

## NOTICE OF MOTION ON SUPPORT FOR BUSINESS

### 1 Purpose

- 1.1 At its meeting on 4<sup>th</sup> December 2013 Council received a report from Cabinet considering the Notice of Motion put forward by Cllr Vick proposing that the Council should do more to support business.
- 1.2 After debate, it was resolved that the matter would be passed to Economy Scrutiny to consider. This report presents the information considered by Council and Cabinet and asks Scrutiny to consider what else the Council might do to support business.

### 2 Recommendations/for decision

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| 2.1 | Scrutiny are asked to note the report and consider if there is anything further the Council should investigate in response to the notice of motion. |
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### 3 Background

- 3.1 On the 16 October 2013 Councillor Vick made the following Motion to Council:

“Town centres and high streets in the Vale are struggling to keep retailers in place during this protracted economic downturn.

All business sectors are struggling with ever increasing overheads and historically high premises rental costs.

The most optimistic forecasts are for this financial downturn to continue for a considerable number of years.

This Council is committed to supporting the retail and business sector.

This Council is committed to supporting the development of a healthy and vibrant retail and general business sector.

This Council is committed to supporting town centres and high streets in Aylesbury Vale.

Therefore this Council resolves to:-

- (1) Investigate changes that can be made to the overhead running costs for retailers and the general business sector in Aylesbury Vale.
  - (2) Consider reducing business rents charged to retailers and the general business sector in Aylesbury Vale.
  - (3) Engage with other landlords to promote a reduction in the retail and business rents charged in Aylesbury Vale
- 3.2 This Motion has been passed to Cabinet for debate and was considered on the 19<sup>th</sup> November.

- 3.3 Cabinet recommended that the motion not be supported because it believed that it could not influence points 1 and 2 of the proposed resolution and that it was already engaging with Landlords as proposed under point 3.
- 3.4 Cabinet did not disagree with the sentiment of the motion and believed that it was supporting business via many initiatives. These initiatives were listed in the report and a copy of the report considered by Council has been reproduced as Appendix 1 to this report.
- 3.5 During the course of the debate at Council it was proposed and duly seconded that the Motion be referred to the Economy and Business Development Scrutiny Committee to enable more detailed consideration to be given to all the possible options for assisting local businesses.

#### **4 Supporting information**

- 4.1 The attached report to Council contains most of the information relevant to this subject and so has largely not been reproduced within this report.
- 4.2 Instead members of the Committee are invited to identify any other mechanisms not contained within that report or to explore the content of that report in more detail at this meeting.
- 4.3 Since the last report was written the Chancellor of the Exchequer gave his Autumn Statement and, underlining the national nature of the business rate scheme, this contained some additional reliefs for businesses and in particular town centre businesses. These changes are explained below.

#### **5 Business Rates**

- 5.1 The current extension of the 100% relief given to Small Businesses within the Business Rate Scheme was due to end on the 31<sup>st</sup> March 2014. At that time small businesses would only receive a 50% relief, being the core relief contained within the national scheme.
- 5.2 The Chancellor, recognising the importance of the relief to small businesses and the difficult trading conditions being experienced by many high street retailers, announced that he would extend this relief by a further 12 months.
- 5.3 Out of nearly 5,000 individually registered business premises in the Vale approximately 60% will be eligible for some level of discount under the revised Small Business Rate scheme, with approximately 40% receiving 100% discount. The cost of this relief averages around £3 million per annum.
- 5.4 As part of the cost of extending this relief would be borne by local Council Tax payers, the Chancellor also announced a compensatory payment to Councils to offset the cost of his decision to extend it.
- 5.5 In addition the Chancellor announced 2 new reliefs under the Business Rates system. These being a re-occupation relief and a £1,000 discount for all retail units, pubs, restaurants, etc. with a rateable liability of less than £50,000.
- 5.6 The reoccupation relief was specifically aimed at high streets suffering from decline and large numbers of vacant shops and will offer an 18 month relief to businesses occupying premises which had been previously occupied.
- 5.7 These represent tangible reliefs which the Government will fund and emphasises the fact that only the Government has the levers to effectively use the Business Rate system to support targeted business sectors.

