CABINET

6 SEPTEMBER 2016

HELD AT GREAT BRICKHILL CRICKET CLUB

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

1. MINUTES

RESOLVED –

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

2. SILVERSTONE HERITAGE EXPERIENCE

As part of a package of loan support provided by the four County and District authorities in whose area the circuit was situated, this Council had been asked to consider making a loan facility for £2m in connection with the establishment of "The Silverstone Heritage Experience". The combined loan facility of £8m made up from the four authorities was required to secure provisional Heritage Lottery funding of £9.3m and would only be required in full or in part if private sector funding could not be obtained. It was anticipated that the project would attract over 400,000 visitors to the area each year thereby bolstering tourism and the economic viability of the area.

It was proposed that the project would open in October, 2018, on the 70th anniversary of the first Grand Prix being held at Silverstone. The vision was to bring the extensive heritage of Silverstone and British motor racing to life through the creation of a dynamic, interactive and educational visitor experience, including:-

- A permanent exhibition at the entrance to the circuit that would take visitors on an exciting two hour journey through motor racing at Silverstone set against the wider context of the sport, and in particular, the role that the circuit, its owners, the British Racing Drivers Club (BRDC) and the region's motor industry have played in the development of the sport worldwide.

- A collections and research centre, offering museum and archive-accredited storage for the unique BRDC archive and other important motor sport collections.

- An extensive education programme which aimed to address the region's shortage of engineers by inspiring the engineers of the future through its interactive teaching sessions, engineering teaching bursaries and awards programmes. This would help to ensure that the region continued to be the focus of high performance engineering with a readily qualified workforce.

The Silverstone Heritage Experience would serve as a catalyst, stimulating further development at Silverstone, for example, a new hotel and family entertainment centre. Its marketing budget would also ensure that the attraction was promoted to a very large and diverse audience, helping to strengthen Silverstone's and the region's standing nationally and internationally.

Robust feasibility studies and a five year business plan had been prepared (with the assistance of sector experts) which had shown that the Silverstone Heritage Experience would deliver anticipated visitor numbers of 436,500 in its first full year of operation (2019). Once open, it would be self funding, generating a healthy annual surplus, so it could easily service a loan of £8m paid back over a ten year period. Nearly £11.5m gross visit impact to the local and regional economy was projected for 2019, with an additional 87,000 bed nights generated in the region. The total number of jobs created by the project would be 78.

By virtue of the additional visitors the project would attract to Silverstone, it would help to secure the future of the Silverstone Circuit and its ability to continue to host the British Grand Prix and other national and international events which were crucially important to the region's visitor economy (and woul underpin the performance engineering sector too). Silverstone remained the only Formula One venue in the world to operate without Government or third party subsidies.

Silverstone Heritage Limited (SHL) (Registered Charity Number 1166279), was the legal entity to take the Silverstone Heritage Experience forward. Its sole member was the BRDC. The project was a top priority of the BRDC and in order to provide the project with as much support as it could, the BRDC had gifted the land (and the hangar building) with a value in the region of £2m, on which the Silverstone Heritage Experience would be built.

The project's Round One application to the Heritage Lottery Fund (HLF) had been successful. This had given SHL a grant of £446,000 towards the development of a Round Two application which had been submitted on 5 August, 2016. The development of the Round Two grant application had been closely monitored by the HLF, and SHL was therefore confident of success, providing it had sufficient match funding (at least 80%) pledged by the time the bid was considered by the HLF Trustees Board in early November, 2016.

Without the support of the local councils, SHL would not have sufficient funds pledged and would lose the HLF grant and the project would fail. The total remaining cost of the project was £18.46m of which a grant of £9.23m was being sought from the HLF. SHL was therefore seeking support from AVDC, South Northamptonshire District Council, Buckinghamshire County Council and Northamptonshire County Council in the form of a ten year loan totalling £8m split between the parties. The loan could be made on a contingent basis, assuming that the HLF application process completed successfully.

Up to two seats would be made available to the councils on the SHL Board of Trustees which also served as the project's steering committee. The loan could be paid back with interest by SHL over a ten year period. It was believed that the project would generate significant positive PR for its partners, both prior to and post opening, as well as generating significant benefits for the region as already outlined in this Minute.

SHL had provisionally secured support from the HLF and now needed to demonstrate that 80% of the scheme funding was in place as part of the HLF's final sign off process. The practical deadline for SHL to achieve this was the end of October, 2016.

