# CABINET

## 10 MAY 2016

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

**APOLOGY:** Councillors S Bowles

## 1. MINUTES

RESOLVED –

That the Minutes of 12 April, 2016, be approved as a correct record.

## 2. COMMERCIAL AVDC UPDATE

Cabinet received an update on the Commercial AVDC Development and Transformation Programme.

AVDC was building on the success of the changes delivered in recent years to continue to drive action to ensure that there was a more sustainable funding model, based upon developing a commercial organisation with a continuously improving operating model. This would allow the Authority to implement its vision of driving the current and long term economic, social and environmental wellbeing of the area. To achieve this, there were three primary strands of activity:-

- Focussing on driving returns from commercial activity.
- Reviewing Council services to improve effectiveness and efficiency.
- Improving the overall capability of AVDC's staff.

As well as commercial initiatives, the process being followed was for the newly appointed sector leads to conduct a series of "business reviews" in their respective areas. These reviews aimed to assess each service to understand who its customers were, what their needs were and how the service could best be structured to deliver those needs in the most efficient and cost effective way. By 2020/2021, these activities would need to provide a contribution of £5m to the Council's revenues, through a combination of increased income and reduced expenditure. The objective was ambitious in that it was hoped that sufficient profitability would be generated to enable the Council to operate without the need to tax residents by 2023/2024.

Over the past six years, through a wide range of initiatives, AVDC had saved around £14m, despite losing 60% of Government Grant. The Council was the first in the country to move all its IT to Amazon's cloud, thereby enabling significant savings in staffing and software. These changes had enabled savings in the region of £6m to be made over the last 5 years in efficiencies in front line services and general operating efficiencies. The office space saved had allowed the Council to generate rental and conference revenue of £150,000 in 2015 alone.

The Council had invested in excess of £100m in Aylesbury town centre at a time when developers were reluctant. This had not only provided greater resources for the local economy, but also had generated further revenue of £2.5m.

Despite a 40% increase in demand for their services, the Planning Team had been able to reduce costs so that the Team now operated entirely within the statutory fee of £172, with no subsidy required from the tax payer.

The investment in the Swan Pool in Buckingham had turned around a subsidised service to provide a net contribution of £600,000 p.a.

More than 15,000 customers had signed up to The "My Account", enabling them to access Council services on-line, reducing cost, increasing customer service and expanding customer relationships.

The innovative work undertaken by the Council had resulted in external recognition and awards. In 2015 the Council had been named IESE's "Council of the Year", and recently, the IT Service Desk had been named as the "International Service Desk Institute's "Best Small Service Desk of the Year". In addition, the Aylesbury Vale "My Account" had been awarded the European IT and software Excellence Awards 2016 for "Customer Experience/Management Solution of the Year".

Underpinning all of the Council's work was its vision – "To secure the economic, social and environmental wellbeing of the area". It had been recognised that the Council could not survive or thrive in a future of tax and grant dependency. The Council needed to continually evolve to increase revenue through commercial activity, reduce expenditure through increasing efficiency and effectiveness as well as developing the capability and culture of its staff.

In December, 2015, the Council had 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 were now well under way. For example, Vale Commerce had launched its residential brand and the programme had delivered on an organisation wide restructure (called "lift and shift") to create a new sector based structure as a launch pad for on-going business improvements.

The Council's commercial activities built upon its award winning digital skills, business models, people and partnerships, as well as the trust and relationships built with the Council's customers.

In December, 2015, the Council had approved the business case for the creation of a wholly owned local authority trading company called "Vale Commerce Ltd". The company aimed to generate a substantial income stream for the Council and to support improvement in the local economy. It would help foster an enterprise management perspective within the Council and showcase the Council's determination to become more self sufficient.

