

ECONOMY AND BUSINESS DEVELOPMENT SCRUTINY COMMITTEE

28 October, 2013

PRESENT: Councillor Miss P Lewis (Chairman), Councillors Beall (in place of Stuchbury), Mrs Bloom, Mrs Brandis (in place of Tyndall), Cooper (in place of Richards), Mrs Davies, Mrs Glover, Hawkett, Isham (in place of Mordue), Lambert, Monger, Mrs Phipps, Poll, M Smith and Strachan. Councillor N Blake attended also.

1. APOLOGY: Councillors Mordue, Richards, Stuchbury and Tyndall.

2. MINUTES

RESOLVED –

That the Minutes of the meeting held on 3 September, 2013, be approved as a correct record.

3. SKILLS – UPDATE ON THE WORKING GROUP

Members received a short report to update them on the progress made by the Task and Finish Group following the meeting on 23 September 2013.

The Group had met with Paula Buck, the Skills Lead on the BTVLEP, primarily to solicit interest from the BTVLEP on ensuring that the skills needs were reflected in the EU and SLGF plans being submitted by the LEP to draw down future funding to support the skills programme and work streams.

Mrs Buck had been appraised of the issues uncovered by the Working Group regarding the disconnect between what is happening in business and schools and that young people were not being encouraged to take alternative career paths or being made aware of the range of opportunities available to them and responded by outlining the 6 key strands which were to form the basis of the LEP's skills strategy going forward.

1. Apprenticeships and Higher Apprenticeships – accountancies now offer such higher level apprenticeships and represent alternatives to going to University for degrees, allowing students to study whilst working
2. Information, Advice and Guidance – Matthew Hancock from BIS has recognised that the current system of careers advice had failed to Inspire; hence there is a new programme coming out from BIS to do with 'Inspiring Young People'. Certainly Bucks should play into this.

There will also be a framework introduced and monitored by Ofsted about how schools are delivering against this new framework, which will be built into the new

national careers service. There is a greater recognition that parental involve in choice of education is key. Parents will be given up-to-date information to better inform young people.

3. Market Intelligence – more information will be gathered about the skills which employers need. The LEP have acquired some software which allows it to scan jobs advertised and examines the specific skills employers are looking for. This information can be cut and sliced and analysed by sector or technical skills. The LEP will use this to let schools know what is currently being advertised and out there.
4. Supply side planning - £11m-£15m is spent on skills in Bucks. Ways in which the supply side can improve to meet existing and future skills needs will continue.
5. Educated in Bucks – although there are good educational skills, there is a lack of work readiness; the LEP will work to improve the 'educated in Bucks' brand by focusing also on improving work readiness skills.
6. Future skills – this will be scenario testing what the jobs of the future might look like and how the system needs to adapt.

The Group had agreed activities to take forward and identified opportunities for AVDC Members to be involved in.

Members were conscious of the limitations to their remit and issues beyond the control of Aylesbury Vale District Council. With this in mind it was decided to prioritise a skills and employment conference targeted at young people with strategic input from some of Aylesbury Vale District Council's prominent partners as a first step towards promoting the opportunities available.

RESOLVED –

That the Committee notes the progress made by the Task and Finish Group and endorses the taking forward of a Skills and Employment conference aimed at improving the links between education, business and training providers together with an advertising campaign to highlight alternative career paths and opportunities.

4. RURAL ECONOMY UPDATE

A report was received that provided Members with an update on economic development activity appertaining to the rural economy, the significant issues facing rural businesses that recent independent research had identified and to enable Members to identify issues they may wish to explore in more detail.

The Buckinghamshire economy was reported as being worth over £11.8bn with the rural economy employing 58,400 people in 11,705 businesses, 91.5% of these being micro businesses.

80% of the county was considered rural and contained over 40% of all VAT registered businesses in the county. The majority of these businesses were micro businesses with 82% employing less than 5 people and 41% of all those employed in rural Bucks being self employed.

The businesses fell into certain sectors. The land based sector was, surprisingly, a relatively small sector of 10/11%, construction being nearer 20% and telecommunications being 14%. Retail, hotel/catering, property and production amounted to about 8%.