It was the intention of SHL to raise the balance of funding between the scheme cost and HLF funding through private donations and sponsorship, but fund raising in this way took time to achieve and could not be guaranteed to be secured within the window of opportunity available. Without the guarantee in place, it was likely that the Lottery funding, and therefore the scheme, would fail.

Because of the importance of Silverstone to the surrounding and wider economies of the area and the importance that the Heritage Experience represented in terms of helping to secure the long term future of Formula One motor sports at the site, Silverstone Heritage Limited had approached the four upper tier councils that covered the circuit and had asked them to underwrite, via a loan facility, the funding gap for the scheme.

As mentioned earlier, the loan facility requested was £8m and each of the four councils had been asked to provide a facility for £2m.

It was the intention of SHL that the majority, or possibly all of the loan facility would not be required as a result of its own fund raising activities. However depending on the extent to which fund raising was successful at the time that construction commenced, a balance might need to be drawn down. The actual value drawn down would be split equally between the four councils supporting the scheme. Any subsequent successes in raising funding or sponsorship would be used to part repay the actual amount of loan facilities drawn down early.

Because of the requirements of the HLF, it was not possible to have a legal first charge across the assets of the scheme, so any facility provided might only be secured by a second legal charge against some of the assets. The HLF required the first legal charge in order to prevent the facility being sold or re-purposed without their consent so that the lottery funding could be protected.

Therefore depending on the amount of the loan facility actually drawn down, there was no guarantee that there would be sufficient equity in the venture to satisfy the legal charges should a default occur. Whilst every effort would be made to secure some form of legal security, effectively, any loan granted by the councils should be considered as an unsecured loan.

In support of the business case and wider ambitions of the scheme to promote and retain Silverstone at the heart of Formula One motor sports, with all the economic and employment uplift this brought, the rate of interest payable on the loan was intended to be nominal. The actual rate was still to be negotiated and would need to be satisfactory to all of the four councils involved. However it was expected that, in order to ensure that the scheme succeeds, the rate applied would be above the actual costs of borrowing and provide some level of return to the councils, but would still be well below the normal commercial rates.

The due diligence on the business case presented by SHL was being carried out by South Northamptonshire District Council on behalf of the other councils involved, so as to ensure a consistent and shared understanding of the position. This work was still in progress.

A summary version of the business case and numbers prepared by SHL in support of the Lottery application was circulated as part of the confidential Cabinet agenda. It was necessary to resolve that in accordance with Section 100(A)(4) of the Local Government Act, 1972, the public be excluded from the meeting for consideration of the business case under paragraph 3 of Schedule 12A of the Act. The business case was also being carefully scrutinised by the HLF.

Approval of any loan facility would be considered as capital expenditure under the Local Government Act, 2003 and would therefore require a variation of the Capital Programme. In order to meet the deadline for raising the necessary project funding so that the scheme would qualify for Lottery funding, it was intended to report the matter direct to Council. Funding for the scheme could be identified from the remaining balance on the New Homes Bonus reserve. If supported, a sum of £2m could be transferred to Capital Balances. At the point of repayment, the receipt would be classified as a capital receipt, whilst the interest payable would be treated as revenue and taken into the General Fund.

RESOLVED –

(1) That Council be recommended to authorise the Director with responsibility for finance, after consultation with the Cabinet Member for Finance, Resources and Compliance to review and make an assessment of the due diligence being undertaken by South Northamptonshire District Council.

(2) That, subject to the above assessment proving satisfactory and subject to suitable terms and conditions being agreed by the supporting councils and the necessary commitment to the scheme being given by each of them, Council be recommended to:-

- Approve the inclusion of £2m within the Capital Programme as a provision to make a loan facility available to Silverstone Heritage Limited; and

- Earmark £2m of unallocated New Homes Bonus for the above purpose.

3. GAWCOTT SOLAR FIELD COMMUNITY INTEREST COMPANY

Cabinet was advised of an approach by "Communities For Renewables CIC (Community Interest Company) seeking the Council's agreement to participate in the Community Bond Offer for Gawcott Fields Community Solar CIC. At that point "Communities for Renewables" had a well developed and advanced proposal for the scheme with all the necessary permissions, agreements and contractors in place to deliver the scheme by the Feed in Tariff deadline of 29 June, 2016.