## **6 AVDC Budget Development**

- 6.1 Members of the Committee should also be aware that contained within the draft budget papers is a proposal to increase Council Tax by 1.99% on the 1<sup>st</sup> April and use the income created by this to support business within the Vale.
- 6.2 The precise nature of this support is still to be worked up but may take the form of a further business rate discount, as alluded to within the attached Council report.

## **7 Economic Development**

- 7.1 If approved this will effectively double the operating budget for Economic Development, even if it is targeted to a specific scheme.
- 7.2 This raises the further question of what constitutes spend by the Council on Economic Development. For example, Town Centre management support is not normally considered in context of Economic Development, but its function is clearly in support of that purpose.
- 7.3 Similarly, time spent by Planners, the work of the Senior Managers, the work of the Business Rates Team in minimising liability where it can be, our joint work with Aylesbury Vale Estates and the Council's investment in Waitrose and the Town Centre is all specifically targeted at supporting business.
- 7.4 If spend on these activities is added to that specifically designated as Economic Development then the Council's total commitment is magnified many times.
- 7.5 In addition to this, there is also the wider contribution that this Council makes to creating and enhancing the right economic conditions to enable and encourage economic growth and development that needs to be taken into account.
- 7.6 AVDC has been a key influencer and direct investor for many years into the local economy, whether that is through direct investments in new facilities such as the theatre, leisure and shopping facilities and car parks etc. or through the role we play in terms of enabling affordable housing. Our capital investment programme over the last 5 years has totalled in excess of £80 million and the multiplier effect of this investment is significant for the local economy.
- 7.7 There are also likely to be further benefits that will arise from planned investments in projects like East-West Rail, to which AVDC is making a contribution, as well as proposed schemes which AVDC is the lead investor including Aylesbury Academy, Swan Pool and the Waterside North scheme.
- 7.8 Our role in this place making and shaping activity is crucial to the economic development of the Vale and has and will continue to make a major contribution to supporting the local economy and local businesses.

## **8 Aylesbury Vale Estates**

- 8.1 It was raised at Council that Aylesbury Vale District Council, as joint owners of Aylesbury Vale Estates, could influence these vehicles to reduce rental payments paid by tenants.
- 8.2 The Articles of Association covering AVE require the Council's Board members to specifically operate in a manner consistent with the best interests of AVE. This requires decisions taken to be commercial in their outlook.

Specifically, this prevents the Board members taking decisions which might seek to deliver the Council's wider objectives.

- 8.3 Where the Councils and AVE objectives are aligned this does not create an issue, but where there is a divergence of interests the Council is prevented from using its influence to disadvantage AVE.
- 8.4 However, it should be remembered that AVE's interested are not served by having vacant units or struggling tenants. It is in AVE's interest to occupy all available units with fee paying tenants. In this respect, as with all Town Centre property, the economic rules of Supply and Demand apply.

## **9 Private Sector Commercial Rental Sector**

- 9.1 As highlighted in the previous paragraph commercial property is in itself a competitive market place. Currently there is an excess of supply, demonstrated by vacant units. Landlords must pay empty business rates on vacant properties (above a minimum size). This in itself acts as a disincentive to keep properties empty.
- 9.2 If a landlord can find a suitable tenant then not only will they avoid the empty property rates associated with it, but they will also receive a rental income. Landlords are effectively already incentivised to occupy their vacant properties.
- 9.3 In a market place with excess supply, each landlord is in competition with the others to find tenants and this effectively drives down prices, as each landlord tries to undercut the others or offer better terms through rent free periods, etc.
- 9.4 It is, therefore, in no ones interests to keep a property vacant. However, it does mean that many of the lets are short term and do not always reflect aspirations to improve the tenant mix across the town. A letting agent is being appointed to help develop the relationship with landlords, particularly remote landlords. Rental levels and terms and conditions will form part of the discussions.
- 9.5 This applies equally to tenants currently in occupation as landlords will have to negotiate on rental rates with their tenants in order to retain them.
- 9.6 It therefore does not necessarily follow that the fault lies with the landlords. It is equally likely to be the result of an inadequate supply of prospective tenants.

