

ECONOMY SCRUTINY COMMITTEE

4 June, 2013

PRESENT: Councillor Miss P Lewis (Chairman), Councillors Cashman (in place of M Smith), Mrs Davies, Mrs Glover, Hawkett, Isham (in place of Mrs Bloom), Lambert, Monger, Mordue, Mrs Phipps, Poll, Strachan, Stuchbury and Tyndall.

1. **APOLOGIES:** Councillors Mrs Bloom and M Smith.

2. **MINUTES**

RESOLVED –

That the Minutes of the meeting held on 25 March, 2013, be approved as a correct record.

3. **BUSINESS SKILLS AND TRAINING REVIEW.**

Following the meeting on 25 March 2013 the Chairman had sent a letter to the Buckinghamshire County Council Cabinet Member for Education and Skills (Councillor Mike Appleyard) inviting him to address the Committee on the issues identified by businesses.

At that meeting it had become evident that businesses felt that some school leavers were not suitably “work ready” and that some also lacked basic skills. Members also expressed an interest on knowing more about what could be done to tackle the 30% of young people that had no interest in participating in training, why some schools pushed pupils towards university rather than promoting alternative and equal routes through NVQ training or alternatives, and why schools and employers were not encouraged to spread the message to parents that there were other qualifications that young people could benefit from.

Members had expressed a general disappointment and concern that there was such a wide disconnect between education and employment and asked the County Councillor to explain the workings of an education system that did not produce young people that had the necessary work readiness skills and had not been encouraged to participate in training by raising awareness of the training on offer to pupils.

Councillor Appleyard began by stating that there had been a general focus on an age group up to 18 years when pupils were then expected to leave school to a job or continue in training. The majority of this focus had been on those 70% of pupils in the 5A* to C grades which were destined to go to university. Little focus had been placed on encouraging lower grade pupils to obtain any form of alternative training although schools were beginning to realise that they should be asking pupils “what job and training do you want?” as an alternative to “what university do you want?”

A new initiative to encourage pupils to obtain a Duke of Edinburgh award had recently been put to schools but had, in the main, been taken up by Grammar Schools with

very little participation in Upper Schools. It had been now been recognised that there were particular difficulties towards these schemes in the rural areas due to isolation and travel problems and the lack of funding for social groups such as youth clubs or scout groups.

One thriving example of social groups was given as the Sure Start Centres, set up to engage families that needed the most help. Unfortunately most were now frequented by “middle class” families, in effect, restricting the usage away from the original concept. Furthermore, Bucks County Council had now realised that professional staff were required to run the centres so had started to transfer the running of some of the urban centres to Barnardos.

There were also moves to try and engage with parents of pre-school children to try and make the parents more aware of the need to impart social skills to their children.

Councillor Appleyard refuted the reported statistics that 30% of pupils did not participate in some form of training as BCC statistics showed that there were only 2% of pupils in the 16 – 24 year old bracket that were not either employed or in training.

Members were of the opinion that there was more that could be done to achieve the literacy skills required by business and industry. As a result it was

RESOLVED:-

That a group of Committee Members, consisting of Councillors Lambert, Monger, Mordue, Strachan, Stuchbury and led by Miss Lewis, form a task group to discuss the most appropriate way forward that could be recommended to the AVDC Cabinet Member for Economic Development and to the Cabinet Member for Education and Skills at Bucks County Council.

The results of the Group's discussions to be brought back to the Economy and Business Development Scrutiny Committee at their meeting of 3 September 2013 for further debate.

4. AYLESBURY VALE ESTATES – UPDATE ON PERFORMANCE

Philip Ingman and Graham Cole (AVE) attended for this item.

Members received a report and a presentation that provided Members with an update on annual performance.

The Committee was reminded that AVE (Aylesbury Vale Estates LLP) was incorporated in October 2009 and is owned 50/50 by the Council and Akeman LLP and that the partnership was governed by a formal Membership/Partnership Agreement and an Asset Management Agreement.

The Council's representation on the Partnership Board consisted of the Deputy Chief Executive and 2 Council Members.

Having spare capital at the start of the year and with other sales of non performing assets, AVE had built up a reasonable amount of funds with which to buy opportunistically. During the year, after 10 months of negotiation and complex structuring, AVE completed the purchase of Hale Leys shopping centre, a strategic holding, right in the centre of Aylesbury and which adjoined a major town centre regeneration site owned by the Council.