"Communities for Renewables" was a specialist advisory company that helped local energy enterprises to develop, finance and manage renewable energy generation schemes that were owned by and run for, the benefit of the local community. They had considerable experience in this field and were seeking the Council's commitment to participate in a Community Bond Offer both as advocate of the concept and to encourage members of the local community to also invest in the proposed Gawcott Fields Community Solar Community Interest Company (Gawcott CIC).

A Community Interest Company was not established or conducted for private gain, but rather to benefit the community. The Gawcott CIC would generate a "community surplus" instead of a profit and this "community surplus" had to be used to provide funding for community organisations and projects in the local community. It was hoped that this particular scheme would generate up to £1.5m over the 30 year life of the project. The local community was defined as the parishes within a 5km radius of the Community Solar Farm.

Initially, the Community Interest Company Board would be made up of Messrs Jake Burnyeat and Tom Cosgrove of Communities for Renewables CIC and Ian Payne, CEO of Citizens Advice, Buckingham, Winslow and District. In time, it was intended that the Board membership would be expanded to include other directors taken from the local community. This might include the opportunity for an elected member of AVDC to take a Board position, should the Council decide to participate. The Buckingham accountancy firm, Tearle and Carver, were providing support to the Board, in addition to providing accountancy services.

The scheme would be partly financed by a bank loan and partly by a Community Bond Issue. It was proposed that the Council should take a stake in the Bond Issue to support the community and renewable energy aspirations.

The project was an operational 4.17MWp solar PV array at Gawcott Fields, adjacent to an existing 5MWp solar PV field array owned by the landowner. This would complete the planning application for a 9.18MWp scheme under a permission dated 28 October,

2015. Solar was a proven technology and at the end of 2014, global PV arrays amounted to 175GWp (International Energy Agency) or around 700 million panels.

Expectation of annual generation from the array was 4,100MWh of electricity per year from approximately 16,000 panels. The annual electricity generation estimate which underpinned the business plan had been produced by an independent technical expert and was considered to be a robust long term projection, accepted and relied upon by commercial lenders. Whilst weather conditions were subject to short term and inter-annual variations, a good level of certainty over long term averages could be assumed. Given that the average UK home used around 4,100kWh of electricity per year, this array amounted to energy for approximately 1,000 average homes. The arrays sat adjacent to each other and were connected to the same grid connection.

The scheme was unique in that it was the last to take advantage of the more generous guaranteed feed in tariff rates for electricity generated. To qualify, the scheme had to be completed before the deadline of 29 June, 2016 (which it achieved). Meeting this deadline meant that it qualified for a rate of £0.0623/kWh generated. Had the deadline not been met, the feed in tariff would have degraded to £0.0087/kWh generated. Any future scheme would be much harder to justify and finance because of the ending of these guaranteed favourable feed in tariffs.

In order to meet the requirements of the feed in incentive, the project sat beside the 5MWp commercial array and had to be a community owned and operated project. The array was all export, meaning that there was no use of the electricity generated being utilised on site at Gawcott.

The construction contractor, Pfalz Solar, was to take responsibility for the operation and maintenance of the site for up to 10 years, with the ability to break the contract after 5 years. The site was flat and there was perceived to be no flood risk. The site was secured and bounded by 2m fencing and there was limited CCTV monitoring on site. Pfalz Solar had considerable experience in the design, installation and management of these projects throughout Europe.

The export floor rate was £.0491/kWh meaning that this was what was expected to be delivered for every kWh generated and exported to grid. A decision might be made later to adjust this to a market based figure (if a higher rate could be achieved as a consequence of doing so) through a power purchase agreement (PPA). As a consequence, the project benefited from both the generation and export tariffs so the total value of the power generated was 6.26p + 4.91p/kWh.

The approximate cost of the development and construction of the site was £4m. This was to be funded around 70% by Santander Bank and around 30% by the Community Bond Offer. Should the Bond Offer fail to generate the minimum amount of community interest, then the scheme could be sold to an institutional investor and the Community Interest value lost as a consequence.

The Bond holding position should enable the scheme to meet its minimum amount. The Bonds were being offered for sale in £250 lots and the expectation was that these would receive a 6% return. The Bond would represent a contractual obligation, but the Bonds were unsecured and should for any reason the company fail, then there was no special protection for Bond holders.