## **10 Direct Subsidisation of Businesses**

- 10.1 The Council has powers within the Communities Act to support business through business rates discounts. This is likely to shortly form the basis of a proposal to Cabinet and this might be an area that the scrutiny committee can assist with informing before Cabinet formally considers it.
- 10.2 However, the costs of any discount awarded will likely be a cost on the Council Tax payers of the District. Effectively, it therefore represents the passporting of tax liabilities from one group of taxpayers on to another.
- 10.3 In consider any proposals in this respect it must therefore be considered whether the tax liability is being borne by the right taxpayers and whether tax liability is spread evenly in accordance with the prospective benefits.

**11 Options considered**

- 11.1 Members of the Scrutiny Committee are requested to consider the report presented to Council and the additional information presented within this report and, in accordance with the intention of the original motion, consider what could be done to further support business.

**12 Resource implications**

- 12.1 These are covered within the report.
- 12.2 The Council benefits from business rate growth under the new Business Rate Retention mechanism included within the new Local Government Finance System.

**13 Response to Key Aims and Objectives**

- 13.1 Please type none if there is no response to Key Aims and Objectives

Contact Officer                      Andrew Small (01296 58507)  
   Tracey Aldworth (01296 58503 )  
   Teresa Lane (01296 585006 )

Background Documents

## NOTICE OF MOTION: SUPPORT FOR TOWN CENTRE BUSINESSES

### 1 Purpose

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| 1.1 | This report advises Council on how it should respond to the Notice of Motion submitted by Councillor Vick to Council on 16 October, 2013. The Motion was seconded by Councillor Lambert. |
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### 2 Recommendation

- 2.1 That the Motion be rejected in the light of the fact that although having little influence over the commercial issues raised specifically by the Motion, the Council is nevertheless devoting significant resources to town centre regeneration for the benefit of all those who live or work or visit the Vale, and will continue to support any initiatives designed to deliver this objective.

### 3 Supporting Information

- 3.1 On 16 October, 2013, Councillor Vick submitted a Notice of Motion concerning support for town centre businesses. The full text of the motion is contained in the Appendix to this report, which is in effect the report submitted to Cabinet on 19 November 2013.
- 3.2 The Cabinet report sets out the information taken into account by Cabinet in reaching the conclusion referred to in 2.1 above.
- 3.3 The procedure for dealing with this matter will be as follows:-  
(The Motion has already been moved and seconded)
- Councillor Vick will speak first (maximum of 5 minutes).
  - The Leader of the Council (Councillor N Blake) will then speak explaining Cabinet's view and will recommend Council to vote against the Motion. (maximum of 5 minutes).
  - The Motion is then open to debate.
  - Councillor Vick has a right of reply at the end of the debate.
  - A vote will then be taken.

Contact Officer: Andrew Small (01296) 585507  
Background Documents: None

## NOTICE OF MOTION - SUPPORT FOR TOWN CENTRE BUSINESSES

Councillor Neil Blake  
Leader of the Council

### 1 Purpose

- 1.1 At Council on the 16 October 2013, a notice of motion was put forward by Councillor Vick. This motion related to the subject of support for businesses in the town centre and held over to the next meeting of Cabinet for debate.

### 2 Recommendations/for decision

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| 2.1 Cabinet is requested to consider the contents of this report and decide whether or not to recommend its adoption to Council. |
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### 3 Supporting information

- 3.1 On the 16 October 2013 Councillor Vick made the following Motion to Council:

“Town centres and high streets in the Vale are struggling to keep retailers in place during this protracted economic downturn.

All business sectors are struggling with ever increasing overheads and historically high premises rental costs.

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  - (2) Consider reducing business rents charged to retailers and the general business sector in Aylesbury Vale.
  - (3) Engage with other landlords to promote a reduction in the retail and business rents charged in Aylesbury Vale
- 3.2 This Motion has been passed to Cabinet for debate so that a recommendation can be agreed and made to Council on the 4<sup>th</sup> December 2013.
- 3.3 The various elements of the proposal are examined in more detail within this report and examples of ways the Council is currently helping business or proposes to in the future are also set out.