The on-line business model provided opportunities beyond that of a traditional business, and needed to be developed in a different way. Instead of a customer base limited by geography and a product set by a small number of local customers, an on-line business could tap into a far broader range of customers, could develop niche products and still achieve scale. Developing a business like this required (particularly in the early years), required focussing on the brand and customer loyalty, as well as exhaustive development and testing of products. In the later stages growth, that customer loyalty and systematic product refinement could be expected to lead to increasing revenues and productivity. To help develop this model and make it work within a local government context, the Council was working with on-line business and marketing experts Archemys. As the business was developed, the Council would work with them and other experts as appropriate, to assist innovation and testing of the Council's approach.

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

“Limecart” was the first to launch in January with a brand awareness raising prize draw aimed at the Council’s garden waste customers, which had resulted in 3,000 entrants. Leveraging existing customer relationships would allow “Vale Commerce” to introduce its brands and grow its product portfolio in an appropriate and relevant manner. Following on from the prize draw “Limecart” now had its own digital gardening magazine which could be viewed by anyone who signed up. In the forthcoming months a similar approach would be developed for the launch of “Incgen" in that it would first aim to raise awareness of the brand and gather insight into local businesses, building upon existing relationships and understanding of their needs.

The Council’s ground breaking work in driving change had led to it being chosen as IESE’s Council of the Year in 2015 and continued to inspire and generate interest from other councils. The two “Surviving to Thriving” conferences held in 2016 had been designed to share good practice and show how the Council was transitioning to a commercially driven operation. These events, sponsored by AVDC’s commercial partners, had shown that there was a range of ways in which the Council could not only help other local authorities, but also generate revenue from them too. Examples included the ability to help to build commercial ventures, property development companies or set up a lottery. The Council could assist with the implementation of pool car systems, fleet services, as well as cloud based technology services. The Council had payroll services to offer as well as the ability to deliver culture change and coaching programmes.

Using its commercial maturity model as a guide, the Council’s initial pilot projects were focusing on engaging with other local authorities to support them in setting up lotteries and telephony systems. With the support of external expertise, the Council had a pipeline of over 30 business opportunities that would help deliver revenue and shape the Council’s commercial offer, as well as honing the business development skills of its staff.

The new commercial property sector brought together for the first time all of the Council’s 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. This sector also included the Town Centre Management Team who had an integral connection with the redevelopment programme.

Current efforts were focussing on improving the Council’s performance as a landlord and developing the Gateway Conference Centre. The Council was progressing the development agreement with Durcan, its partner for Waterside North Phase one, and developing a business plan with Aylesbury Vale Estates.

The Vale Lottery had been launched in the autumn of last year as a way of helping the voluntary/community sector to raise much needed funds at a time when there would be a considerable strain on the grants budget. Following six months of operation, £60,000 a year was being raised for good causes across the Vale. Over 100 good causes had signed up to benefit.

Payroll services had been provided by AVDC to a number of different public sector organisations since 2000. The team had recently won the contract to deliver Wycombe District Council's payroll services for the next four years. This operation would continue to be developed, underpinned by internal improvements.

Cabinet was advised that in order to further support commercial development opportunities, e.g. to develop business with other local authorities, funding was required to back fill two strong project managers for the financial years 2016/2017, at a cost of £160,000. One commercial activity alone was predicted to generate £50,000 p. a. in revenue and there was a need to ensure that there was appropriate resource in place to drive these initiatives.

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

The Customer fulfilment area included many of the services with which residents and businesses interacted on a regular basis. As such, it was the focus of a number of on-going business reviews, including:-

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

Improvement plans were in place for services not currently the subject of a business review. For example, in Development Management, combining covering costs with upper quartile performance.

In Business Strategy and Support, the following reviews were currently underway:-

- Contracts review – considering the best ways to procure and manage the Council's £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 that the governance of the Council's finances was aligned with its commercial aspirations.

Future reviews would include:-

- Payroll – to assess the best way to provide the service to AVDC and importantly, other customers.
- Integrating the Council's service desk to ensure that the Council operated its support services in the best managed and automated way possible.

- Business strategy and governance – to ensure that the Council had correct oversight.

- A series of support reviews in IT, Debt Management and Human Resources to ensure that the Council had the correct tools fit for the future.

AVDC not only needed to transform its commercial and business operations, it needed 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.