If the 6% return was not achieved in any given year then the difference between the actual amount payable and the target return would be carried over and paid when funds allowed. If inflation rose above 3%, the Bond interest would increase by 0.5% for each 1% rise above 3%. This was possible as the feed in tariff was inflation linked. The Bonds would be repayable at the end of the 20 year term, or sooner (at the discretion of the CIC), should finances allow. The Bonds were tradeable but only on the proviso that a willing purchaser could be found. The Bond offer was currently open until the end of October, 2016. A detailed and comprehensive prospectus had been prepared and could be viewed on the Gawcott Solar web site.

The prospectus contained the details of the scheme proposals, the finances and the validation of the proposals by the appropriate professionals. The Bond offer had been approved as an authorised financial promotion by Bates Wells Braithwaite Solicitors. This involved a full verification review of all the statements made in the Bond offer document. The financial projections had been prepared by Westerly Chartered Accountants. A financial model was available.
It was reported that if the Council took a Bond holding position in the company of up to £200,000 in order to support the community and renewable energy ambitions of the project, then the funding would be considered capital expenditure under the Local Government Act, 2003 and would therefore require a variation to the Capital Programme. In order to meet the deadline of the project to raise the requisite minimum amount of funding, it would be necessary to make a direct recommendation to Council. Funding for the scheme could be identified from the excess Working Balances held at the start of the year and if supported a sum of up to £200,000 would be transferred to Capital Balances to fund the position.

After lengthy discussion however and although appreciating the potential benefits to the community, Cabinet felt that its commitment to the scheme might be viewed as an endorsement of the Bond as an investment to the wider community. Without making any judgement on the quality of the Bond offer as an investment, Cabinet felt that it was inappropriate for it to be in a position of effectively recommending investments through its actions. Accordingly, it was,

RESOLVED –

That no action be taken in relation to the invitation to the Council to participate in this Bond offer.

4. AYLESBURY VALE COMMUNITY CHEST

Cabinet received an update on the grants made via the Community Chest in year nine (2015/2016) of this ten year funding scheme.

2016/17 was the final year of this ten year arrangement between the Vale of Aylesbury Housing Trust (VAHT) and AVDC involving the provision of £5m of funding for voluntary and community sector projects within the Vale. A copy of the year nine Annual Report was appended to the Cabinet item. The leverage of grants had decreased slightly during the year to £5.81 of local investment for each £1 granted. The average over the past nine years was nearly £8, with £32m of projects supported through the £4.1m granted by the end of March, 2016.

Members were reminded that the Community Chest had been launched in March, 2007, having been established under schedule 19 of the Housing Stock Transfer Agreement with VAHT. Each partner to the fund (AVDC and VAHT) had agreed to contribute £250,000 to the Community Chest fund each year, from tax funds reclaimed under a VAT shelter arrangement. Each partner had three representatives on the grants approval panel.

Since the fund had been launched and to the end of July, 2016, 715 grants had been made totalling £4,355,229. The penultimate project grants round had closed on 8 July, 2016 and the eleven applications received would be considered by the grants panel on 19 September. The final round of project grants (up to £25,000) would close on 2

December, 2016 with the final grants panel meeting scheduled to take place on 9 January, 2017.

"Micro-grant" applications (up to £1000) would be accepted up to 15 December, 2016, with monthly assessments being made by the Grants Officer using the approved scoring system.

An annual event entitled "Working Together" had been held each Summer since 2008 as a celebration of the scheme and as a networking event for grant recipients. In 2016, the "Working Together" event had taken place at Westbury Village Hall. The final event would be held on 17 March, 2017 at The Gateway.

The Annual report for the ninth year showed a wide range of community projects that had been grant aided across a large number of community organisations. Examples included £20,000 for drop in sessions for homeless adults run by the Aylesbury Homeless Action Group, £22,000 for a multi use games area at Ashendon and a paved area renewal scheme at Aston Clinton Bowls Club. These were but a few of the schemes that had benefited from the Community Chest Scheme. Attention was drawn also to a number of projects grant aided within the Great Brickhill Ward, the venue for this evening's meeting.

RESOLVED –

(1) That the Cabinet report and accompanying information be noted.

(2) That all Members be invited to encourage organisations within their Wards to contact the Council's Grants Officer as soon as possible if they had schemes that might qualify for grant aid so as not to miss out on the remaining opportunities to apply for funding.