## **4 Business Overheads**

- 4.1 The overheads incurred by businesses are normally those costs associated with being in business which are incidental to the direct manufacture or sale (assuming that this is the principal function of the business) of the product or service.
- 4.2 In relation to this Notice of Motion it is assumed that this refers primarily to the costs associated with the physical location of the business, i.e. rent, rates and utilities. Even more specifically, those costs within this grouping that the Council can directly influence.
- 4.3 In practice there are relatively few of these costs that the Council can influence in any substantive way and none (which can be thought of) that the Council directly controls.
- 4.4 The Council is not directly landlord for any retail, office, commercial or industrial premises anywhere within the Vale. However, it is the joint owner of Aylesbury Vale Estates which does own a significant retail and commercial holding.
- 4.5 The vast majority of all Town Centre retail and commercial property is in private ownership over which the Council has no control. Many landlords are not local to the area and are London based. Unfortunately this is sometimes reflected in their interest in the town and their willingness to engage on issues such as the long term sustainability and viability of the town centre. However, the Town Centre Manager, when appropriate (see para 4.6 below) will also seek to develop a dialogue with landlords to encourage reasonable rents or rent reductions to support tenants. She has done this on several occasions at the request of an existing tenant when the rent or a proposed increase is likely to lead to closure. A proactive approach is also taken when a lease is about to expire or a unit becomes vacant. By explaining the vision and plans for the town, we try influence the choice of tenant to help provide the right mix of retailers.
- 4.6 An action is identified in the Aylesbury town centre improvement plan to extend our work with landlords by setting a landlord forum to build relationships and encourage a more sustainable and longer term approach to rent levels and tenancies.
- 4.7 Despite being joint owner AVDC is specifically prevented from manipulating Aylesbury Vale Estates to operate in any way which is non commercial in order to deliver the Council's aims and objectives. This was an important requirement by the private sector when AVE was created as they were concerned that the Council would erode or forgo income in order to further its non commercial agenda.
- 4.8 The Council cannot, therefore, influence or reduce the rental for any property within the ownership of Aylesbury Vale Estates unless it was originally designated as a social asset.
- 4.9 However, having rent paying tenants is clearly in the interests of AVE and it proactively works to retain and attract new tenants into its premises through competitive rental levels and rent free periods where appropriate.
- 4.10 Most individuals and organisations will associate the Council with Business Rates and the changes to the Local Government Finance system introduced from the 1 April 2013 imply via the title of Business Rate Retention that the Council has increased control over how much and who business rates are levied upon.



- 4.11 In practice this is deeply misleading. Business Rates are still fundamentally a national tax which are levied and controlled by central Government. The Government controls how much is payable, what increases are applied and whom has to pay the tax.
- 4.12 Aylesbury Vale District Council is the local collection agent on the Government's behalf. It cannot waive or reduce Business Rates at its discretion. However, the changes introduced from the 1 April 2013 do enable the Council to benefit in a small way from real business rate growth above the rate of inflation. Importantly, the Council is also financially penalised as a consequence of any reduction in business rate income.
- 4.13 The Council is therefore financially incentivised to grow new and maintain existing business rate income. However, even without this added incentive it has always been a Council priority, for many reasons, to improve the economic wellbeing of the Vale and to see the provision of healthy and vibrant town centres and high streets.
- 4.14 The constraining factor is that without direct control over business rates, rents or utilities it has only a few limited levers which it can exercise in order to achieve this.

## **5 The Council's broader support for Business and commitment to the town centre**

- 5.1 One initiative which the Cabinet is currently developing to assist is a business rate discount scheme proposal which takes advantage of powers awarded under the Localism Act 2011 and the changes to the Local Government Finance system to help attract new businesses into the Vale and to improve the occupancy of Town Centres.
- 5.2 As a new initiative this will have a real cost to the Council but a Cabinet report is being prepared which sets out the options for wider consideration.
- 5.3 It is intended that if agreed this initiative will be just one element of a wider commitment to attract new businesses and retain existing employers within the Vale. Attracting and retaining employers is a key focus of the Council's Economic Development Team
- 5.4 Within Town Centres the Council has a long history of supporting the retail and business sectors. It does this in a number of ways:
- It is the major funder (£130,000 representing over 75% of total funding) of the Aylesbury Town Centre Partnership which employs a Town Centre Manager and events officer.
  - Delivery of the Town Centre Partnership business Plan is led primarily by the Town Centre Manager, Diana Fawcett, either with support or in liaison with a range of other AVDC, BCC and Town Council services.
  - The list attached as Appendix A gives an overview of some of the key activities undertaken:
- 5.5 In addition to the work carried out under the Town Centre Partnership business plan, AVDC is also:
- Investing significantly in improving the town centre to encourage more visitors/businesses by leading the redevelopment of the town - the theatre, Waitrose, Travelodge, new car parking and public realm.

