

CABINET

10 OCTOBER 2017

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

IN ATTENDANCE: Councillors Edmonds, Monger, Poll, Stuchbury and Winn.

APOLOGY: Councillor S Bowles

1. MINUTES

RESOLVED –

That the Minutes of 6 September, 2017, be approved as a correct record.

2. PROPOSED SUBMISSION DRAFT VALE OF AYLESBURY LOCAL PLAN (REGULATION 19)

All local planning authorities were under a statutory obligation to prepare a Local Plan. The last adopted Local Plan for Aylesbury Vale dated from 2004 and therefore did not take account of recent changes in Government planning policy. The Council had tried to prepare a replacement Plan on a number of occasions and the most recent attempt had been withdrawn following an examination in public in 2014. Since then, the Council had been committed to delivering a new Local Plan and to ensuring that this met the Government's expectation that Local Plans were produced as soon as practicable.

Cabinet received a report, submitted also to the VALP Scrutiny Committee on 26 September, 2017, setting out the background to the production of the Plan, as well as providing a summary of the contents. All Members of the Council had received a copy of the submission draft document. The Scrutiny Committee report had included a list of minor post-publication changes. Paragraph 3.7 of the Scrutiny Committee report referred to evidence that supported VALP being attached as an Appendix. However, in view of the significant number of documents that evidence had not been attached to the report. Cabinet received a complete list of the supporting evidence for the Plan, which included links to the documents on the Council's web site.

The VALP Scrutiny Committee had made a number of comments and suggestions. The Cabinet report included a summary of both categories, broken down into specific changes that the Committee would like Cabinet to take into account, and general comments covering a range of issues within the consultation draft. A schedule of all those items which Cabinet had been asked specifically to consider was circulated at the meeting. The Cabinet report (and the Scrutiny Committee report) also summarised the next stages in the process.

Before considering the schedule of proposed changes, Cabinet heard statements from three Members of the public covering specifically the allocation of sites for gypsies and travellers, the need to reconsider the omission of a site at Shenley Park from the list the sites considered suitable for development and the percentage of affordable housing that should be required within new developments.

Cabinet then invited the Chairman of the VALP Scrutiny Committee to elaborate upon the deliberations of that Committee at its meeting on 26 September. Cabinet placed on record its thanks to the Scrutiny Committee for its input to the whole of the Local Plan development process.

Lastly, Cabinet heard statements from three District Councillors covering specifically Neighbourhood Plans and site allocations, affordable housing provision and unmet housing need from other authorities after the adoption of VALP.

All of the issues raised by the speakers were dealt with by Cabinet during its discussions on the Submission Draft.

Cabinet then considered the schedule of proposed changes on an item by item basis, seeking clarification from officers that these would not alter significantly or change the sense of the supporting text. Of all the changes suggested by the VALP Scrutiny Committee, Cabinet felt unable to agree two of them, specifically the rewording of Policy H1 relating to the number of affordable homes to be provided on sites allocated within a Neighbourhood Plan, and Policy N7 relating to the use of local green space, which if approved would be contrary to the guidance contained within the NPPF. Otherwise, all of the other changes suggested by the Scrutiny Committee were approved for onward transmission to Council.

RESOLVED –

That Council be recommended to:-

- (1) Approve the proposed submission draft of the Vale of Aylesbury Local Plan, as amended by the changes now agreed by Cabinet and itemised in the schedule attached as an Appendix to these Minutes, for the purposes of formally consulting for a statutory period of 6 weeks in accordance with Regulation 19 of the Town and Country Planning (Local Planning) (England) Regulations 2012, and as the version proposed to be submitted to the Secretary of State for examination in accordance with Regulation 22 of the Town and Country Planning (Local Planning) (England) Regulations 2012, subject to the recommendations contained in (2) and (3) below.
- (2) Delegate authority to the Assistant Director (Community Fulfilment), after consultation with the Cabinet Member for Growth Strategy, to make amendments to the final VALP document and maps to address typographical errors and improve clarity, provided that these amendments did not alter policies significantly or change the sense of the supporting text, prior to the start of the publication period.
- (3) Delegate authority to the Director with responsibility for planning, after consultation with the Cabinet Member for Growth Strategy, to approve any modifications or other amendments which might arise during the Examination.

3. SILVERSTONE PARK ENTERPRISE ZONE INFRASTRUCTURE FUNDING

In May, 2016, approval had been given to the creation of three Enterprise Zones (EZs) within the Vale as part of a group comprising Bucks County Council, Bucks LEP and the landowners. Collectively, these sites were referred to as the Aylesbury Vale Enterprise Zone (AVEZ). As part of this arrangement, and because the Council was the collection authority for business rates, it had been agreed that AVDC would be the accountable body for the AVEZ.

A founding principle of EZs was that the Government allowed business rates retention from new development so that the income generated was invested in infrastructure to facilitate future EZ development in accordance with agreed investment strategies. Each of the AVEZ sites had a Memorandum of Undertaking (MoU) agreed with the landowners that set out each site's investment strategy, including priorities for

investment of retained business rates. As the accountable body, any borrowing requirement necessary to future fund infrastructure needs fell to this Council.

