers have signed up for our “My Account”, enabling them to access council services online – reducing cost, increasing customer service and expanding customer relationships.
- 4.1.7 We are proud that our innovative work has yielded external recognition and awards – in 2015 we celebrated being declared IESE's Council of the Year and recently our IT Service Desk became the international Service Desk Institute's “Best Small Service Desk of the Year”. In addition, our Aylesbury Vale My Account has been awarded the European IT and Software Excellence Awards 2016 for "Customer Experience/Management Solution of the Year".
- 4.1.8 Underpinning all of our work to develop AVDC is our vision – “to secure the economic, social and environmental wellbeing of the area. We know that we cannot survive or thrive in a future of tax and grant dependency. We must continue to evolve, to increase revenue through commercial activity, reduce expenditure through increasing efficiency and effectiveness as well as develop the capability and culture of our people.
- 4.1.9 In December 2015, Council confirmed its support for both Vale Commerce's commercial development pilot as well as for the Commercial AVDC transformation programme, with investment of £50,000 and £600,000 respectively. These initiatives are well underway, for example Vale Commerce has launched its residential brand and the programme has delivered on an organisation wide restructure (called “Lift and Shift”) to create a new sector based structure as a launch pad for ongoing business improvements.

4.1.10 This paper provides an update on how we are delivering on these initiatives and seeks support to broaden our commercial development activities and to invest further in the development of our organisation.

#### 4.1.11 Commercial activities

Our commercial activities build on our award winning digital skills, business models, people and partnerships, as well as the trust and relationships we have built with our customers.

4.1.12 **Vale Commerce.** In December 2015 Council approved the business case for the creation of a wholly owned Local Authority Trading Company called Vale Commerce Ltd. The company's aims to generate a substantial income stream for the Council and support improvement in the local economy. It will help foster an enterprise management perspective within the Council and showcase the council's determination to become more self sufficient.

An online business model provides opportunities beyond that of a traditional business, and needs to be developed in a different way. Instead of a customer base limited by geography and a product set limited by a small number of local customers, an online business can tap into a far broader range of customers, can develop niche products and still achieve scale. Developing a business like this requires, particularly in the early years, to focus on developing the brand and customer loyalty as well as exhaustive development and testing of products. In the later stages of growth, that customer loyalty and systematic product refinement can be expected to lead to increasing revenues and productivity. To help us develop this model and make it work in a local government context, we are working with online business and marketing experts Archemys. As we go through the development of the business, we will work with them, and other experts as appropriate, to help us innovate and test our approach.

Through the use of ecommerce and digital platforms Vale Commerce will market services under two distinct customer brands, Limecart for consumers and Incgen for businesses with the aim of making "home life" and "business life" easier. The first twelve months will focus on raising brand awareness, building a customer base and testing the response to marketing campaigns linked to offers, packages and subscriptions. This will enable the business to assess demand and quickly switch and move into high return areas. This will in turn inform a more comprehensive strategy and plan for driving the business forward to achieve the longer term aims.

Since the formation of the company Limecart was the first to launch in January with a brand awareness raising prize draw aimed at the Council's garden waste customers. We were very pleased to have 3,000 entrants, a fantastic response to a new brand. Leveraging existing customer relationships will allow Vale Commerce to introduce its brands and growing product portfolio in an appropriate and relevant manner. Following on from the prize draw Limecart now has its own digital gardening magazine which can be viewed by anyone who signs up. In the forthcoming months a similar approach will be developed for the launch of Incgen in that it will first aim to raise awareness of the brand and gathering insight into our local businesses building on existing relationships and understanding their needs.

Related offer and products sourced from fulfilment partners are due in the next phase (May/June). In the forthcoming months (May/June) a similar approach will be launched for Incgen in that it will first aim to raise awareness of the brand and gathering insight into our local businesses building on existing relationships and understanding their needs. This will be quickly followed with subscription based packages.

- 4.1.13 **Services to Local Authorities.** Our ground breaking work in driving change led to our being chosen as IESE's Council of the Year in 2015 and continues to inspire and generate interest from other councils.

Our two Surviving to Thriving conferences that we have delivered already in 2016 were designed to share good practice and show how we are transitioning to a commercially driven operation. These events, sponsored by AVDC's commercial partners, showed that there are a range of ways in which we can not only help other local authorities, but generate revenue from them too. Examples include the ability to help to build commercial ventures, property development companies or set up a lottery. We can assist with the implementation of pool car systems, fleet services, as well as cloud based technology services. We have payroll services to offer as well as the ability to deliver culture change and coaching programmes.

Using our new commercial maturity model as a guide, our initial pilot projects are focussing on engaging with other local authorities to support them in setting up lotteries and telephony systems. With the support of external expertise, we have a pipeline of over 30 business opportunities with other opportunities that will not only help us deliver revenue but also help us shape our commercial offer and hone the business development skills of our people.

- 4.1.14 **Commercial Property.** The new commercial property sector brings together for the first time all of our physical assets ranging from community centres to the Waitrose building and major capital programme projects such as the Aylesbury town centre redevelopment and the redevelopment of the Pembroke Road site. The sector also includes the Town Centre Management Team who have an integral connection to the redevelopment programme.

Current efforts focus on improving our performance as a landlord and developing new business for the Gateway Conference Centre. We are progressing our development agreement with Durcan, our partner for Waterside North phase 1, developing the business plan with Aylesbury Vale Estates as well as the redevelopment of the Pembroke Road site.

- 4.1.15 **The Vale Lottery** was launched in the autumn last year as a way of helping the Voluntary and Community Sector to raise much needed funds, and a way to help manage any possible challenges to grants funding over the longer term. Following six months of operation we are already raising £60,000 a year for good causes across the vale, with over 100 good causes signed up to benefit.

- 4.1.16 **Payroll Services** have been provided by AVDC to a number of different public sector organisations since 2000 and recently won the contract to deliver Wycombe District Council payroll services for the next four years. We

will build on this success to develop more business in the payroll services market, underpinned by internal improvements as well as through developing a strong marketing strategy and plan to increase custom and revenue and build a market leader in the provision of Payroll services to Local Authorities.

**4.1.17 Commercial Resource Funding.** In order to further support commercial development activities, for example to develop business with other local authorities, funding is requested to backfill two strong project managers for financial years 2016/17 at a cost of £160,000. One commercial development activity alone is forecasted to generate £50,000 per annum in revenue, so we want to ensure that there is appropriate resource in place to drive these initiatives.

## **4.2 Business Improvement**

**4.2.1 Community Fulfilment.** The Communities Team's review is well under way, with several workshops with the team leaders working towards gaining a greater understanding of the different work functions that the team undertakes. Each of these is being fully costed out, including officer time. To complement this a survey of all communities team members is underway to establish priorities and opportunities for improvement and commercial development. The resulting analysis and strategic planning will feed into formal recommendations for review in June 2016.