Since that point a behavioural based competency framework was evolving. This framework incorporated the elements to enable assessment, learning and development and performance management of staff against a set of behaviours. These behaviours were based on what might be expected of staff working in a commercial organisation. These changes were a vital part of developing the organisation for the future. Without the right organisational capability and culture the Council would not be able to implement its commercial development and business improvement programme.

The business reviews which were underway as part of the commercial AVDC programme would result in organisational re-structures which were expected to affect all staff in the Council up to the level of sector leads. It was critical that the framework and role selection was delivered thoroughly, robustly and fairly. It was essential for the Council to invest to achieve this goal.

The framework developed was built on key commercially minded behaviours. Officers had worked with experts who had experience of delivering frameworks such as this, and who had experience of delivering Council – wide re-structures. Staff and unions had been engaged in this process throughout and would continue to be involved in the design.

In common with most councils, AVDC currently had a set of job descriptions for staff that had evolved over a period of time and had resulted in over 300 different roles being defined within the Council. Maintaining consistency in grading and setting performance expectations for so many roles was practically impossible and so a process of rationalisation and simplification was required.

As well as the behavioural framework, a new way of defining and grouping roles would be implemented based on groups of roles or "job families". These job families would 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.

Over the period September, 2016 to July, 2017, business reviews across the organisation would be conducted to determine how services could best be organised to deliver the services that customers needed in the most cost effective manner. These reviews would lead to the need to assess and select people for new roles in the organisation. It was anticipated that all jobs within the Council would be affected in one way or another and that staff would need to apply for these jobs and be selected using a demonstrably fair and effective process. These roles would be designed in line with the commercial and business review activity, and would embody the behaviours.

Staff would need to apply for and go through assessment for roles to secure roles in the new organisation. The process would vary according to job family and level. In order to achieve the level of savings required it was inevitable that by 2021, there would be fewer staff working for AVDC. While natural wastage and voluntary redundancy would be offered where possible, it was likely that the process would result in at least some compulsory redundancies. While the number of staff reductions would not be known until completion of the reviews, it was recognised that an annual £5m contribution needed to be found as part of the transformation. As long as the Council committed to its commercial agenda, it expect a significant element of that contribution would come from commercial activities or through improved contract management, and some through staff savings.

It was only possible at this stage to provide an example to illustrate potential numbers. If it was assumed that half the contribution towards the £5m saving 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 equated to approximately 60 people (full time equivalent staff) fewer in the organisation by 2021, happening gradually over the four years.

If this number of people were all to exit the organisation through redundancy, there would be a one off redundancy cost. It was 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.

It was intended that the assessment process design and implementation would be delivered by a third party experienced in this type of process, with increasing involvement by AVDC leaders as the process evolved, so that managers had the skills to apply the process in the future for recruitment and performance management of staff.

To move this framework forward required on-going design and delivery of staff development and management tools, as well as the design of the assessment process and interviews for staff applying for new roles. The design work would involve confirming that the policies and approach were in place to make the process work fairly and robustly. As the business reviews produced proposals that included re-structuring, all staff applying for roles would need to participate in those independently run assessment processes and interviews.

Officers were confident that most of the Council's staff would do well in this process. The Council had a strong track record of achievement which was testimony to the culture and skills of existing staff. As the organisation was developed further in the future, the selection of new officers and the development of all officers would have this framework at its core.

Market evaluation indicated that the cost of running an assessment process for an organisation of the size of AVDC would be approximately £250k. In addition there would be costs of approximately £96k over four years to back fill existing staff within the Council who would be dedicated to the process. Funding of £346k was sought to enable further design and development of these frameworks, as well as for the implementation of assessment based re-structuring. This funding would cover programme team members (£96k) as well as the independent third party to be appointed as the Council's partner (£250k).

RESOLVED –

(1) That Council be invited to approve the investment of £160,000 to back fill officers dedicated to commercial development activities.

(2) That Council be invited to approve the implementation of re-structuring and development of a behavioural framework, including investment of £346,000 in the implementation of that framework and associated organisation re-structuring.

