

# CABINET

11 SEPTEMBER 2019

**PRESENT:** Councillor A Macpherson (Leader); Councillors S Bowles (Deputy Leader), H Mordue, C Paternoster, P Strachan, J Ward and M Winn. Councillor C Adams attended also.

**APOLOGIES:** Councillors P Irwin and Sir Beville Stanier Bt.

## 1. MINUTES

RESOLVED –

That the Minutes of 13 August, 2019, be approved as a correct record.

## 2. NEW HOMES BONUS - PARISHES SCHEME

Cabinet considered a report, posted in full on the Council's Website, detailing the outcome of the consideration given by the informal New Homes Bonus Grants Panel to the latest round of applications for capital projects. The grants scheme was designed to help alleviate the impacts of housing growth on local communities. The applications considered by the informal Grants Panel related to major schemes, concerning which £800,378 was available for allocation. £80,000 had been set aside for micro grants (smaller projects).

In total 20 expressions of interest/enquiries had been received. Of these, 18 Parish/Town Councils had applied for assistance but one application had subsequently been withdrawn. 17 applications had therefore been considered by the informal Grants Panel. Grant funding totalling £872,565 had been applied for towards projects totalling £1,007,748. As referred to above only £800,378 was available, meaning that this funding round was £72,187 over subscribed.

The Cabinet report contained a schedule detailing the schemes, total project costs, the amounts being sought by way of grants and the informal Grants Panel's recommendations and rationale for reaching those decisions. That schedule could also be viewed on the Council's website. The Panel's recommendations amounted in total to £794,125, which represented over 99% of the budget available. The underspend of £6,253 would be used in connection with the micro grants scheme.

Members commented that this scheme had been well appreciated by Parishes and expressed the hope that it would be carried forward to the new unitary authority. Circa £6.4m had been made available over the last seven years or so. Members also asked that their thanks be conveyed to Jan Roffe the Council's grants officer, who administered the scheme for the professional manner in which she had dealt with the applications received. Strong relationships had been developed with Parishes, many of whom, through local Members, had also complimented Jan Roffe.

RESOLVED –

That all the recommendations of the New Homes Bonus Grants Panel as set out in Appendix A to the Cabinet report, be approved.

NOTE:

As a Member of Buckingham Town Council, Councillor Mordue declared a personal interest in the application relating to that authority.

A number of applications had been received from Parishes in the District Ward represented by Councillor A Macpherson and she declared a personal interest.

### **3. AVDC ENVIRONMENTAL INITIATIVES**

Cabinet received a report highlighting the work undertaken by AVDC to improve the environment of the Vale and seeking resources to enable this work to continue up to the coming into existence of the new unitary authority. The report, which included a list of the initiatives taken by the Council to reduce CO2 emissions and protect and enhance the local environment, could be viewed on the Council's website.

The report of the Inter-Governmental Panel on Climate Change (IPCC), published in October, 2018, had highlighted the fact that the world had 12 years during which to make a positive change in the way the environment was managed, before irreparable damage was done to the planet. In June, 2019, Central Government had responded to the report by announcing that the UK would cut emissions to net zero by 2050. A number of local councils had declared a "climate emergency" and had pledged to significantly reduce their carbon emissions or become carbon neutral by 2050 or earlier.

Whilst these declarations had been well received, there had been criticism in some quarters that these councils had not put in place an action plan to achieve their aims. With the new Buckinghamshire Council replacing the existing councils in April, 2020, it was important for any AVDC initiatives to be deliverable in months rather than years. AVDC already had a strong track record in addressing environmental concerns and had worked with businesses and other stakeholders to reduce carbon emissions across the Vale. This work had been successful in reducing significantly overall carbon emissions and per capita emissions across the Vale since 2005. This represented a 27% reduction in CO2 across the Vale overall and a 38% reduction in the per capita figure. In essence AVDC had built environmental considerations into every aspect of its work. The report highlighted a number of case studies to illustrate this.

Currently, considerable officer and Member time was being taken up with delivering the new unitary council and this might result in a pause in the environmental programme until after the new council was in place. Cabinet felt however that the size of the environmental challenge facing the country as a whole was such that it was important for AVDC locally to drive forward change across the Vale and also support residents in maintaining/creating the best possible environment in which to live. It was therefore proposed to establish a budget of £60,000 to fund the administrative, capital and other resource costs of producing an options report and then delivering the next phases.

The suggested budget would fund the production of a full options and appraisal paper, but it was felt that the focus of future actions should be on projects that deliver in the relatively short term. Already, there were a number of possibilities which had been considered and would be referred to at the next Council meeting.

RESOLVED –

- (1) That the work already being undertaken on environmental issues be noted.
- (2) That the focus for future environmental actions should continue until vesting day (for the new council), focussing on:-

- Providing environmental leadership.
- Supporting local initiatives.
- Partnership working.

(3) That Council be recommended to allocate a budget of up to £60,000 to facilitate the continuation of AVDC's environmental initiatives programme.

#### **4. AYLESBURY VALE ESTATES (AVE): REVIEW OF PERFORMANCE AGAINST 2018-19 BUSINESS PLAN**

Cabinet received a report also submitted to the Economy and Business Development Committee on 10 September, 2019, reviewing the performance of Aylesbury Vale Estates (AVE) against the Business Plan for 2018/2019.