**4.2.2 Customer Fulfilment.** This area includes many of the services with which our residents and businesses interact on a regular basis. As such it is the focus of a number of ongoing business reviews including;

- Cost effective administration delivery.
- New customer contact arrangement including the use of webchat.
- Finding ways that our waste service can meet the demands of a growing Vale.
- Sharing management and technical expertise between services including a trial covering Revenues & Benefits, Operational Housing and Operational Parking.

Improvement plans are in place for services not currently the subject of a business review. In Development Management for example, we combine covering our costs with upper quartile performance.

**4.2.3 Business Strategy and Support.** The following reviews are currently underway;

- Contracts review - considering the best ways to procure and manage our £40m contracts base
- High level cross sector review looking at the broad way forward for the strategy and support elements of the council
- Finance review - aimed at ensuring the governance of our finances is aligned with our commercial aspirations.

Future reviews will include;

- Payroll - to assess the best way to provide the service to AVDC and importantly our other customers
- Integrating our service desk to insure that we operate our support services in the best managed and automated way possible

- Business Strategy & Governance reviews - to ensure we have the oversight and strategy functions of the council correctly set up
- A series of support reviews in IT, Debt Management and Human Resources to ensure that we have the tools fit for the future.

### 4.3 Organisational Development - Restructuring and implementing a Behavioural based Competency Framework

4.3.1 AVDC not only needs to transform its commercial and business operations, it needs to develop its people to enable them to work effectively in a commercial way. In January 2016, the authority implemented an organisation re-structure, to an interim starting point for the business reviews and commercial activity to follow.

4.3.2 Since that point, a behavioural based competency framework is evolving. This framework incorporates the elements to enable assessment, learning and development and performance management of staff against a set of behaviours. These behaviours are based on what might be expected of staff working in a commercial organisation. These changes are a vital part of developing the organisation for the future – without the right organisational capability and culture we will not be able to implement our commercial development and business improvement programme.

4.3.3 The Business Reviews which are underway as part of the Commercial AVDC programme will result in organisational restructures which are expected to affect all staff in the Council up to the level of Sector Leads. The process for selecting staff for the new roles will be based on the new framework. It is critical that the framework and role selection that, is delivered thoroughly, robustly and fairly. We must invest to achieve this goal.

The framework we have developed is built on key commercially minded behaviours as per figure 1 below. We have worked with experts who have experience of delivering frameworks such as this, and who have experience of delivering council wide restructures. Staff and unions have been engaged in this process throughout and will continue to be involved in the design.

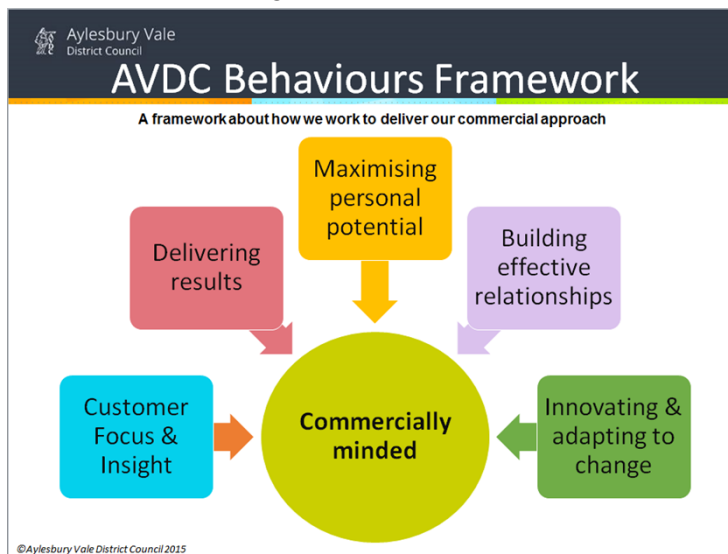
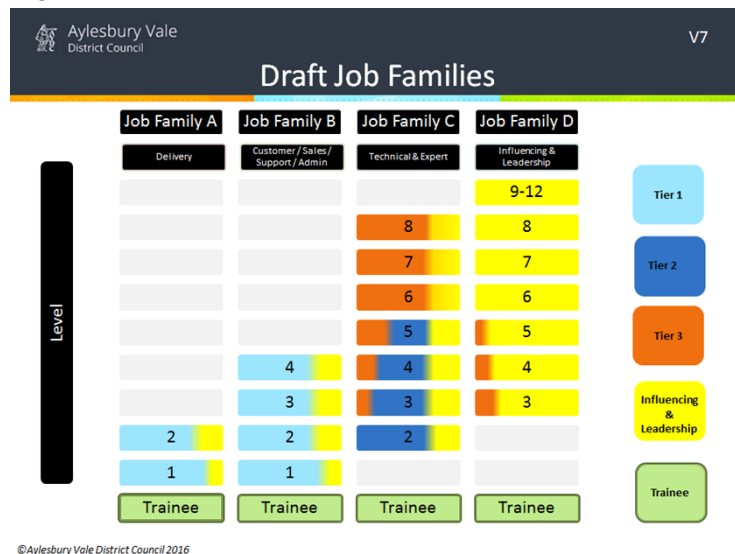


Figure 1 AVDC Behaviours Framework

- 4.3.4 In common with most Councils AVDC currently has a set of job descriptions for staff that has evolved over a period of time and has resulted in over 300 different roles being defined within the Council. Maintaining consistency in grading and setting performance expectations for so many roles is practically impossible and so a process of rationalisation and simplification is required.
- 4.3.5 As well as the behavioural framework, a new way of defining and grouping roles will be implemented based on groups of roles or “Job Families”. These job families will group together leadership roles (such as sector leads and generalist team managers), specialist roles (such as planners or IT technicians), customer service/administration roles as well as front line delivery roles, such as staff based in the Pembroke Road Depot.

Figure 2 below provides a view of the planned Job Family structure.



**Figure 2 Job Family Structure**

- 4.3.6 Over the period September 2016 to July 2017 Business Reviews across the organisation will be conducted to determine how services can best be organised to deliver the services our customers need in the most cost effective and efficient manner. These reviews will lead to the need to assess and select people for new roles in the organisation. It is anticipated that all jobs within the council will be affected in one way or another and staff will need to apply for these jobs and be selected using a demonstrably fair and effective process. These roles will be designed in line with the commercial and business review activity, and will embody the behaviours.
- 4.3.7 Staff will need to apply for and go through assessment for roles to secure roles in the new organisation. The process and content of the assessment process will vary according to job family and level. In order to achieve the level of savings required it is inevitable that by 2021 there will be fewer staff working for AVDC.
- 4.3.8 While natural wastage and voluntary redundancy will be offered where possible it is likely that the process will result in at least some compulsory redundancies.
- 4.3.9 While the number of staff reductions will not be known until we have completed the Business Reviews, we do know that we need to find an annual

£5m contribution as part of this transformation. As long as we commit to our commercial agenda, we would expect a significant element of that contribution will come from commercial activities or through improved contract management, and some through reductions in staffing.