5. ACCEPTANCE OF THE GOVERNMENT'S FOUR YEAR GRANT SETTLEMENT OFFER

As part of the December, 2015 spending review, the Secretary of State for Communities and Local Government had made an offer to councils to take up a four year funding settlement for the period 2016/2017 to 2019/2020. In order to accept this offer, councils had to prepare an efficiency plan for publication by 14 October, 2016. The Secretary of State had not issued guidance on what an efficiency plan should contain – a development welcomed by the local government community generally.

The offer made by the Government was to any council that wished to take up a four year funding settlement. The purpose of the offer was to help local authorities prepare for the move to a more self-sufficient resource base by 2020. The multi-year settlement was intended to provide funding certainty and stability for the sector, thus enabling more proactive planning of service delivery and to support collaboration with partners. The Government expected these multi-year settlements to be used to strengthen financial management and efficiency, including maximising value in arrangements with suppliers and making strategic use of reserves in the interests of residents.

The Medium Term Financial Strategy agreed by Council in February, 2016 had incorporated the funding provided within the four year settlement offer. However it had related only to Revenue Support Grant (RSG) which was a reducing proportion of total Council funding, currently £1.569m in 2016/17, decreasing to a negative figure (payment to the Government) of £0.687m in 2019/20. If the offer was accepted it would provide greater certainty as the funding received would not be less than outlined in the final settlement and would not be subject to the yearly process determining the local government finance settlement.

The grant settlement number had always been a volatile and difficult to predict element of budget planning and the certainty provided by a four year settlement would allow the Council to plan with greater certainty in the later years of the MTFP period. The following table was submitted showing the settlement funding assessment per year, including RSG:-

	2016-17 £M	2017-18 £M	2018-19 £M	2019-20* £M
Settlement Funding Assessment	5.21	4.30	3.83	3.26
of which:				
Revenue Support Grant	1.57	0.58	0	0
Baseline Funding Level	3.65	3.72	3.83	3.95
Tariff/Top-Up	-16.16	-16.47	-16.96	-17.50
Tariff/Top-Up adjustment				-0.69

The offer made by the Government was as follows:-

"On 9 February we provided summaries and breakdown figures for each year to your s151 Officer. From those figures the relevant lines that are included in the multi-year settlement offer, where appropriate, are:

- Revenue Support Grant;
- Transitional Grant; and
- Rural Services Delivery Grant allocations.

In addition, tariffs and top-ups in 2017-18, 2018-19 and 2019-20 will not be altered for reasons related to the relative needs of local authorities, and in the final year may be subject to the implementation of 100% business rates retention. The Government is committed to local government retaining 100% of its business rate revenues by the end of this Parliament. This will give them control over an additional £13 billion of tax that they collect. To ensure that the reforms are fiscally neutral local government will need to take on extra responsibilities and functions. DCLG and the Local Government Association will soon be publishing a series of discussion papers which will inform this and other areas of the reform debate. The new burdens doctrine operates outside the settlement, so accepting this offer will not impact on any new burden payments agreed over the course of the four years. The Government will also need to take account of future events such as the transfer of functions to local government, transfers of responsibility for functions between local authorities, mergers between authorities and any other unforeseen events. However, barring exceptional circumstances and subject to the normal statutory consultation process for the local government finance settlement, the Government expects these to be the amounts presented to Parliament each year".

No guidance had been issued by the Government for the production of these efficiency plans but they must cover the full four year period and be open and transparent about the benefits they would bring to both the Council and the community. Further, the Government did not expect this to be a significant burden on councils but rather a drawing together of existing corporate plans and strategies, and this had been this Council's approach.

At the time that the Council had set its budget in February, 2016, the detail of what the Plan should contain, nor the process for accepting the offer had been known, and although Council had authorised the Director with responsibility for finance, after consultation with the Cabinet Member for Finance, Resources and Compliance to accept the offer, it had been agreed that if time permitted, a report would be submitted to Council.

It was reported that ultimately the process and the requirement for acceptance had been light touch and although no special report or strategy was required, it had been felt that a report should be made to Cabinet with a request that Council be recommended to accept the offer.

Council had already agreed the basis of its efficiency statement as part of its strategy for balancing the budget within its Medium Term Financial Plan. This was an integral part of the budget adoption process in February, 2016 and the budget report approved by Council was reproduced as part of the Cabinet report. In accepting the Government's offer, the Secretary of State would be directed to this statement as demonstration of compliance with the terms of acceptance.