At Silverstone Park, the MoU with MEPC (the land owner) specified that infrastructure funds of £10M would be applied (funded jointly by MEPC and business rates retention) to support infrastructure provision in advance, such as power supply, utilities, ground works, site roads and broadband.

To date, MEPC had delivered the first phase of speculative development (12,164 sq.m) in the EZ and tier 1 infrastructure works, including a 21 MVA upgrade to the high voltage electricity distribution network and gas and drainage infrastructure. MEPC's infrastructure investment priority was to deliver tier 2 infrastructure as set out in a schedule forming part of the Cabinet report. Tier 2 infrastructure would accelerate the future provision of site specific services on future development phases. This would enable MEPC to respond rapidly to future occupier requirements for premises across the whole of the remaining EZ site.

MEPC was committed to future development under the terms of the MoU. The ability to move forward rapidly with the early delivery of development to meet future occupiers' time scales would be greatly assisted by the tier 2 infrastructure provision. This would ultimately result in earlier delivery of additional rates income being secured for the EZ.

In March this year the EZ Board had given approval in principle to MEPC's proposal for EZ funding support for utilities infrastructure. The EZ Implementation Plan, as submitted to the DCLG, had been revised to take account of this proposal. This had been finally agreed in September, 2017. Following this, Hewdon Consulting had been appointed to appraise the project. Hewdon's conclusions were submitted as part of the confidential Cabinet agenda. Members took account of this appraisal in reaching the recommendation referred to below, but it was not necessary to exclude the public for the consideration of this particular element of the Cabinet report.

The tier 2 infrastructure works would enable the connection of future EZ development plots (accommodating 80,000 sq.m employment floor space) to the main incoming utilities supplies. The total cost of the investment required was £4,993,269 (including professional fees and a contingency) for sewer infrastructure works, HV electrical infrastructure works, gas infrastructure works and telecoms infrastructure works. It was anticipated that funding would be required to be drawn down as follows:-

- 2017/18 - £1.524M
- 2018/19 - ££3.469M

The funding would be required in the form of borrowing taken by AVDC as the accountable body in the form of a capital grant. Interest and loan repayments would be funded from the existing business rates and the additional business rates to be generated by Silverstone Park Enterprise Zone as a result of the infrastructure development works. The loan was not secured on the investment, so the Council would need to accept the risk of non repayment.

In practice the net income generated by all three EZs would be made available to service loan repayments and the resources would not be ring fenced to individual EZ sites. This would spread any risk associated with non repayment across all three Zones. Further, an agreement was being sought amongst those EZ members who would benefit from any EZ gains to underwrite any unfunded obligations which could not be met from the net income available to the EZs, should this unlikely situation arise.

In terms of hierarchy, EZ income was directed in the first instance to the agreed running and staffing costs and then to fund loan obligations. Only once these obligations had

been met would any excess be directed towards other investment projects. The three EZs were already delivering some retained business rates from units previously constructed and let by MEPC at Silverstone, together with some existing units at Westcott. The income from these was almost sufficient to cover the budgeted running costs and the loan repayment, should this funding be approved. It was therefore considered that the financial risk associated with the proposal was very low.

The rate applicable would be pegged to a standard annuity PWLB loan over a term equivalent to the remaining length of the EZ agreement. There was no lending return to the Council, but the Council would recover any administrative costs associated with the proposal from the EZ. The funding was capital expenditure for accounting purposes and a decision to approve this would need to be reflected in the Capital Programme and the Treasury Management Strategy.

Hewdon Consulting's project appraisal (forming part of the confidential Cabinet agenda) summarised the proposal as being a £4.993M grant to MEPC for utilities to the Silverstone EZ Site in advance of occupier demand, funded from existing and forecast retained business rates generated from the site. The appraisal had reached the following conclusions:-

- The strategic intent and the proposed financing mechanism accorded with the approach set out in the EZ Implementation Plan.
- MEPC was an experienced developer with a competent professional team and should be more than capable of carrying out the project efficiently; the project budget included a large percentage for on-costs and client contingency. It would be prudent to make clear that the £4.993M grant was a maximum figure, with MEPC responsible for cost returns.
- AVEZ should approve the final tender sums for each utilities contract and ensure that the client contingency retained at that stage was a reasonable percentage.
- AVDC would rely on retained business rates from existing and future development to recoup the grant cost, but the projected income over the life of the EZ should easily achieve this.
- The state aid position was complex and Hewdon was unable to say definitely that the project was fully compliant. However, Hewdon's view was that the risk of challenge was low and in any event it would be for MEPC as recipient to satisfy itself regarding the details of state aid compliance.

After careful consideration it was,

RESOLVED –

That Council be recommended to agree the provision of capital funding to meet the advanced infrastructure requirements at Silverstone Park Enterprise Zone and to approve the inclusion of £4,993,269 in the Capital Programme and the Treasury Management Strategy.