- 4.3.10 We can at this stage only provide an example to illustrate potential numbers. If we made an assumption that half the contribution towards the £5m came from commercial activities and improved contract management, that would mean that the rest of the contribution would come from a saving of £2.5m on the annual payroll. This equates to approximately 60 people ("Full Time Equivalent (FTE) staff) fewer in the organisation by 2021, happening gradually over the four years.
- 4.3.11 If this number of people were all to exit the organisation through redundancy there would be a one off redundancy cost. It is not possible to be definite about the redundancy costs as these would depend on the mix of staff leaving. Indicatively, this might amount to an estimated one off redundancy cost, including pension strain of £2.4m over the four years.
- 4.3.12 It is proposed that the assessment process design and implementation will be delivered by a third party experienced in this type of process, with increasing involvement by AVDC leaders as the process evolves, so that managers have the skills to apply the process in the future for recruitment and performance management of staff.
- 4.3.13 To move this framework forward requires ongoing design and delivery of staff development and performance management tools, as well as the design of the assessment process and interviews for staff applying for new roles. Our design work will involve confirming that we have the policies and approach in place to make the process work fairly and robustly. As the business reviews produce proposals that include restructuring, all staff applying for roles will need to participate in those independently run assessment processes and interviews.
- 4.3.14 We are confident that most of our people will do well in this process – we have a strong track record of achievement which is a testimony to our peoples' culture and skills. As we develop the organisation further in the future, our selection of new officers and the development of all officers will have this framework at its core.
- 4.3.15 Market evaluation indicates that the cost of running an assessment process for an organisation of the size of AVDC is approximately £250k. In addition there are costs of approximately £96k over 4 years to backfill existing staff within the Council who will be dedicated to the process.
- 4.3.16 Funding of £346,000 is requested to further the design and development of these frameworks, as well as for the implementation of assessment based restructuring. This funding will cover programme team members (£96,000) as well as the independent third party to be appointed as our partner (£250,000).

## **5 Options considered**

As described in section 4.

## **6 Reasons for Recommendation**



As described in section 4.

**7 Resource implications**

As described in section 4.

Contact Officer	Alan Evans, Head of Transformation, 01296 585767
Background Documents	Names of Background documents

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## ENTERPRISE ZONES

Tracey Aldworth

### 1. Purpose

- 1.1 To provide Members with an update on the arrangements for the establishment and operation of the Aylesbury Vale Enterprise Zone (AVEZ) and to seek authority to enter into a formal agreement with other AVEZ partners.

### 2. Recommendations/for decision

That Cabinet is asked to resolve:

- 2.1 Formal approval of the Enterprise Zone designation and proposed Governance and operating procedures, to be embodied in a Memorandum of Understanding (MOU) and supporting Partnership Agreement.
- 2.2 To delegate authority to the Director with responsibility for Finance in consultation with the Leader to finalise the terms of the agreement.

### 3. Executive summary

- 3.1 In the latter stages of 2015, working closely with public and private sector partners, Bucks Thames Valley Local Enterprise Partnership (BTVLEP) submitted an application for an Aylesbury Vale Enterprise Zone (AVEZ) with the support of AVDC, which was subsequently accepted by central government.
- 3.2 Enterprise Zones are an important part of the Government's programme to devolve responsibility for leadership of local growth and provide a powerful tool for areas to develop their local economy.
- 3.3 The award of the Aylesbury Vale Enterprise Zone stands as testament to positive partnership working between AVDC, BCC, BTVLEP, Silverstone Park, Westcott Venture Park and Arla Dairies.
- 3.4 Whilst the award of funding for the Enterprise Zone follows closely on the heels of the announcement of the Local Authority funding model also shifting to a rates retention model, the partners involved in developing our proposals have sought to develop a proposition which provides a win-win for all parties.
- 3.5 Businesses basing themselves on Enterprise Zones can access up to 100% business rate discount worth up to £275,000 per annum over a 5 year period. This benefit can only be offered up until March 2022, from which point the benefit will taper until the offer expires in March 2027.
- 3.6 In addition, Enterprise Zones benefit from 100% retention of business rate growth for LEPs to reinvest in development on the Enterprise Zones (through discussion and negotiation with partners).
- 3.7 For the LEP, Landowners and Local Authority Partners, Enterprise Zones will also continue to benefit from 100% growth of business rates retention for 25 years with 100% protection from any future reset or redistribution and as such, will sit outside the standard LA rates retention arrangements that will exist outside Enterprise Zones.
- 3.8 Business rate growth on an Enterprise Zone will not count towards an authority's business rate baseline income and, as a result, will not be used in the calculation for local authority top ups or tariff payments. Furthermore

EZ's business rate discounts and capital allowances that are fully funded by the Government will generate business rates income that would not otherwise have arisen.

- 3.9 Importantly, all of the Business Rates generated on the Enterprise Zone sites will be under the control of the Enterprise Zone's Governance Board. The District and County Councils will not automatically receive any proportion of the Business Rates generated on these sites (currently 20% to AVDC and 9% to BCC, 1% to Fire and Rescue) unless specifically negotiated as such.
- 3.10 Because of this fact, the outline submission to the Government (referred to below) included the prerequisite that neither authority should financially be any worse off from the creation of these Enterprise Zones. This is particularly important when it is considered that a significant proportion of the Vale's business rates growth over the next 2½ decades might have been located within these areas.
- 3.11 Following a series of negotiation meetings the draft agreement presented here does allow for the protection of the current council shares once the necessary costs of site investment and administrative costs are covered

#### **4. The Aylesbury Vale Enterprise Zone comprises: (see Annexe 1)**

- 4.1 The Space Related element of the **Westcott Venture Park** site. Only the Space Propulsion element of the site is covered by EZ status. This element of the site has not really seen any major development since the 1940s. It only concerns the Space Propulsion land, in recognition of the fact that this allocated land would attract the higher value knowledge economy type business and investment. Investment in the Space sector is currently heavily controlled by Government through the European and UK Space Agencies.
- 4.2 This leaves the rates from the remainder of the site with the Council, through the new arrangements government has established for LA rates retention.
- 4.3 Westcott has both the recognition and support of these agencies and BTVLEP has been working actively with the agency about some plans they have for investing in this site, ultimately re-positioning this site for the increasing opportunities arising from space exploration and travel, ensuring that this strategic site is more than just an historic WW2 Heritage site. On a positive note, AVDC are working closely with Westcott and a major space engineering company to locate to Westcott and hopefully will be established and up and running by March 2017. We are working with them currently on pre-application planning advice.
- 4.4 For the **Silverstone site**, it is only the currently **undeveloped site K** that is part of the Enterprise Zone which will help accelerate and bring forward the investment in the enabling infrastructure, where there is currently a gap. It will support the acceleration of the development of the site and attract businesses in earlier than would have been the case without the Enterprise Zone designation. Site K has outline planning permission for employment uses and a recent detailed planning permission on a first phase of development totalling some 11,000m<sup>2</sup> of new floor space.
- 4.5 On **Arla/Woodlands** the site includes a mix of consented and unconsented land something that was necessary to make the proposal viable. The consented element of the Enterprise Zone covers the Arla development and the unconsented element is being led by Buckinghamshire Advantage. This

site is intended to have a focus on Food and Drink, Health and Care related activities.