## 3. ENTERPRISE ZONES - MEMORANDUM OF UNDERSTANDING

Cabinet received an update on the arrangements for the establishment and operation of the Aylesbury Vale Enterprise Zone (AVEZ).

It was reported that in the latter stages of 2015, working closely with public and private sector partners, Bucks Thames Valley Local Enterprise Partnership (BTVLEP), had submitted an application for an Aylesbury Vale Enterprise Zone with the support of AVDC, and that this had been accepted by the Government. Enterprise Zones were an important part of the Government's programme to devolve responsibility for leadership of local growth and provided a powerful tool for areas to develop their local economy. The award of the Aylesbury Vale Enterprise Zone stood as testament to the positive partnership working between AVDC, Bucks County Council (BCC) and BTVLEP, Silverstone Park, Westcott Venture Park and Arla Dairies.

Whilst the award of funding for the Enterprise Zone followed 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 the Enterprise Zone proposals had sought to create a proposition which provided a "win-win" for all parties. Businesses basing themselves on Enterprise Zones could access up to 100% business rate discount worth up to £275,000 per annum over a five year period. This benefit could only be offered up to March, 2022, from which date the benefit would taper until the offer expired in March 2027. In addition, Enterprise Zones benefitted from 100% retention of business rate growth for LEPs to re-invest in development in the Enterprise Zones (through discussion and negotiation with partners).

For the LEP, land owners and local authority partners, Enterprise Zones would 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, would sit outside the standard LA rates retention arrangements that would exist outside Enterprise Zones. Business rate growth on an Enterprise Zone would not count towards an authority's business rate baseline income and, as a result, would not be used in the calculation for local authority top-ups or tariff payments. Furthermore Enterprise Zones' business rate discounts and capital allowances that were fully funded by the Government would generate business rates income that would not otherwise have arisen.

Importantly, all of the business rates generated on the Enterprise Zone would be under the control of the Enterprise Zone's Governance Board. The District and County Councils would not automatically receive any proportion of the business rates generated on these sites (currently 20% to AVDC, 9% to BCC and 1% to Fire and Rescue) unless specifically negotiated as such. Because of this, the outline submission to the Government had included the prerequisite that neither authority should financially be worse off from the creation of these Enterprise Zones. This was particularly important when it was considered that a significant proportion of the Vale's business rates growth over the next two and a half decades might have been located in these areas. Following a series of negotiation meetings the draft agreement referred to in this report allowed for the protection of the current council shares once the necessary costs of site investment and administrative costs were covered.

Only the Space Propulsion element of Westcott Venture Park was covered by EZ status. This element of the site had not really seen any major development since the 1940s. It only concerned the Space Propulsion land in recognition of the fact that this allocated land would attract higher value knowledge economy type business and investment.

Investment in the space sector was currently heavily controlled by Government through the European and UK Space Agencies. This left the rates from the remainder of the site with the Council through the new arrangements Government had established for LA rates retention.

Westcott had both the recognition and support of these agencies and BTVLEP had been working actively with the agencies about some plans they had for investing in this site, ultimately re-positioning the site for the increasing opportunities arising from space exploration and travel, ensuring that this strategic site was more than just an historic WW2 heritage site. On a positive note, AVDC was working closely with Westcott and a major space engineering company to locate to Westcott and hopefully this would be established and up and running by March, 2017. Council officers were currently working with them on pre-application planning advice.

With regard to the Silverstone site, it was only the currently undeveloped site K that was part of the EZ, which would help accelerate and bring forward the investment in the enabling infrastructure, where there was currently a gap. It would support the acceleration of the development of the site and attract businesses earlier than might have been the case (without EZ designation). Site K had outline planning permission for employment uses and a recent detailed planning permission on the first phase of development totalling 11,000 square metres of new floor space.

The Arla/Woodlands site included a mix of consented and unconsented land – something that was necessary to make the proposal viable. The consented element of the EZ covered the Arla development and the unconsented element was being led by Buckinghamshire Advantage. This site was intended to have a focus on food and drink, health and care related activities.