Significant facts relating to rural Buckinghamshire were reported as:-

- There were 26,871 registered businesses in Bucks
- 90% had under 10 employees
- Buckinghamshire had the highest rate of business start ups in the country.
- 10,965 businesses were formed in the last 5 years.
- 11,630 people worked from home in Rural Bucks
- 34% of those employed in Bucks were employed in rural areas
- 42% of self employed people in Bucks lived and worked in rural locations
- 12% employment in rural Bucks related to manufacturing
- 15% in retail and 19% in property related activities
- Hotel and catering amounted to 3.4%

Businesses based in rural areas faced many of the same issues to those faced in urban locations yet they were also exposed to other challenges that had a significantly greater impact on rural businesses to urban.

The rural business, in general, had a greater challenge to access public transport, did not benefit from associated attractions and integrated business support from working closely with similar businesses as recognised in the DEFRA report 2010. Rural businesses might also feel a greater impact of reliance on local services and organisations which made them very susceptible to collateral damage of large industry downturn or closure.

The key pressures facing most rural businesses in Buckinghamshire were probably the same as those in the urban environment, that of access to finance, increasing running costs, rates and heat light, raw materials and management time but there were some pressures that were of a greater significance;-

- Access to super fast broadband
- Cost of employment
- Marketing costs
- Lack of developed business networks

- Transport for distribution of goods and access to employment
- Lack of location intensity of sectors
- Reduced opportunity for economies of scale
- Lack of robust communications

Agricultural businesses specifically suffered from a variety of factors that did not impact on many urban businesses; the vagaries of weather could impact production, cost of fuels, cost of fertilizer, international market conditions, EU agreements, grants, subsidies, environmental influences, law and access all had a business changing impact and all were outside the control of the individual farming business.

Rural businesses in Buckinghamshire reported that they also faced increasing challenges in other areas;-

- Skills and training for young workers (apprentices)
- Regulation (H&S and movement restrictions to prevent the spreading of infection)
- Planning
- Weather (rural tourism businesses suffer downturn in poor weather)
- HS2 and mitigation
- Planning restrictions (although more positive changes were now being seen)
- Low interest rates were beneficial
- Access to high superfast broadband.
- Cost of employment/transport
- The cost of market town business rates for retail businesses.
- Parking in market towns

Growth potential existed in the rural economy as it did in the urban economy. However, the rural economy was considered by Government to be “hard to reach”, not only for geographical reasons, but also through a lack of superfast broadband, a reducing public transport network and the ever increasing cost of fuel.

Many sectors in the rural economy could be considered “ripe” for growth given specific circumstances and recognition of growing demand. The rural retail offer as previously explored appeared to show growth when linked to a leisure activity such as coffee shops and unique gift shopping. This was despite the challenges of high business rates. Further, the retail environment was showing significant enthusiasm for farm retail offers where food was offered with genuine provenance and if coupled with a leisure experience such as contact with animals or a coffee shop, demand was high. The retail offer in villages and market towns was also changing as more community shops were being introduced and thriving. These enterprises more usually required state intervention as capital start up was high. LEADER could point to many

that out perform commercial retail units for reasons of community relations and strong management structures.

In Buckinghamshire, rural tourism was indicated to be a growing and thriving sector with substantial demand still not being met allowing for future growth potential. This had been confirmed by every tourism business supported by LEADER. Demand for accommodation was high, occupancy rates are in some places running at 90% and the family and low cost rural offer was showing greatest demand.

Rural tourism was, therefore, considered a priority for support under future RDPE funding streams and, although the future strategy for LEADER had yet to be written, it would certainly include a strong focus on rural tourism in Bucks as a potential growth area.

Members were generally supportive of the direction of the work being carried. However, there were a number of issues concerning which Members expressed a view on or commented generally, including the following:-

- Members asked that the reported percentages of each activity be substantiated.
- Members commented that the report title, and therefore the focus of work, should be rephrased to read "Economy in the Rural Areas"
- One of the greatest issues to running a business in a rural area was that of access, transport and connectivity.
- Members commented that the forthcoming East West rail links would be beneficial to the rural economy but could be further enhanced through better infrastructure, cycle paths and bus services.
- The statistics appertaining to the number of businesses, combined with the numbers of people working from home ought to be more widely publicised as a success story.
- Members commented that fuel costs, being higher in Buckinghamshire than some surrounding districts, were an unacceptable burden to the economy.
- Broadband coverage would help many of the community but greater benefit would be gained by business if the introduction of high speed broadband (4G) was accelerated.
- The content of the Vale of Aylesbury Plan (VAP) was in the process of being scrutinised by the Environment and Living Scrutiny Committee and that Committee should be asked to examine the constraints currently enforced on the conversion of buildings for Bed and Breakfast/Guest Houses/Self Catering and

encourage a more creative approach to planning and flexibility over changes of use.