## **5. Governance of the Enterprise Zone**

- 5.1 As far as the prospective governance framework for Enterprise Zones are concerned:
- 5.2 The guidance published ahead of the bid submission clearly stated that LEPs were the primary body responsible for overseeing the development of Enterprise Zones, but that they were expected to work 'closely with the local authorities in which the EZs were based';
- 5.3 In February 2016, the government provided a draft **Memorandum of Understanding** to move towards formal approval and operation.
- 5.4 Since then, the relevant parties have held a series of meetings to refine the form of the MoU to the point where they are generally content with its contents. Although this document will frame the key parameters for the Enterprise Zones, there is still a level of detail which will need to be agreed in terms of day to day operational arrangements and these terms will now fall to the Board to resolve, within the framework set out in the MoU.
- 5.5 The MoU is intended to be a flexible document which may have various iterations before the Enterprise Zones conclude after their 25 year term. The proposals contained here represent the first version and are intended to last until 2020. The agreement has to be signed by BTVLEP, the landowners and the local authorities.
- 5.6 BTVLEP Board will delegate the Aylesbury Vale Enterprise Zone management to the Strategic Board. This comprises the Aylesbury Vale Advantage Local Board local authority members plus a BTVLEP Board member and their Chief Executive. The Strategic Board will oversee 3 Operational Boards for each site, which will include the landowners. Each of the 4 members will have one vote each.
- 5.7 The MoU requires that one of the local authorities should act as an Accountable Body for the Enterprise Zones and as Aylesbury Vale District Council is responsible for collecting the Business Rates it has been agreed that it will assume this role.

## **6. This EZ Strategic Board will be responsible for:**

- 6.1 Ensuring that the Aylesbury Vale Enterprise Zone is able to maximise the potential of this location to benefit Buckinghamshire.
- 6.2 Managing the delivery of the strategic vision.
- 6.3 Overseeing the marketing and co-ordination of development across the Enterprise Zone sites and monitoring the performance of the Enterprise Zone against key measures, including the fiscal and employment outcomes to be secured across the Zone.
- 6.4 Recognising that landowners may not want to get into open discussions with each other about their development pipelines and their financial models, a number of Operational Boards will be established, (overseen by the Strategic Board), centred on the individual sites.
- 6.5 The MOU sets out how monies will be allocated and defines the key elements of the final governance arrangements. These arrangements can be kept

under review and altered or renegotiated as the local situation changes. An agreement reached now could, for example, therefore be revised in full or part in 2020 when the arrangements for wider business rates devolution are expected to come into force.

- 6.6 The MoU brought to Cabinet for agreement is based on a distribution of retained business rates as follows;
1. To fund priority initial infrastructure interventions identified in the AVEZ application, subject to due diligence and business case approval by the Strategic Board. [This represents the initial investment required to remove the barriers currently preventing the sites from delivering accelerated growth]
  2. To fund the approved overheads and revenue costs of the Enterprise Zones
  3. To fund further priority interventions for AVEZ infrastructure subject to approval of the business cases by unanimous agreement of the Strategic Board. [This may be approved ahead of point 4, but only on the basis that all parties agree and there is a sound invest to save business case underpinning the proposal]
  4. To fund BTVLEP local economic development priorities and Relevant Local Authorities operational priorities in the proportion 70:30

## **7. Resource Implications**

- 7.1 The allocation of resources set out in the previous section is designed to ensure that the local authorities will receive the same share of gain from business rates growth as currently happens under the Business Rates Retention system.
- 7.2 Under the current system 70% of business rates growth goes to the Government, either as central share or as a disproportionate growth share. Under the Enterprise zone designation all business rates are retained locally.
- 7.3 This retained share, after the initial infrastructure costs are financed and the costs of administering and promoting the Zones are met, will now be retained by the Buckinghamshire Enterprise Zone for funding economic infrastructure investment in accordance with their priorities.
- 7.4 Whilst not specifically ring fenced for Aylesbury Vale, the Chair of the Enterprise Zone recognised that as the majority of growth in Buckinghamshire would be centred on Aylesbury Vale he thought it would follow that the majority of Buckinghamshire LEP funding would follow the direction of growth accordingly.

## **8. Scrutiny Consideration**

- 8.1 Economy and Business Scrutiny Committee considered the Enterprise Zone proposals at their meeting on 15<sup>th</sup> March 2016. Whilst not concluded at that time, the Committee was supportive of AVDC's Cabinet moving forward and formally approving a Memorandum of Understanding and supporting partnership Agreement for the establishment of the Aylesbury Vale Enterprise Zone.

## **9. Next steps**

- 9.1 Once the MoU is signed by all parties the detail policies will need to be agreed in relation to the business rate discounts on offer and to whom they are offered, the operational budget requirements and the initial works programmes will also need to be understood, verified and validated.
- 9.2 Subject to reaching early agreement with landowners it is hoped to commence promotion and development of the sites as early as possible in 2016/17.
- 9.3 The National Enterprise Zone team led by Paul Spooner visited Aylesbury in April 2016. During a series of meetings he expressed his optimism for these sites and the strength of their development potential.

## **10. Supporting information**

- 9.1 This is fantastic news for Aylesbury Vale. The approval of Enterprise Zone status provides an enormous boost to help us grow our existing businesses and attract and accelerate new investment in 3 strategically key sites and in key knowledge based manufacturing and technology sectors for the Vale in which the UK is a global leader.
- 9.2 Our application is one of only 4 new sites in the South East of England that has been approved and has helped to buck the trend of national investment into the “Northern Powerhouse.”
- 9.3 Further inward investment benefits will be realised beyond the 3 EZ sites, helping increase the total business rate revenue for the Vale and benefit the Council’s overall financial position.
- 9.4 Our ED strategy and BTVLEP’s Strategic Economic Plan (SEP) is to move away from a reliance on the service economy and replace the loss of former industry by the next generation of globally recognized high technology companies and engineering supply chains across the Midlands Engine and South East.
- 9.5 The proposal sets out our plans to establish Aylesbury Vale Enterprise Zone (AVEZ), covering three key strategic employment sites (**Silverstone, Westcott Venture Park and Arla/Woodlands**) but not Aston 41, all of which are co-located with nationally significant research/test facilities that could stimulate the development of a number of emergent ‘Plan for Growth’ sectors – High performance Technologies and motorsports, Space Propulsion and Environmental technologies and Food and Drink manufacturing and Human Health
- 9.6 The Enterprise Zone status will help unlock further significant private and national investment in the 3 sites including agencies such as the UK Space Agency who have already shown considerable interest in the Westcott Site and there are currently innovation hub European bids underway to support cluster and innovation activity on these sites.
- 9.7 In total, Enterprise Zone designation is being sought over the 96 hectares identified as being the most suitable for creating higher value uses at the three locations in question. In total there is potential for the creation of 8665 new direct jobs - the strength of our application is the quality of jobs being created.
- 9.8 Whilst Buckinghamshire is the highest ranking ‘significant rural’ innovative region in the whole of the our economy has also historically been characterised by the largest micro firm economy in the country; the highest proportion of firms with low levels of employment growth; the highest

proportion of out-commuting; and the third lowest level of new commercial office floor-space development

- 9.9 The scale and specialised nature of the development, the mix of uses and the highly strategic position, at the heart of the 'Golden Triangle' and at the centre of the 'Oxford to Cambridge Arc' will enable Aylesbury Vale Enterprise Zone to challenge internationally as a new major employment location during the full 25 year period.