- AVDC is now working with other partners to deliver the next phase of re-development which includes the planned Aylesbury Education Centre at the head of the canal basin and a phased mixed-use scheme for Waterside north.

Whilst not directly benefiting existing retailers this is a recognition that Aylesbury's success will be as a result of providing the right mix of retail, retailers, leisure and food and beverage establishments. Through creating the right environment and interest in the Town Centre it is hoped that the whole Town Centre can eventually be revitalised.

- Working with the commercial sector such as Grosvenor Estates to support improvements to the Friars Square Shopping Centre.
- Proactively promoting the town centre to secure new retailers and restaurants for the town.
- Reinvesting in the markets having taken back the management of the service from the private sector. Implementation of a new business plan to improve the markets and encourage more customers has already begun. The Annual Love Your Local Market fortnight and regular annual events eg Valentine's Day on the market are part of the promotion plan for the markets.
- Supporting the town centre trade by offering free parking at certain times in the run-up to Christmas.
- Leading the development and coordinating the delivery of the Aylesbury town improvement plan which for the first time sets out an agreed Vision for the town, principles to guide future development and an action plan to bring private and public sector delivery partners together.

## **6 Reasons for Recommendation**

- 6.1 The report sets out that the contrary to the intention of the motion the Council in practice has little influence that it can exert in the areas included within the motion.
- 6.2 However, despite this the Council strongly recognises the value to the Vale and its residents of successful businesses and vibrant Town Centre and consequently is devoting significant resources in to improving conditions where it can.
- 6.3 Given this, Cabinet is requested to consider the report and make a recommendation to Council as to whether or not to support the motion.

## **7 Resource implications**

- 7.1 These are set out within the report.

## **8 Response to Key Aims and Objectives**

- 8.1 Improving business and Town Centres and both Corporate Plan priorities.

**Supporting the Aylesbury Town Centre Partnerships and building communications with businesses**

- Provides business to business briefings: weekly, monthly, quarterly, bi-yearly and assists others in networking
- Over 80 members in the partnership compared to five in 2010
- One stop shop for businesses – promotion, licensing, planning, waste disposal
- Close working with Chiltern Railways, Mix 96, BBC 3 Counties and Bucks Herald to promote the town
- Increase in social networking to promote the town

**A clean and attractive town**

- Improvements made along High Street, George Street & Market Square
- Cleaning: Bus station mural, War Memorial, seating
- Busking policy established
- Management and regulation of charity collectors
- Encourage outside street trading
- Design and erect window wraps for vacant units
- Identify and improve grot spots
- Removal of posters, illegal notices etc.
- Organise repainting of street furniture

**A safe place**

- Set up and on the Board for Aylesbury Business Against Crime
- Members of Aylesbury Neighbourhood Action Group
- Key player in the securing Purple Flag accreditation
- Set up and manage the Night time economy group
- Reinforce pedestrianisation in the upper High Street
- Work with the Police on town centre anti-social behaviour issues
- Support and work with the Chaplaincy and Street Angels teams

**Support for local independent businesses**

- Retail- lift off launched in September to support new independent business start ups
- Quarterly networking meetings
- Provide monthly updates about town centre information
- “Keep It Local” bags, flyers and decals distributed in conjunction with the Federation of Small Businesses

- Personal visits to traders affected by any developments/works outside their premises
- Flyers handed out promoting their individual business at key events
- A new project to attract, support and train brand new independent traders
- Work with independent traders to assist them in applying for and signing off a street trading license
- Free advertising of their events
- Help new independents source premises

### **Marketing and promoting the town**

- 450 free events co-ordinated for 2013 with our team organising over 53 events.
- Production and distribution of monthly posters, 20,000 Event Guides, 47,000 Festive Fun leaflets, 27000 Aylesbury Alive leaflets
- Regular updates of town centre activities on social websites