The Council had a proven track record of being innovative and creative in terms of its approach to identifying solutions to the budget gap created by the on-going reductions in Government Grant. Evidence of this could be further found in the form of the two conferences which the Council had recently held for its peers to showcase the income generation and efficiency solutions it had developed. A document illustrating this was also attached to the Cabinet report.

Accordingly, it was,

RESOLVED –

That Council be recommended to accept the Government's four year funding offer and to approve the submission of a link to the Appendices to the Cabinet report as the Council's Efficiency Plan and supporting evidence in order to satisfy the conditions of acceptance of the four year funding settlement for the period 2016/17 to 2019/20.

6. AYLESBURY VALE BROADBAND BUSINESS PLAN

In December, 2014, the Council had committed £1.536m of New Homes Bonus funding to support the roll-out of superfast broadband across the District. In April, 2015, the Council had approved an initial loan from this funding of £200,000 to run a pilot project through the creation of a limited liability company – Aylesbury Vale Broadband (AVB) – to provide superfast broadband to the villages of North Marston and Granborough.

Progress with the pilot had been reported to the Economy and Business Development Scrutiny Committee on a regular basis, with the last report having been submitted on 15 March, 2016. That Committee would also be receiving a report similar to this one at its meeting on 7 September, 2016.

As a result of the success of the pilot, in April, 2016, a further loan was approved in the sum of £500,000 to support further expansion of the service across the Vale. These loans had been made under commercial rates and were expected to be repaid by 30 June 2022.

AVB had been structured with the majority shareholder (95%) AVDC and 5% Ironic Thought. Ironic Thought was owned by Andrew Mills who had been appointed as the managing Director in July, 2016. Some of the wider benefits of AVB's progress to date include:-

- AVB's network, in the middle of rural Aylesbury Vale, was delivering speeds that only 2% of the UK population could currently receive.
- Approximately one in three of AVB's customers were small businesses who were now benefitting from AVB's 100% fibre broadband.

- As a direct result of AVB's pilot, its competitors (including fixed and wireless providers) had spent an estimated £600,000 on upgrading their existing solutions and were providing new services to Aylesbury Vale. This expenditure was unlikely to have happened without AVB's existence and it meant fewer people were having to make do with poor broadband in Aylesbury Vale.

The business plan included plans for expansion which went further across the Vale to deliver fibre to the home (FTTH) to more villages. This was predicated on an additional £550k loan being allocated to AVB from the original £1.536m of funds earmarked for superfast broadband (and previously approved by the Council).

It had been forecast by several industry bodies that demand for bandwidth was expected to grow exponentially by 2020. Fibre was the only known technology that could cope with this demand, without additional investment and therefore by selecting FTTH, AVB was reducing its future support and maintenance costs and increasing confidence in the financial forecasts for the future.

A copy of AVB's draft business plan was submitted as part of the confidential Cabinet agenda. It was necessary to resolve to exclude the public to enable the plan detail to be discussed under section 100(A)(4) of the Local Government Act, 1972, because of the commercial sensitivity of the information contained therein as defined in Paragraph 3 of Schedule 12A of the Act.

RESOLVED –

That the draft business plan prepared for Aylesbury Vale Broadband Ltd (attached to the confidential Cabinet agenda), be agreed.

7. WATERSIDE NORTH - FUTURE PHASES OF DEVELOPMENT

In 2014, AVDC had published a masterplan for the phased redevelopment of the Exchange Street Car Park, Aylesbury. (For ease of reference a copy was appended to the Cabinet report). Although indicative, the master plan set the context for phase one – the redevelopment of the area between the restaurants outside the cinema and Long Lionel.

Outline planning permission for Phase One which comprised restaurant and commercial space on the ground floor with one and two bedroomed apartments on four floors above, together with a stunning new public square, had been granted in late 2014. The reserved matters application was due to be considered by the Strategic Development Management Committee on 21 September. If approved, construction was expected to start on site in early Spring, 2017, with completion approximately 18 months later.

The progress made on the plans for Phase One had been monitored with interest by the market. The collective investment in recent years by both the private and public sectors was a sign of the growing confidence in the town centre and its future.

There was also a recognition that as the County Town, expected to accommodate significant housing growth on its fringe as part of the Vale of Aylesbury Local Plan (VALP), Aylesbury had the scope and potential to attract more retail and food and beverage outlets whilst providing a highly desirable location for town centre living. More quality space would be expected to feature as an important part of the mix.