Each year AVE prepared a Business Plan which was considered by the Scrutiny Committee and subsequently Cabinet. The Business Plan included a review of performance during the previous financial year. The Asset Managers' report to the AVE Board for the period January to the end of March formed the basis of the review of performance against the 2018/19 Business Plan, together with the year end accounts. Both of these documents were submitted as part of the confidential agenda. The Asset Managers gave a presentation to Cabinet (during the confidential part of the meeting), which covered both performance against the 2018/19 Business Plan and a high level overview of progress against the current 2019/20 Business Plan. As far as the 2018/19 Business Plan was concerned, the key highlights were as follows:-

##### **Strategy as set out in the 2018/19 Business Plan**

The core aims were to increase investor revenue flows and support the Council's economic development programme,

##### **Achieved by:**

- The sale of high value land with low income for re-investment.
- Pay off existing debt in order to reduce the cost of finance.
- Reduce amortisation, which absorbed surplus income.
- Target a distribution of £600,000pa.
- Maintain current levels of occupancy.
- Retain tenancies at Hale Leys.

##### **Sale of high value land with low income for re-investment**

The sale of land known as Gateway Phase 2 and the sale of the front part of the Askeys site at Stocklake did not take place as originally anticipated. However the sale of the Stocklake site to Lidl had subsequently been and the sale of the Gateway Phase 2 to a housing developer was expected to be completed shortly.

Progress had been made in 2018/19 on preparing a small site at Adams Close, Buckingham for sale had also now been completed.

##### **Pay off expensive debt in order to reduce the cost of finance**

The capital receipt from the sale of the Stocklake site had been used to achieve this, albeit later than had been planned. The reduction in the cost of finance would help improve cash flow and in 2019/20 provide a degree of comfort to help AVE manage the new market and financial pressures which were emerging as a consequence of Brexit.

## **Reduce amortisation, which absorbed surplus income**

This had been achieved in relation to the amortisation of the senior debt with AVDC. In 2018/19, AVE had made substantial repayments of debt.

## **Target a distribution of £600,000 pa**

This had largely been dependent on the sale of the two key sites. As this had not happened, the distribution had been deferred. AVDC still expected to receive its 50% share of the distribution and also had planned for a distribution in 2019/20. This meant that there was an expectation that two distributions would be received by the end of 2020.

## **Maintain current levels of occupancy**

In an important move, Cinram Novum had been secured as new tenants for the large Sony site. Work had begun to develop options for the long term future of the site. There continued to be strong demand for the units on the industrial estates following an extensive investment plan to refurbish units and improve services to tenants. At the end of the year the void rate had been 1.8%.

## **Retain major tenancies at Hale Leys**

Nationally, the retail market had proved even more challenging in 2018/19. Clarks had relocated to Friars Square and Poundworld had gone into administration. However other key tenants, notably Boots, had been retained in the centre.

Concentrated efforts had begun during the financial year to attract different uses for vacant units. Negotiations had commenced for the conversion of the former Next unit to a Play and Stay and a restaurant, bar and roof top terrace. These negotiations had now been completed, with permission for change of use being granted. Construction work was now underway.

## **General Financial Performance**

- The voids percentage by rental value across the whole portfolio was 6.9% at the end of March compared to a target of 3.8% in the Business Plan. Of this, the multi let industrial portfolio accounted for 1.8% of the 6.9%, with Hale Leys accounting for the rest of the voids. The refurbishment of the units had contributed to the uptake.
- Rent invoiced for 2018/19 was down 12% for the portfolio as a whole, Hale Leys accounting for much of this.
- The overall value of the portfolio had decreased, reflecting the challenging retail market that Hale Leys was facing. However the value of the rest of the portfolio had increased.
- Debt had fallen in line with the Business Plan strategy and the loan to value ratio had decreased from the previous year.

The Economy and Business Development Scrutiny Committee had asked that the following comments be drawn to Cabinet's attention:-

- Whilst impressed with the efforts to increase the take up of industrial units and the relationships built with tenants, and whilst appreciating the challenges

currently existing in the retail market, the Committee had felt that in relation to Hale Leys, AVE could perhaps be more imaginative in their strategy for encouraging a better take up of units at the Centre by specialist retailers. In response, the Asset Managers referred to the innovative scheme to develop a roof top terrace at the Centre and the discussions to encourage the introduction of a food outlet at the High Street entrance, in the unit formerly occupied by Clarks.

- In appreciating that there was probably no easy solution, the Committee had felt that AVE might be more proactive in providing larger (15 – 20,000 sq. ft.) units. The Asset Managers noted the comment.
- The Committee had felt that perhaps more consideration could be given as to how it might be possible to achieve a better integration between the use of land for both Commercial and residential use. The Asset Managers referred to the options being given to the Cinram site which might open up this possibility.
- The Committee had commented that planners needed to respond more quickly to commercial/industrial demands, although it had been appreciated that the Council was actively trying to address this issue.

RESOLVED –

- (1) That the Scrutiny Committee be thanked for its input to the review of the AVE Business Plan.
- (2) That the position on the Business Plan as outlined in the Cabinet report be noted.

NOTE:

As one of the Council's representatives on the AVE Board, Councillor J Ward declared a prejudicial interest in the above item. She remained to answer specific questions in relation to AVE activities then left the meeting whilst Cabinet deliberated on the Business Plan review.

## **5. 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 item of business on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act:-

AVE Business plan: Review of performance.

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

**6. AYLESBURY VALE ESTATES (AVE): REVIEW OF PERFORMANCE AGAINST THE 2018-19 BUSINESS PLAN**

As referred to above, Cabinet received a presentation on the performance of AVE against the Business Plan for 2018/19.