- The Portas review for the regeneration of High Streets could also apply to Villages and this should be considered as part of the report coming to this Committee on 11 December 2013 entitled “Update on Aylesbury Town Centre Partnership and Management of the Town Centre plus update on usage and plans for the Markets”
- The LEADER funded case studies in the report were well received by Members that commented on the benefits of continuously tracking some of them and reporting regular updates on their progress.
- Members commented that the criteria for the giving of grants should be revisited with more emphasis placed on future economic benefits. The success of Winslow Farmers Market, set up with a modest grant, was cited as an example of investment that had unlocked considerable economic benefits to the wider Town economy.

Following further discussion it was –

RESOLVED –

1. That the Committee notes the report
2. That the comments and observations of Members be taken into account and acted upon as work on this topic develops.
3. That a further report on the whole economy of the Vale be brought to the Economy and Business Development Scrutiny Committee in twelve months time.

5. LOCAL ECONOMY PARTNERSHIPS (LEPS) UPDATE

A report was presented that provided Members with an update on the progress and future of Local Enterprise Partnerships which also highlighted some of the issues and uncertainties that existed through the increasing powers and changing nature of the LEPs.

The Scrutiny Committee was asked to note the progress and achievements of LEPs so far, from which AVDC has and continues to benefit and to understand and comment on some of the issues highlighted in the report which may need closer examination and review in the future.

Members’ heard that, following the abolition of the RDAs (Regional Development Agencies), the coalition Government were keen to have some form of economic body which operated at the sub-national level between central government and local authorities, in line with the ‘localism’ agenda.

In June 2010, areas were invited to bid to form Local Enterprise Partnerships (LEPs), whose broad aims were set out in the Local Growth White Paper in October 2010.

It was intended that LEPs should demonstrate clear leadership in local areas, setting out local economic priorities and needs which reflected the 'functional economic areas' to stimulate private sector growth and job creation. In essence, the LEPs were tasked with identifying and dealing with real, on the ground practical issues, causing large scale frustration to businesses.

It had been widely recognised that economic development could only sensibly be done on a scale greater than most individual local authorities, namely across a 'functional economic area', defined in part by 'travel to work area', where there was a reciprocal flow of people crossing boundaries on their way to work, and where housing, infrastructure, skills and jobs markets were interconnected.

Essentially, at the outset, the role of the LEPs was to enable Local Authorities and business representatives collectively to:

- Shape, inform and be informed by the real needs of business;
- Develop private-sector led commercial business cases in response to national funding opportunities;
- Provide a mechanism for businesses and local authorities to lobby for an appropriate share of national resources;
- To harness the collective experience and insight of business and local authorities to focus priorities;
- To provide sustained and joined-up lobbying for business critical infrastructure (e.g. East/West Rail)
- To bring together views on how best to use funding proposals to support jobs, employment growth, skills and training

In March 2011, AVDC joined the South East Midlands LEP, as Aylesbury Vale was part of the natural 'functional economic area' of SEMLEP. SEMLEP itself, was an evolution and extension of an existing close working partnership with Local Authorities, which had previously been known as Milton Keynes South Midlands (MKSM), and had also co-operated in working towards a concept of the 'Oxford to Cambridge' arc.

After the first wave of LEPs had been approved, it was clear that certain parts of the country were not represented by a LEP, which included Wycombe, the Chilterns and South Buckinghamshire, who had been having discussions with the Thames Valley LEPs. AVDC was approached by the remainder of the County to agree to its involvement in the establishment of another Buckinghamshire wide LEP. As a result, BTVLEP was formalised and approved in January 2012, accompanied by a Memorandum of Understanding (MoU) setting out how the overlapping arrangement would need to work.

AVDC is one of a number of local authorities that had an overlapping LEP arrangement, as its natural economic geography fits with both SEMLEP and BTVLEP, where it shares common 'travel to work areas' and shared workforce, housing, skills and infrastructure issues.

AVDC has had a seat on both of the LEP Boards, which has been helpful in being in a strong position to influence and ensure there is LEP impact in the Vale and its economic growth, benefitting AVDC's communities.

A transformation in how LEPs were perceived occurred in October 2012, following the publication by Lord Heseltine of *"No Stone Unturned in Pursuit of Growth - a new partnership for growth"*. This report consisted represented a comprehensive economic plan to improve the UK's ability to create wealth and consisted of a series of 89 recommendations to Government.