These assertions were supported by a recent study by The Retail Group which had been commissioned as part of the evidence base for the draft VALP. The final conclusions of the study were awaited but the early indication was that there was demand for additional retail space whilst recognising that it was also important to ensure that existing retail space was fully occupied and not compromised by new space.

With regard to food and beverage demand, a study by Coverpoint in 2013 had confirmed that upwards of 15 additional operators were needed to reflect the changing role of town centres, where leisure dining had become a visit in its own right, as well as now being an increasingly popular part of a visit for retail shopping. The growth in the food and beverage sector remained very strong and even though new restaurants had opened since 2013, they had mostly replaced former operators rather than taken new space. The delivery of the new restaurants in phase one of Waterside North would still leave considerable unmet demand and would help attract other operators who wanted to be part of the Aylesbury food and beverage community.

There also continued to be a compelling case for town centres to be a hub for new homes and any schemes which emerged for future phases of redevelopment were likely to include new housing as well as quality open space, helping to connect pedestrian circuits through the town and provide a place for people to dwell, relax and socialise.

The draft VALP Aylesbury Town Centre Policies (appended to the Cabinet report), supported continued development of the town centre and reflected the vision of the town described in the Aylesbury Town Centre Plan.

With regard to future phases of redevelopment, the draft VALP did not limit this to the Waterside North site. VALP identified an area which embraced a wider area for redevelopment. However, the scope of area for future phases would depend on a number of factors, not least the market, developer interest in Aylesbury (which was expected to be good) and the financial viability of any draft scheme put forward.

Nationally, there was an expectation that local authorities would take a leading role, working with businesses and community involvement to bring about successful long term changes on town centre function and provision.

In effect, AVDC was ahead of the game, and for some years had taken a leading role in the regeneration of the town centre. It had taken a place shaping role and financial and economic development objectives to deliver a wide range of new facilities, including the theatre, Travelodge, new car parks, public space and, more recently, the University Campus Aylesbury Vale.

This had returned both direct and indirect benefits. By using prudential borrowing and Council assets, AVDC had funded build costs and used the rental income from tenants to generate a return on investment and a revenue income stream to contribute towards the costs of delivering other services. Indirectly, AVDC had delivered:-

- An increase in business rates (of which AVDC retained a percentage) as other operators had moved into the town.

- Protection of the Council's investments e.g. customers visiting new restaurants also patronise the theatre.

- Over 200 jobs, creating wealth in the local economy and sustainability.

- The theatre brought people to the town centre with spin-off spend for local businesses.

- AVDC's role and reputation had helped secure a £3.3m grant from the South-East Midlands LEP for Waterside North Phase One.

AVDC was now bringing Phase One of Waterside North to fruition. With supporting funding from Aylesbury Vale Advantage, it had led the process from working with the architects and the market to develop the masterplan to procuring a development partner and detailed planning approval. It was, therefore well placed to continue in this role and ensure that the momentum building in the town was not lost.

The Council would not be in a position to take any scheme forward without a private investment partner and/or support funding from other sources. However, in order to attract quality investment partners and potentially other funds in a very competitive market, it would need to have carried out certain preparatory work first.

As with Phase One, any future development would need to be supported by a business case and meet the objectives of the commercial AVDC programme. Costs incurred now by AVDC would be built into the business case and recouped over time.

Cabinet was advised that there were six areas work that now needed to be commissioned:-

(a) A retail Review to Identify Market Opportunities and Operator Interest

The Retail Group had been commissioned by Planning to update the capacity retail requirements of Aylesbury and other centres to inform the VALP policies. However, to help shape the future development of Aylesbury Town Centre, the brief needed to be extended to understand current retail trends, gaps in the retail offer and start a dialogue with target operators to "pitch" Aylesbury and obtain a realistic understanding of their interest in locating in the town. The indicative cost was £25k.

(b) Additional Master Planning Support to Define the Scope of the Next Phases of Development and Specify the Development and Planning Outcomes the Council wished to Achieve

The Council had a number of significant land and operational interests in the town centre, including surface and decked car parks, mixed commercial accommodation and land being used for informal/formal vehicular and pedestrian access.