The guidance published ahead of the bid submission had clearly stated that LEP's were the primary body responsible for overseeing the development of EZs, but that they were expected to work closely with the local authorities in which the EZs were based. In February, 2016, the Government had provided a draft memorandum of understanding (MOU), to move towards formal approval and operation.

Since then, the relevant parties had held a series of meetings to refine the form of the MOU to the point that they were generally content with its contents. Although this document would frame the key parameters for the EZs, there was still a level of detail which would need to be agreed in terms of day to day operational arrangements and these terms would now fall to the Board to resolve, within the framework set out in the MOU.

The MOU was intended to be a flexible document which might have various iterations before EZs concluded after their 25 year term. The proposals referred to in the Cabinet report represented the first version and were intended to last until 2020. The agreement had to be signed by BTVLEP, the landowners and the local authorities.

The BTVLEP Board would delegate management of the EZ to the Strategic Board. This comprised the Aylesbury Vale Advantage Board local authority members plus a BTVLEP board member and their Chief Executive. The Strategic Board would oversee three Operational Boards for each site, which would include the landowners. Each of the four members would have one vote each. The MOU required that one of the local authorities should act as an accountable body for the EZs and as AVDC was responsible for collecting the business rates, it had been agreed that it would assume this role.

The EZ Strategic Board would be responsible for ensuring that the Aylesbury Vale EZ was able to maximise the potential of this location to benefit Buckinghamshire. It would also be responsible for managing the delivery of the strategic vision and overseeing the marketing and co-ordination of development across the EZ sites and monitoring the performance of the EZ against key measures, including fiscal and employment outcomes to be secured across the Zone.

Recognising that landowners might not want to get into open discussions with each other about their development pipelines and their financial models, a number of Operational Boards would be established (overseen by the Strategic Board), centred on individual sites.

The MOU set out how monies would be allocated and defined the key elements of the final governance arrangements. These arrangements could be kept under review and altered or renegotiated as the local situation changed. An agreement reached now could, for example, therefore be revised in full or part in 2020 when the arrangements for wider business rates devolution were expected to come into force. The MOU was based on a distribution of retained business rates as follows:-

- To fund initial infrastructure interventions identified in the AVEZ application, subject to due diligence and business case approval by the Strategic Board. (This represented the initial investment required to remove the barriers currently preventing the sites from delivering accelerated growth).

- To fund the approved overheads and revenue costs of the EZs.

- To fund further priority interventions for AVEZ infrastructure subject to approval of the business cases by unanimous agreement of the Strategic Board. (This might be approved ahead of the following bullet point, but only on the basis that all parties agree and there was a sound invest to save business case underpinning the proposal).

- To fund BTVLEP local economic development priorities in the proportion 70:30.

The allocation of resources in the manner referred to above was designed to ensure that the local authorities would receive the same share of gain from business rates growth as currently happened under the business rates retention system.

Under the current system, 70% of business rates growth went to the Government, either as a central share or as a disproportionate growth share. Under the EZ designation all business rates were retained locally. This retained share, after the initial infrastructure costs were financed and the cost of administering the Zones were met, would now be retained by the Buckinghamshire Enterprise Zone for funding economic infrastructure investment in accordance with their priorities.

Whilst not specifically ring fenced for Aylesbury Vale, the Chairman of the Enterprise Zone had recognised that as the majority of growth in Buckinghamshire would be centred on Aylesbury Vale, it would follow that the majority of Buckinghamshire LEP funding would follow the direction of growth accordingly.

It was reported that the Economy and Business Development Scrutiny Committee had considered the Enterprise Zone proposals at its meeting on 15 marches, 2016. Whilst it had not been finalised at that time, the Committee had been supportive of moving forward and formally approving the MOU and supporting partnership agreement for the establishment of the Aylesbury Vale Enterprise Zone.

It was reported that once the MOU was signed by all parties, the detailed policies would need to be agreed in relation to the business rate discounts on offer and to whom they were offered. The operational budget requirements and the initial works programmes would also need to be understood, verified and validated. Subject to reaching early agreement with landowners, it was hoped to commence promotion and development of the sites as early as possible in 2016/17. The National Enterprise Team had visited Aylesbury in April, 2016. The Team Leader had expressed optimism for these sites and the strength of their development potential.