**Contact Officer** Andrew Small ext 5507  
**Background Documents** None

**Attachments:**

- Annex 1** - Enterprise Zones Site Designations (three separate site plans)  
**Annex 2** - Frequently Asked Questions  
**Annex 3** - Quarterly Management Information Reporting Requirements



**ANNEXE 1**

**ENTERPRISE ZONE SITE DESIGNATIONS**

SEE DOCUMENTS SEPARATELY ATTACHED FOR THE THREE SEPARATE SITE PLANS FORMING THE ENTERPRISE ZONES

## Frequently Asked Questions

### **1. What is an Enterprise Zone?**

- 1.1 Enterprise Zones are single or multiple sites designated for business development which may offer business rate discounts or enhanced capital allowance for new businesses locating on the sites.
- 1.2 *“Enterprise Zone” means one or more sites which under the Regulations (as amended from time to time) are able to offer specific business incentives and permitted by the Secretary of State to market themselves as such.*

### **2. When was the application submitted to Government?**

- 2.1 The application was submitted by BTVLEP by 18th September 2015, following discussion with the stakeholders and developers involved in the designated sites, and received notification of approval on the date of the Autumn Statement in November 2015.
- 2.2 *“Application” means the application for Enterprise Zone status submitted to the Secretary of State by the Local Enterprise Partnership by 18<sup>th</sup> September 2015 (as may be amended from time to time after the date of this agreement).”*

### **3. What is required to get them formally established legally and approved by our Council?**

- 3.1 Enterprise Zones are designated as such by the Secretary of State with the agreement of the Chancellor of the Exchequer and operated by an Accountable Body in agreement with the Local Enterprise Partnership.
- 3.2 It is intended that AVDC and Bucks CC will be taking a Partnership Agreement and MOU paper to their Cabinets in April for formal approval and adoption.

### **4. What are the Governance arrangements and what is AVDC’s role?**

- 4.1 This is something that needs to be agreed in the MOU, in line with the information set out in the body of the paper.
- 4.2 In order to finalise and agree the governance arrangements BCC, AVDC, and BTVLEP have agreed that a working group needs to be established which will draw in the landowners and other stakeholders as the proposal progresses. To pre-empt the outcome of these discussions would be highly risky and not allow partners to fully consider a range of potential options.
- 4.3 There will need to be Governance arrangements in place which will oversee strategic and operational decisions. This shall include representatives of each relevant local authority and shall meet at least quarterly (**“Governance Group”**).

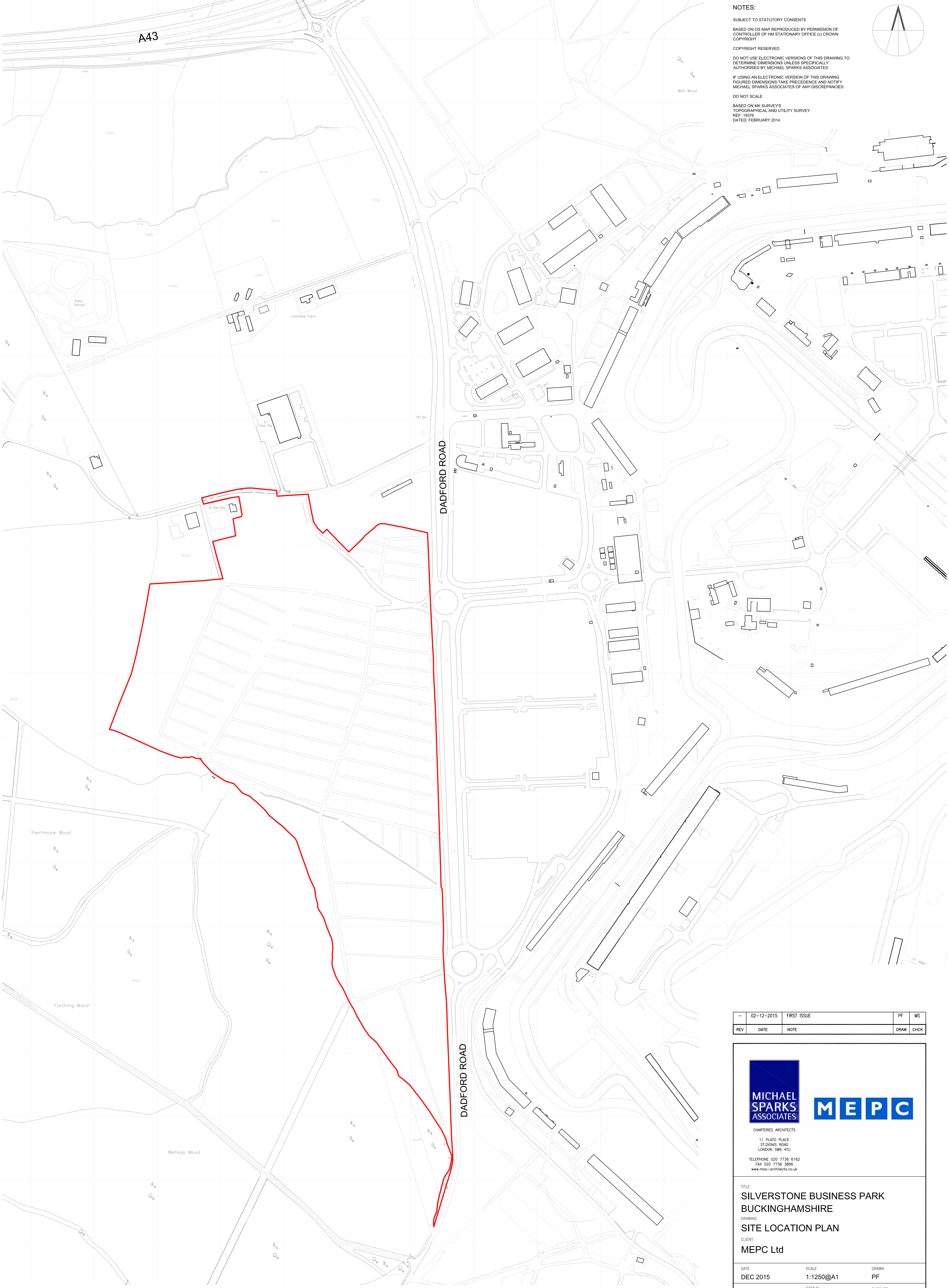
### **5. What are the arrangements for the allocation and retention of business rate revenue and uplift?**

- 5.1 The Enterprise Zone Strategic Board is generally responsible for deciding how business rates they collect from each Enterprise Zone might be used to support the further development of the Enterprise Zone although some elements of this may be delegated to third parties (like the Enterprise Zone Operational Boards) for expediency.