Sales had gone well, with Cambridge Street, the portfolio of 5 ground rents, and Griffin Lane, all producing prices well above valuation. None of the assets sold were producing income high enough to cover their holding cost and thus each sale not only was accretive in capital terms but also helped in improving the net revenue line.

The end of year valuation showed a small reduction in the value of the portfolio. The multi let industrial assets showed the biggest reduction in valuation which was largely offset by the long leasehold ground rent holdings and the profits made from the sales and reinvestment.

The AVE portfolio continued to require constant effort, with tenant numbers and rental income remaining fairly static. AVE's priority was to retain tenants and to let vacant space. The latter had the triple benefit of reducing costs, increasing income and improving value. The difficulty was finding new tenants.

The modelled sales target for 2012/13 was £535,000. However at year end actual sales totalled £3,185,120. This comprised an assortment of ground lease assets, plots of land and properties with either an incumbent tenant or sold with vacant possession on the open market. These were all low or no income producing properties which were thus damaging income returns.

Performance highlights were reported as,

Asset management Initiatives	Income collection	Business Plan	Financial Position
Refurbishment – 65% of Budget spent	Variance -2% to Budget	73% of properties refurbished	£199,059 spent
Low or no income properties sold	12 month Rental collection of 99.8%	Continue to sell low or no income properties	Sales totalled £3,153,046
Hayes Leys acquired Purchase completed in Aug 2012 for £12.5m	vacancy rate was 18.2% from 19.4%		

KP Indicators	KP Target	KP Actual
3 MThs - 90%	90%	96%
12 MThs – 95%	95%	99.8%

The average 3 month collection rate for the portfolio over the 12 months to 31 December 2012 was 96%

The 12 month collection rate based on the rental demanded in Q4 of 2011/12 was 99%.

Akeman had managed to maintain their strong rental collection throughout the financial year 2012/2013. The 12 month collection figure of 99.8% comfortably outperformed the 12 month KPI of 95%. Akeman remain active in their debt recovery process which has ensured that bad debts had been kept to a minimum.

The CBRE March 2013 valuation of the core AVE portfolio was finalised at £31,632,500 which took into account the sales that occurred during the financial year. This gave a -3.84% movement on the March 2012 valuation. The purchase valuation for Hale Leys (£12.5m) and the cash across all accounts of £2,719,709 the revised Gross Asset Valuation for March 2013 was £46,852,209.

Total debt, including third party debt, was £39,384,916, resulting in a revised Loan to Value position of 84.1%.

The 2009 Agreement included a short term (to 2015) loan from AVDC. Discussions were now underway to find the best economic solution to paying back the loan. The dilemma being:-

1. How to repay – where should the funds come from
2. Should the loan be re-negotiated to a longer term

Previous reports had provided in-depth financial information and details of the property portfolio which enabled Members to take a judgement as to AVE's performance within the community and their intentions regarding properties that could be of significant interest to individual Councillors.

The absence of a Business Plan was of concern to Members who wanted to see more information on the flow of money and updates on the portfolio, especially information on those properties that were being considered for sale. There was also concern regarding the implications to AVE and AVDC of the short term loan which was due for repayment in 2015.

Following further debate it was

RESOLVED –

That the Economy and Business Development Scrutiny Committee note the report submitted and request that a forward looking Business Plan be made available for presentation at the meeting planned for 3 September 2013.

5. OLYMPIC AND PARALYMPIC LEGACY PLAN UPDATE

Members received a comprehensive report produced to update Members on the business and economic impacts of the Buckinghamshire Legacy programme and to inform of the key initiatives planned through 2013/14 to maximise benefits for this authority and its communities through exploiting these opportunities. Ian Barham the Buckinghamshire Legacy Manager attended to expand on the items within this report.

2012 was an exceptional year for Aylesbury Vale in many ways. The global focus given to Stoke Mandeville as the birthplace of the Paralympic movement; the hosting of both the Olympic and Paralympic Torch Relay's, which were enjoyed by 1/3 of the Vale's population; the contract winning successes of Vale based businesses; the hosting of international sporting competitions and training camps, and trade delegations all significantly benefited the economy of Aylesbury Vale. A full review of the impact of the London 2012 Games had been undertaken which highlighted that over £100m worth of contracts were won by over 70 Bucks companies.