The approval of Enterprise Zone status provided an enormous boost to help the Council grow existing businesses and attract and accelerate new investment in three strategically key sites and in the knowledge based manufacturing and technology sectors for the Vale in which the UK was a global leader.

The Aylesbury Vale application was one of only four new sites in the South-East of England that had been approved and had helped to buck the trend of national investment into the “Northern Powerhouse”. Further inward investment benefits would be realised beyond the three EZ sites, helping in crease the total business rate revenue for the Vale and benefit the Council’s overall financial position.

The Council’s Economic Development Strategy and BTVLEP’s Strategic Economic Plan (SEP) was to move away from a reliance on the service economy and replace the loss of former industry by the next generation of globally recognised high technology companies and engineering supply chains across the Midlands Engine and South – East.

The proposal set out the plans for the establishment of an Aylesbury Vale Enterprise Zone, covering three key strategic employment sites (but not Aston A41), all of which were co-located with nationally significant research/test facilities that could stimulate the development of a number of emerging “plan for growth sectors – high performance technologies and motor sports, space propulsion and environmental technologies and food and drink manufacturing and human health.

The Enterprise Zone status would help unlock further significant private and national investment in the three sites including agencies such as the UK Space Agency which had already shown considerable interest in the Westcott site and there were currently innovation hub European bids underway to support cluster and innovation activity on these sites. In total, Enterprise Zone designation was being sought over the 96 hectares identified as being most suitable for creating higher value uses at the three locations in question. In total, there was potential for the creation of 8,665 new direct jobs, the strength of the application being the quality of jobs being created.

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”, would enable the Aylesbury Vale Enterprise Zone to challenge internationally as anew major employment location during the full 25 year period.

RESOLVED –

(1) That approval be given to the Enterprise Zone designation and the proposed governance and operating procedures, to be embodied in a Memorandum of Understanding and that the Partnership Agreement be endorsed.

(2) That the Director with responsibility for finance, after consultation with the Leader of the Council, be authorised to finalise the terms of the agreement.

## 4. HS2 UPDATE

The High Speed rail (London – West Midlands) Bill (HS2 Hybrid Bill) ("the Bill") was moving forward from the House of Commons Select Committee stage following publication of its Final Report on 22 February, 2016. It had now progressed into the House of Lords Select Committee proceedings. The first reading in the House of Lords had taken place on 23 March and the period for submitting petitions had closed on 18 April. It was not known how long the Lords Committee would have to sit to hear petitions but it was likely that the hearings would commence some time in May, 2016. Royal Assent was expected to be given by the end of 2016.

The Bill defined the role that local authorities would have in approving the final design of the railway and how it would be constructed, together with Local Environmental Management Plans (LEMPs) and the Code of Construction Practice (CoCP) which set the standards to which it would be built.

The Bill when enacted, would give deemed planning consent for the project and the nominated undertaker would be required to seek approval from the local planning authority for details specified in the Act. These were set out in Part 2 Schedule 17 (Conditions of Deemed Consent) in relation to the planning process. It would 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 was a 28 day response time period.

HS2 had 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 was attended by officers from each relevant council, HS2 and the Department for Transport. The Planning Memorandum currently being drafted through the Planning Forum set out the requirements of planning authorities and the nominated undertaker, in respect of all applications to build HS2 Phase One and the associated infrastructure.

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

- A qualifying authority (Qualified Authority) (QA); or
- Non – qualifying local planning authority (NQA).

The Council was 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.

The potential implications of becoming a QA were gaining greater control over planning matters subject to compliance with undertakings mainly related to process. A QA had 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.

A QA, under Part 2 of Schedule 17, would 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 (e.g. terracing, cuttings, embankments and other earthworks), sight, noise or dust screens, fences, walls or other barriers, transformers, telecommunications masts, pedestrian access to the railway line, artificial lighting, waste and spoil disposal and borrow pits. These provisions did 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.