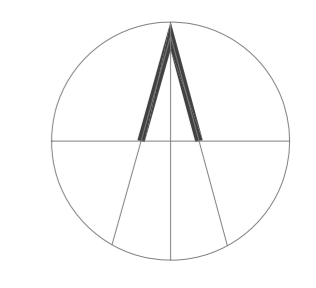
- 6. How does the operation of the Enterprise Zone and Business rates operate in practice and over what period?**
- 6.1 Central government will reimburse to the relevant local authorities the cost of providing each business occupying an Enterprise Zone site a 100% discount on business rates for five years up to the maximum state aid de minimis threshold.
- 6.2 For businesses that enter the zone before 31 March 2022 e.g. if a business enters the zone on 31 March 2022, it can receive the discount (subject to de minimis) until 30 March 2027.

**QUARTERLY REPORTING MANAGEMENT INFORMATION REQUIREMENTS**

- Q1 What was the value of the retained rates that were reinvested in the Enterprise Zone in the last financial year?
- Q2 What was the value of the retained rates that were reinvested in the LEP area in which the Enterprise Zone is situated, including the amount in Q1, in the last financial year?
- Q3 What was the value of the borrowing against retained rates undertaken by the LEP accountable body or the EZ local authority in the last financial year?
- Q4 What was the change in the number of newly created jobs, excluding construction jobs, on the Enterprise Zone in this quarter?
- Q5 What was the change in the number of newly created construction jobs on the Enterprise Zone in this quarter?
- Q6 What was the change in the number of jobs that were safeguarded on the Enterprise Zone in this quarter?
- Q7 Was a Local Development Order introduced on the zone or a part of the zone this quarter?
- Q8 What was the change in the number of businesses that started trading on the zone this quarter?
- Q9 What was the value of any new public sector capital investment on the zone this quarter? Do not include borrowing against retained rates.
- Q10 What was the value of any new public sector revenue investment on the zone this quarter?
- Q11 What was the value of any new private sector investment on the zone this quarter (excluding non-monetary investment)?
- Q12 What was the value of any new private sector non-monetary investment on the zone this quarter, e.g. use of facilities, staff?
- Q13 What area of land was reclaimed and made ready for development on the zone this quarter?
- Q14 What commercial floorspace was constructed on the zone in this quarter?
- Q15 What commercial floorspace was refurbished on the zone this quarter?
- Q16 What was the market rate for leasing commercial floorspace on the Enterprise Zone as of the current date?
- Q17 What land sales were there on the zone this quarter?



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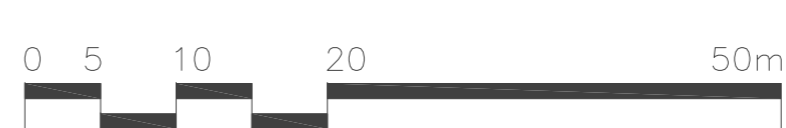
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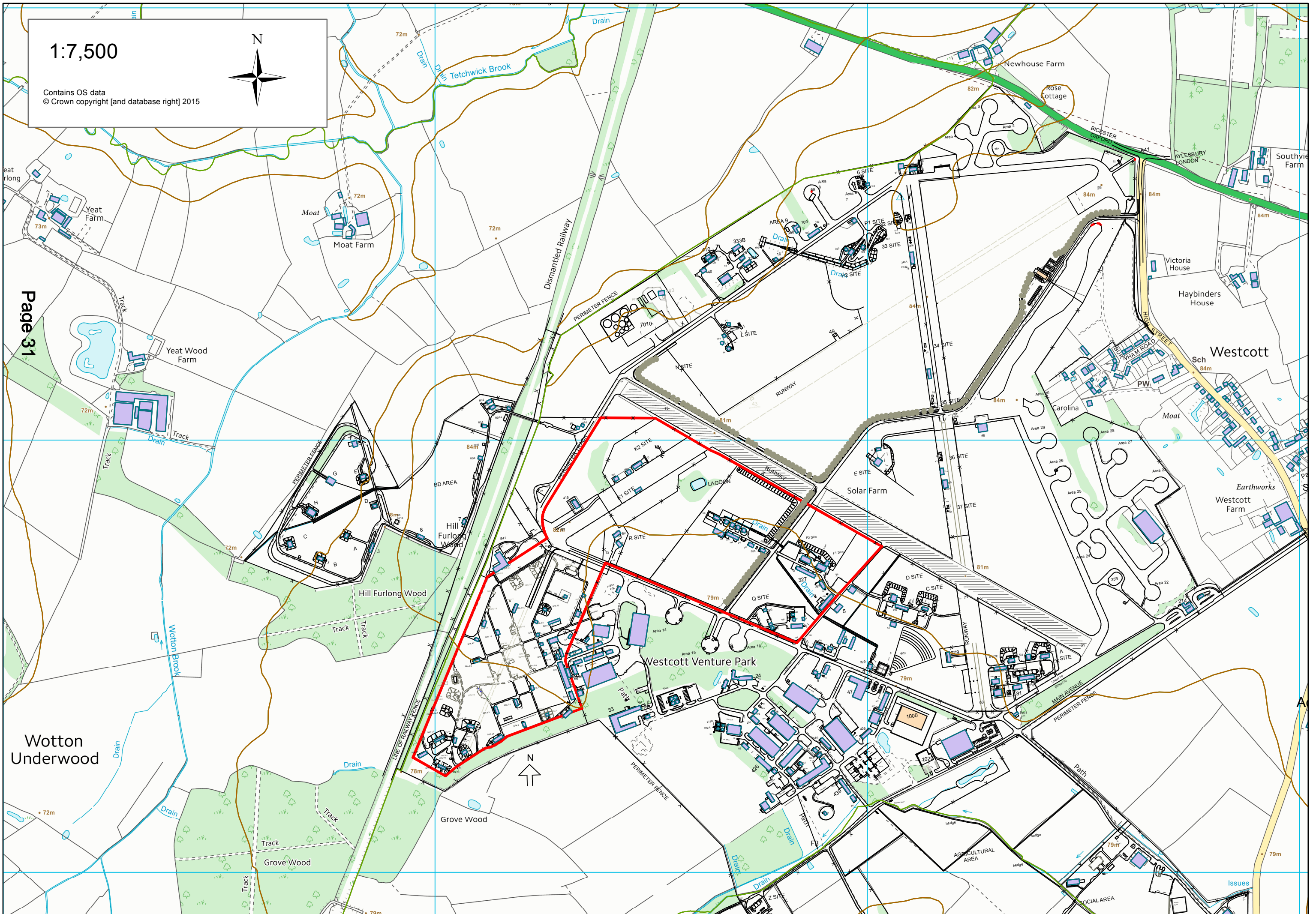
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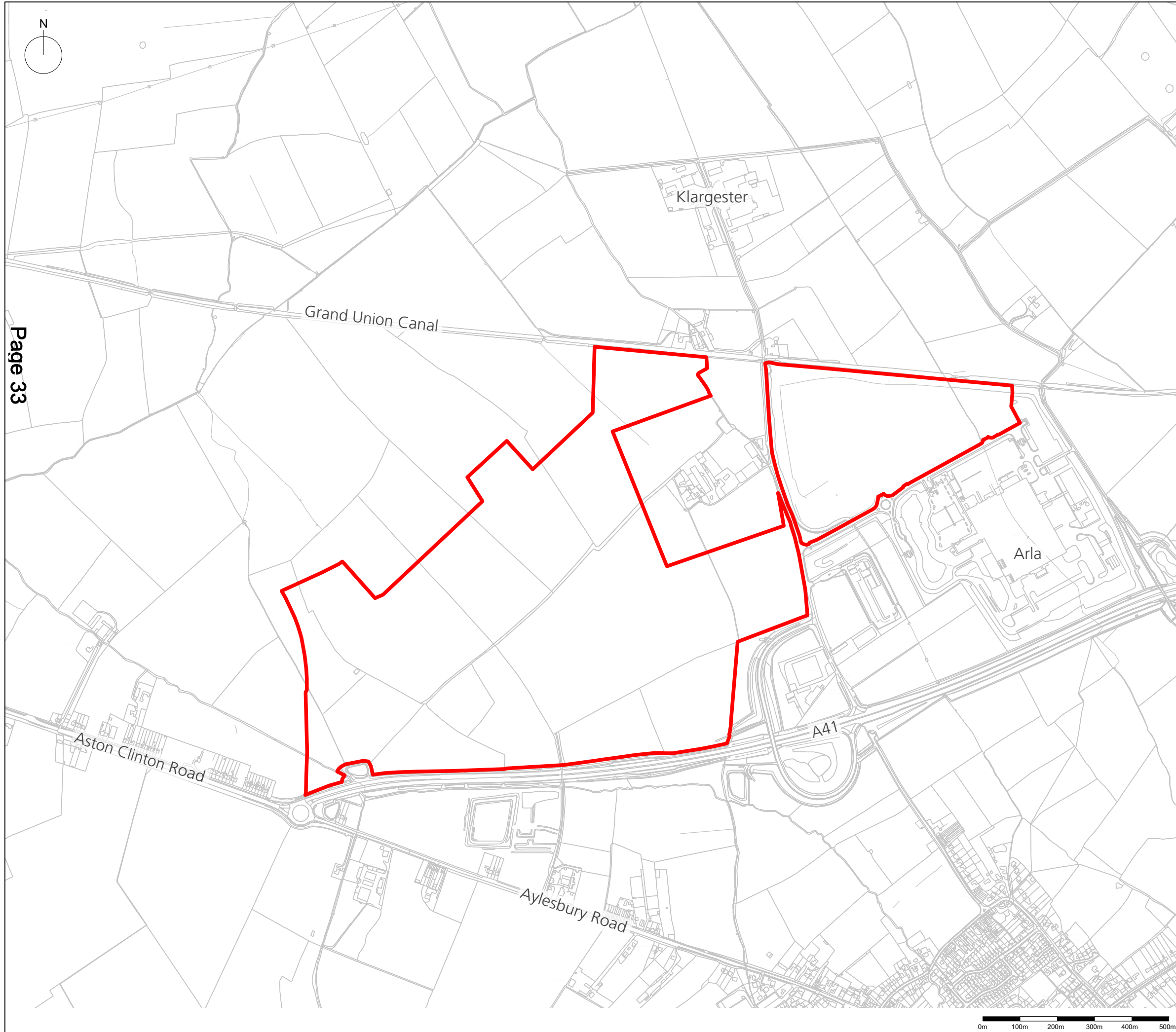