Cabinet had approved the support for the establishment of a Buckinghamshire Legacy Partnership and to resource and support a legacy action plan for this Council in 2013/14.

Direct grant funding in excess of £130k had already been secured since the start of 2013 to support the Legacy Programme. Significant groundwork had also been undertaken to support larger applications to the National Lottery, the European Union and other funding sources within the next 6 months.

The Buckinghamshire Legacy Board was established in November 2012 with the aim of providing a cross organisational drive to delivering the Games Legacy Opportunities for Buckinghamshire.

The programme will be delivered around the following 7 operational strategic priorities

- Co-ordinating the positive use of the Stoke Mandeville Brands and Paralympic heritage
- Driving Inward Investment, Job Creation & Enterprise – Assisted Living & Healthcare Technologies
- Delivering a Permanent Sporting, Cultural & Health Legacy for Buckinghamshire
- Developing a framework for enhancing Volunteering & Community Support
- Promoting Bucks as a Base for Major International Events & developing a stronger focus for Disability Sport
- Developing Bucks as an Accessible & Welcoming Destination for Visitors
- Continuing to Inspire & Educate a Generation

Significant achievements were reported relating to Stoke Mandeville as a Global Brand, the two most significant being, the siting of the Paralympic Agitos logo as a permanent feature at the hospital and positive discussions with the International Paralympic Committee regarding a systematic role for Stoke Mandeville in future Paralympic Games celebrations.

In September 2012, Aylesbury Vale District Council was instrumental in securing a visit to Stoke Mandeville Stadium and Hospital as part of the London 2012 Global Business Summit. This visit was the culmination of 3 years of work in developing collaborative R&D opportunities between health clinicians and the commercial sector and the promotion of the Vale as a location where the growing cluster of healthcare and assisted living companies could thrive. The 2012 promotion also included representation at the European E-Health Week and the hosting of a meet the buyer conference at Stoke Mandeville Stadium.

Two preliminary reports funded by the Arts Council and Sport England had just concluded looking into the opportunities for the future development of the Stoke Mandeville Stadium site and its facilities. A first phase feasibility study, funded by a £25k Grant from the Arts Council had looked into the options for a major Heritage Lottery Fund Application to deliver a permanent heritage, archive and museum facility at Stoke Mandeville Stadium as part of an international education resource. A parallel Sport England funded study had also been completed providing WheelPower, the owners of Stoke Mandeville Stadium, with the framework for the centre's wider development over the next decade and helping maintain its position as both a valuable community leisure resource and a global centre for international disability sport.

Buckinghamshire had a growing reputation for hosting international sporting competitions and athlete training camps, in addition to last year's Olympic & Paralympic Competitions at Dorney, the Silverstone Circuit is the centre of the British Motorsport Industry, Stoke Mandeville hosts Regular International Competitions and Milton Keynes was recently announced as one of the host cities for the 2015 Rugby World Cup.

Members were extremely enthusiastic about the achievements in such a short time and the potential of a future legacy.

Just one reservation was expressed regarding parking provision at Stoke Mandeville, as industry and sporting events come on line, when there is already a severe problem.

RESOLVED –

That Members note the contents of the report and endorse the Cabinet support for the Buckinghamshire Legacy Programme.

6. ECONOMY SCRUTINY COMMITTEE - WORK PROGRAMME 2013 - 2014

A Work Programme for the period to end March 2013 was presented for Members approval.

Members were also asked their views on the merits of considering a report on a Draft Improvement Plan for Aylesbury Town Centre. This report was due to be considered by Cabinet on 11 June 2013 and then on for further considered by all key stakeholders. The Scrutiny Committee were being given the opportunity to have an input to the stakeholder consultations.

Following a short discussion it was

RESOLVED –

- That an extra meeting of the Economy and Business Development Scrutiny Committee be programmed for 26 June 2013 to consider the Draft Improvement Plan for Aylesbury Town Centre..
- That agenda items for re-consideration of the Skills review in relation to education and the consideration of an AVE Business Plan be added to the programme.
- That the Work Programme as presented be amended to include the above and items re-allocated to balance the programme between the meetings