A QA could only refuse to approve plans or specification or impose conditions on the grounds set out in Schedule 17, which were broadly:-

(1) The design or external appearance of the works ought to be modified:

- To preserve the local environment or local amenity.
- To prevent or reduce prejudicial effects on road safety or on the free flow of traffic in the local area.
- To preserve a site of archaeological or historic interest or nature conservation value

And was 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.

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 were consistent with the Environmental 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 might be taken into account by planning authorities when considering requests for approvals of the plans and specifications. They would also need to consider the statutory guidance produced by the Secretary of State for Transport under Paragraph 26 of Schedule 17.

The prescribed time period for the LPA to determine Schedule 17 applications was proposed in the Bill to be 8 weeks. If the LPA failed 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.

A NQA did not sign the Planning Memorandum but would still be required to approve plans and specifications for building works. They would 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 was 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.

A NQA which decided not to sign the Planning Memorandum would be able to approve the detailed design of permanent structures but would have a more restricted role in the approval of construction matters and they would be governed by the Fees Regulations which had not yet been published.

If the LPA did not determine Schedule 17 applications within the prescribed period which was proposed to be 8 weeks, then they forfeited being a QA and consent was given.

If an LPA was looking to refuse an application they needed to fully justify and provide a designed and costed alternative within the prescribed period (this might involve engaging resources or skills to do this particularly in respect of bridges/viaducts/vents shafts.

The current budget for development management and environmental health did not take into account the cost of resourcing the cost the early discussion, pre-application and application processes related to HS2. HS 2 had indicated during the petitioning period that they favoured the use of a flat fee for all applications regardless of size and complexity. Details of the draft Fee Regulations had not yet been published.

The main risks for the Authority at this stage in the process were:-

- That the Council did not resolve to register as a Qualifying Authority before the Bill had concluded in the House of Lords and therefore had limited powers in dealing with the Schedule 17 matters once Royal Assent had been received, which was expected towards the end of the year.

- That the Council did not have the resources and governance arrangements in place to deal with the necessary approvals and therefore was unable to respond to the work expectations generated by the project.

It was possible for a local authority to lose the opportunity to become a QA (before it became one), even if it signed up to the Planning Memorandum on time, as Paragraph 13 (1) of Schedule 17 allowed 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 rested with the Secretary of State.

The current arrangements for the scheme of officer delegations given to the Development Management Manager, agreed by full Council on 27 February, 2016, determined which applications were 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 officer delegated powers. There might be a requirement for some constitutional changes to be made to the existing scheme of delegation if the Authority was time constrained to determine these prior approvals and/or terms of reference to the relevant Development management Committee. The current arrangements for the scheme of officer delegated powers given to the Environmental and Licensing manager also made provision for approval consents under Schedule 61 of the Control of Pollution Act, 1974.

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 was the subject of negotiation to cover AVDC's reasonable costs and expenses on agreed activities for a further period of time. This was likely to extend until the end of this year in anticipation by HS2 of Royal Assent being secured.

HS2 had approached local authorities to agree a draft service level agreement (SLA) 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 saw the SLA as the vehicle for the governance of the relationship between HS2 and the Council and which would identify the methods used to work with authorities.
There had 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 had its own resource paid for by hs2 Ltd. This discussion was on-going at present but the principle being applied by AVDC was that all of the costs associated with the processing of applications and approvals for HS2 would be met by HS2 Ltd and not the local taxpayer.

It was considered important that the Council retained what powers it could over detailed matters relating to the HS2 proposals and to do this it was felt that it would be in the Authority's best interests for it to become a QA. It was expected that all the other authorities in Bucks would seek to become QAs.

RESOLVED –

(1) That Aylesbury Vale District Council agrees to become a qualifying authority (Qualified Authority) (QA) and to sign up to the HS2 Planning Memorandum.

(2) That the position on the draft Memorandum of Understanding and associated Service Level Agreement with HS2, be noted.

(3) That the position on the constitutional arrangements in relation to the Council's scheme of delegations and terms of reference be noted also.