There might also be land and property which AVDC would like to see being brought into beneficial economic uses, which was currently in third party ownership. When considering the next phases of development, the Council would need to support these development factors with an indication of its planning objectives in the form of a master plan or development framework. Whilst a framework had had been published in 2014 for the redevelopment of the whole of Exchange Street car Park and some adjacent areas, the area in scope as defined in the draft VALP, was now much more extensive. Thinking around the composition of mixed-use schemes had also moved on. The indicative cost of this work was £25k

(c) Soft Market Testing

Soft market testing of the emerging proposition was an important opportunity to engage with active developers and gauge the market appetite for the project. Through the soft marketing process the Council would also gain insight into aspects of the master plan which required further consideration before a formal marketing process commenced.

The agreed project would be market tested with a pre-agreed list of developers and investment partners. These might comprise developers which were principally known for their retail expertise, some who might be better known for their contracting expertise, and some who focussed on residential led schemes and others with a regional focus.

The soft market testing would enable AVDC to establish current developer interest in the project, benefit from developer ideas and thoughts about the best approach to delivering the next phase of development and understand current capacity to respond to a tender invitation. The Council could also use soft market testing to explore AVDC's role in the delivery process, critical aspects of the scheme which required more detailed consideration prior to marketing and the scope to participate in a joint venture if that was one of the Council's preferred options. The indicative cost was £10k.

(d) Valuation Advice Relating to Land and Property Included in the Scope or Affected by any Next Phases

The next phases of development were not necessarily constrained to land just within AVDC ownership. Understanding third party interests would be an important part of producing the master plan or development framework. In order to inform the viability of a prospective scheme, the Council would need to prepare a land assembly cost assessment, which would take account of acquisition by agreement as well as through the use of any compulsory purchase powers that might be necessary. The indicative cost of this work was £15k.

(e) Marketing the Development Proposal and Procurement

The successful implementation of the next phase would involve many ingredients, one of the critical being the procurement of the right development partner. In order to deliver the Council's objectives, it would be necessary to consider carefully the partner selection and there would be a need to have a robust business plan in place prior to the formal marketing being implemented.

There was a need to evaluate the procurement options open to the Council and to evaluate the relative benefits of each option before deciding on the procurement strategy. Once a strategy was in place, the Council could move on to delivering the procurement process. This process could be complex and lengthy but the aim would be to simplify it where this could be achieved and to make it as streamlined as possible to ensure that interest was attracted from quality development partners. The indicative cost was 135K.

(f) Commissioning a Parking Strategy

With the housing growth anticipated on the edge of the town and the Council's aspiration to increase employment and visitor footfall in the town centre, the Council needed to review its parking capacity and plan for the future. Parking would need to be included in the master plan or the development framework, referred to earlier in this Minute. But this strategy would need to extend beyond the area in scope and consider the whole town needs alongside any parking arrangements and plans by the private sector and Bucks County Council. The Bucks County Council input would also reflect their on-street parking and transport plans. The indicative cost was £30k.

The total indicative cost was therefore £240,000. If approved, the different services would be procured on a competitive basis using a relevant procurement framework. At least two different commercial services would be needed to fulfil the brief, given the specialist nature of some of the work. However, where possible, existing contractual arrangements would be used – for example, with HB Law.

The estimated costs would initially be met from the General Revenue Fund, but would need to be recouped as part of the business case for any scheme coming forward as a result of the forward investment.

RESOLVED –

That Council be recommended to approve a budget of up to £250,000 to be met from the General Revenue Fund, to enable the preparatory work for the next stages of the redevelopment of Aylesbury Town to proceed in support of the Council's economic and commercial AVDC strategies.

8. EXCLUSION OF THE PUBLIC

RESOLVED –

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

Silverstone Heritage Experience Business Plan (Paragraph 3)
Aylesbury Vale Broadband Business Plan (Paragraph 3)
Aylesbury Vale Estates Business Plan (Paragraph 3)

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

9. SILVERSTONE HERITAGE EXPERIENCE

In reaching the decisions referred to above in connection with this project, consideration was given to the organisation's business plan.

10. AYLESBURY VALE BROADBAND BUSINESS PLAN

In reaching the above decisions, consideration was given to AVB's draft business plan.

11. AYLESBURY VALE ESTATES (AVE) BUSINESS PLAN

Cabinet recalled the consideration given on 12 April to the AVE business plan. Members had a number of questions which they felt needed answering before they felt able to approve the plan.

Consideration was given to a report summarising the questions and AVE's responses.

Members sought assurances that the dividend distribution and major acquisition would take place in 2016/17 and that the number of voids would be reduced in that financial year.

RESOLVED –

That having regard to the responses from AVE, approval be given to the business plan.