The main thrust of these recommendations revolved around the potential for greater devolution of powers and funding to local areas (LEPs) by arguing for a major rebalancing of responsibilities for economic development between central and local government and between government and the private sector.

It represented a series of measures to unleash the potential of local Leaders, businesses and the economy at the local level.

The Government's initial response was positive and began to set the direction for the devolution of central departmental government spend to local areas. In short, the remit and importance of the LEPs now began to take on greater significance. The key recommendations adopted were as follows:

- empowering LEPs to assume responsibility for the devolution of some central government departmental spending into a LEP controlled single funding pot, called the Single Local Growth Fund (SLGF), with effect from April 2015
- allocating capacity funding of £250k to each LEP for 2012-2014 to enable them to develop the strategic economic growth plan for the area to bid for devolved funding
- agreeing to devolve a greater proportion of cross departmental growth-related funding from 2015, with a commitment to maintain similar levels each year until 2020
- aligning the EU common strategic framework plan priorities 2014-2020 and funding with LEP growth plans
- giving LEPs a new role in setting skills strategies, especially around employer led demand
- providing an additional £350m for Regional Growth Funding (RGF) bids
- enabling Local Authorities to come together in different ways to form Combined Authorities or other different governance models to allow for greater co-operation across LEP areas

The scale of intent and funding proved to be a disappointment when the Government responded in the March budget 2013, in announcing only a £2bn single pot of growth funding for 2015, much smaller than the £59bn Heseltine had wanted over 5 years. The pot into which LEPs could bid for 2015 was £2bn and included a proposal to top slice the New Homes Bonus (NHB) nationally by £400m.

In return for this funding, LEPs would have to clearly demonstrate how they would make their area the best place to do business and show the clear difference they would make, as well as demonstrate how they could work across boundaries on areas such as transport, inward investment and EU programmes etc.

In addition, EU funding allocated for the period 2014- 2020 had been announced as:

- SEMLEP circa £88m
- BTVLEP circa £17m

AVDC's current position is that it would continue to work with partners with whom it had a proven track record of collaboration in a naturally occurring 'functional economic area' and with whom it had and continued to benefit. Many of the 39 LEPs had Local Authorities that were in two or more LEP areas, precisely because they recognised that their long term interests were served by what happens in both LEPs and that they are able to influence what happened at the 'top table'.

Members were further advised that some were suggesting that 39 LEPs was still too many and there may be a need for further slimming down and re-configuration of LEPs under a new Government. There was no immediate pressure or need for AVDC to decide at this point as to whether it should ultimately be in one LEP or two.

The new Leader of the Council, Councillor Neil Blake, addressed the Committee to confirm AVDC's position and the steps that he was taking to bring himself and AVDC up to speed with all background and relevant new information so that the Council would be in possession of all the facts should a decision relating to leaving one of the LEPs ultimately need to be made.

Members were generally supportive of the direction of the work being carried. However, there were a number of issues concerning which Members expressed a view on or commented generally, including the following:-

- Members expressed their dismay regarding the £2bn total funding available to the LEPs when the Government had previously indicated that £59bn would be allocated and that this also included a proposal to "top slice" the New Homes Bonus nationally by £400m and Local Authority Transport by £819m.
- The issue of whether AVDC should continue with two LEPs should only be debated by Full Council, once all the facts were known, and only when AVDC was either forced to make a decision or wanted to make a decision that was in the best interests of the Vale.
- Members expressed their disappointment regarding funding that had been missed due to schemes not meeting the strict criteria.
- Questions were asked whether Silverstone and the surrounding economy could survive if the F1 race happened to be moved to another circuit.

Following further discussion it was –

RESOLVED –

1. That the Committee notes the report
2. That the comments and observations of Members be taken into account and acted upon as work on this topic developed.

6. ECONOMY SCRUTINY COMMITTEE - WORK PROGRAMME 2013 - 2014

A Work Programme for the period to end March 2015 was presented for Members approval and for Members to suggest new topics for inclusion. Following a short discussion it was

RESOLVED –

That the Work Programme as presented be approved with the following additions:-

1. The Update report on Aylesbury Town Centre for 11 December 2013 to include reference to the Mary Portas review and how its findings might be linked to Aylesbury Vale's villages.
2. A Broadband Update report to be inserted for the 17 March 2014 meeting.
3. Insert a report on "Inward Investment in the Vale – Steps Being Taken To Deliver Employment on Sites Already Planned" for a meeting date to be agreed.