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 Business Rate Discount Area

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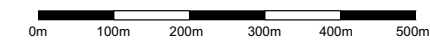
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client  
**Buckinghamshire Advantage Ltd**

project title  
**Aylesbury Woodlands**

drawing title  
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## HIGH SPEED RAIL 2 QUALIFYING AUTHORITY STATUS

**Cllr Mrs Paternoster**

Cabinet Member for Growth Strategy

### 1. Purpose

To consider whether the Council become a “qualifying authority “ (‘Qualified Authority’) (‘QA’) or a non – qualifying local planning authority (‘NQA’).

### 2. Recommendations

- 2.1 That Aylesbury Vale District Council agrees to become a qualifying authority (‘Qualified Authority’) (‘QA’) and sign up to the HS2 Planning Memorandum
- 2.2 To note the position on the draft Memorandum of Understanding and associated Service Level Agreement with HS2 Ltd
- 2.3 To note the position on the constitution arrangements in relation to the Council’s scheme of delegation and terms of reference.

### 3. Supporting Information

- 3.1 The High Speed Rail (London-West Midlands) Bill (HS2 Hybrid Bill) (“the Bill”) is moving forward from the House of Commons Select Committee stage following the publication of its Final Report on 22 February 2016. It has now progressed into the House of Lords Select Committee proceedings. The first reading in the House of Lords took place on 23<sup>rd</sup> March and the period for submitting petitions closed on the 18<sup>th</sup> April. The Council’s petition can be found by following this link:.

<http://www.aylesburyvaledc.gov.uk/section/high-speed-2-overview>

At this stage it is not known how long the Lords Committee are going to have to sit to hear petitions, but it is likely that the hearings will commence sometime in May 2016.

It is aimed for Royal Assent be given to the Bill by end of 2016.

- 3.2 The Bill defines the role that authorities will have in approving the final design of the railway and how it will be constructed, together with Local Environmental Management Plans (LEMPs) and the Code of Construction Practice (CoCP) which set the standards to which it will be built.
- 3.3 The Bill, when enacted, will give deemed planning consent for the project and the nominated undertaker will be required to seek prior approval from the local planning authority for details specified in the Act. These are set out in Part 2 Schedule 17 (Conditions of Deemed Consent) in relation to the planning process. It will also require prior approval consents under Schedule 61 of the Control of Pollution Act 1974 in relation to the environmental process associated with HS2 construction works, for which there is a 28 day response time period.

3.4 HS2 set up the Planning Forum for Phase One (London – Birmingham) as the main vehicle for communicating with local authorities along the proposed route and the forum is attended by officers from each relevant Council, HS2 and the Department for Transport. The Planning Memorandum currently being drafted through the Planning Forum sets out the requirements of planning authorities and the nominated undertaker, in respect of all applications to build HS2 phase 1 and the associated infrastructure.

### 3.5 **Options:**

The Bill provides an option for each local planning authority to select between having a wide or narrow range of controls over details that will be submitted in due course for approval. The planning authority is therefore given the option to become

- I. a qualifying authority ('Qualified Authority') ('QA') or
- II. non – qualifying local planning authority ('NQA').

The Council will be required to make a decision on whether or not to become a qualifying authority before the end of the House of Lords Select Committee process.

3.6 The potential implications of becoming a QA are gaining greater control over planning matters subject to compliance with undertakings mainly related to process. A QA has wider powers to refuse approval of and impose conditions on approvals of plans and specifications and arrangements submitted at the detailed planning stage of permanent structures such as viaducts and vents shafts and also have an enforcement and approval role in relation to certain construction matters after Royal Assent.

3.7 A QA, under Part 2 of Schedule 17, will be required to approve plans and specifications for matters such as building works (defined as the erection, construction, alteration or extension of any building, other than a temporary building), construction works including road vehicles parks, earthworks (eg terracing, cuttings, embankments and other earthworks), sight, noise or dust screens, fences, walls or other barriers, transformers, telecommunication masts, pedestrian access to the railway line, artificial lighting, waste and spoil disposal and borrow pits. These provisions do not apply to works of a temporary nature, to anything underground except any part of a station available for use without a ticket, nor to any tunnel or railway track bed.

### 3.8 **What powers are given to a 'Qualified Authority'?**

3.9 A QA can only refuse to approve plans or specification or impose conditions on the grounds set out in Schedule 17 which are broadly:-

- 1) The design or external appearance of the works ought to be modified:
  - a) To preserve the local environment or local amenity
  - b) To prevent or reduce prejudicial effects on road safety or on the free flow of traffic in the local area or
  - c) To preserve a site of archaeological or historic interest or nature conservation value

And is reasonably capable of being so modified or

- 2) The development ought to, and could reasonably, be carried out elsewhere within the development's permitted limits.
- 3.10 In determining whether or not to grant approval to a request or to impose conditions upon an approval, a QA should consider, amongst other things whether the proposals are consistent with the Environment Minimum Requirements, including the draft Environmental Memorandum. These documents set out the principles that the nominated undertaker should follow in developing the detailed design and that may be taken into account by planning authorities when considering requests for approvals of the plans and specifications. They will also need to consider the statutory guidance produced by Secretary of State for Transport under paragraph 26 of Schedule 17.
- 3.11 The prescribed time period for the LPA to determine Schedule 17 applications is proposed in the Bill to be 8 weeks. If the LPA fail to determine the application within this period it would be deemed to be approved and the LPA would not therefore have any control over the works and mitigation.
- 3.11 **What powers are given to a Non – qualifying local planning authority?**
- 3.12 A NQA does not sign the Planning Memorandum but will be still be required to approve plans and specifications for building works. They will only be able to refuse approval on the grounds that:
- a) the design or external appearance of the works ought to be modified to preserve the local environment or local amenity, and it is reasonably capable of being so modified, or
  - b) the development ought to, and could reasonably, be carried out elsewhere on land within the Act limits.
- 3.13 A NQA which decides not to sign the Planning Memorandum will be able to approve the detailed design of permanent structures but will have a more restricted role in the approval of construction matters and they will be governed by the Fees Regulations which have not yet been published.
- 4.0 **Implications: QA Issues**
- 4.1 *Timescales for determination:* if the LPA does not determine Schedule 17 applications within the prescribed period which is proposed to be 8 weeks then they forfeit being a QA and consent is given;
- 4.2 *Consideration of alternative:* if a LPA is looking to refuse an application they need to fully justify and provide a designed and costed alternative within the prescribed period (this may involve engaging resources or skills to do this particularly in respect of bridges/viaducts/vent shafts);
- 4.3 *Financial:* The current budget for development management and environmental health do not take into account the cost of resourcing the cost of the ea4rl.y?? discussion, pre application and application processes related to HS2. HS2 have indicated during the petitioning period that they favour the use of a flat fee for all applications regardless of size and complexity. Details of the draft Fee Regulations

have not yet been published. The section on resource implications below sets out how HS2 proposes to deal with the cost implications for those authorities choosing the Qualifying Authority route.

- 4.3 *Risks:* The main risks for the Authority at this stage in the process are as follows:
- That the Council does not resolve to register as a Qualifying Authority before the Bill has concluded in the House of Lords and therefore has limited powers in dealing with the Schedule 17 matters once received royal assent which is expected towards the end of the year.
  - That the Council does not have the resources and governance arrangements in place to deal with the necessary approvals and therefore is unable to respond to the work expectations generated by the project.
- 4.4 *Release of a QA:* It is possible for a local authority to lose the opportunity to become a QA before it becomes one, even if it signs up to the Planning Memorandum on time, as paragraph 13(1) of Schedule 17 allows for a Council to be “released from its undertakings” in the interim period between signing up to the Planning Memorandum and the QA order being made, the decision to release the Council rests with the Secretary of State. It is anticipated that most local authorities are keen to become QA because of the benefits it brings.
- 4.5 *Delegation:* the current arrangements for the scheme of officer delegated powers given to the Development Management Manager agreed by Full Council on 27 February 2016 determines which applications are referred to the relevant Strategic and Development Management Committees for decision. The current scheme would enable the Schedule 17 prior approval submissions to be dealt with under officers delegated powers. There may be a requirement for some constitutional changes to be made to the existing scheme of delegation if the authority is time constrained to determine these prior approvals and/or terms of reference to the relevant Development Management Committee.
- 4.6 The current arrangements for the scheme of officer delegated powers given to the Environmental Health and Licensing Manager also makes provision for approval consents under Schedule 61 of the Control of Pollution Act 1974.
- 5.0 **Resources Implications**
- 5.1 For a number of years a memorandum of understanding (MOU) had been agreed between AVDC and HS2 to cover some of the costs incurred by the authority in dealing with HS2 issues and a further MOU extension agreement is the subject of negotiation to cover AVDCs reasonable costs and expenses on agreed activities for a further period of time. This is likely to extend until the end of this year in anticipation by HS2 of royal assent being secured.
- 5.2 HS2 have approached local authorities to agree a draft Service Level Agreement to replace the MOU. This would define the local authority services and a commitment by HS2 to the reasonable funding of resources for dealing with the relevant submissions, as an alternative to the fee specified in the fee regulations. HS2 see the SLA as the vehicle for the governance of the relationship between HS2 and the Council and identify the methods used to work with authorities.

5.3 There have been some discussions with the other Bucks authorities exploring the option for setting up a joint Bucks wide team to handle the necessary approval submissions, given the specialist nature of the work involved, consistency of approach and recruitment of such expertise. The alternative would be that each authority has its own resource paid for by HS2 Ltd.. This discussion is on going at present but the principle being applied by AVDC is that all of the costs associated with the processing of applications and approvals for HS2 will be met by HS2 Ltd and not the local taxpayer. .

6.0 **Conclusions on becoming a qualified or no qualified authority**

6.1 It is considered important that the Council retains what powers it can over detailed matters relating to the HS2 proposals and to do this it is recommended that it would be in the authority's interests for it to become a QA. At the time of writing the report it is expected that all of the other authorities in Buckinghamshire will seek to become QA. ,

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