

Economy and Business Development
Scrutiny Committee 17 March 2014

UPDATE ON MAJOR EMPLOYMENT SITES

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1 Purpose

- 1.1 This report updates Committee on the position on bringing forward the development of a number of major employment sites that have planning permission or were allocated as employment sites through the Aylesbury Vale District Local Plan. It outlines the work that is ongoing to facilitate these developments and the challenges that the current economic climate presents.

2 Recommendations

- 2.1 That the Committee notes the report and makes any comments to the relevant Cabinet Member and the officers involved on the continuing work

3 Supporting information

- 3.1 Whilst we plan for employment growth through the Planning system, and have been effective in turning those Local Plan allocations into planning permissions, we have been less effective at getting developments that have permission actually built and occupied. This contrasts with the position on housing where completions have held up strongly through the recession by comparison with other areas . This leads to the concerns that we have had the houses but not the jobs growth, resulting in an unsustainable situation of increased net out-commuting on what is frequently seen as pressured road and rail infrastructure.
- 3.2 The evidence produced to support the Vale of Aylesbury Plan and recent public inquiries identified that between 2001 and 2011 we recorded at best job growth of 2,400 (based on Experian figures) whilst in the same period we achieved around 7,000 new homes.
- 3.3 The same work shows we have a “pipeline” of committed but unimplemented schemes that in August 2013 amounted to a potential employment level of 10,500 jobs. The main sites in the list are:
- Silverstone (2,500 jobs)
 - College Road North (overall Arla complex) (2,100 jobs)
 - Aston Clinton Road Major Development Area (1,500 jobs)
 - Berryfields Major Development Area (1,000 jobs)
 - Gatehouse Quarter, Aylesbury (375 jobs)
 - The Gateway, Aylesbury (375 jobs)
 - Pitstone Green Business Park (150 jobs)
 - Haddenham Business Park (670 jobs)
 - Westcott Venture Park (800 jobs)
 - Buckingham Road/Furze Lane, Winslow (375 jobs)
 - London Road, Buckingham (270 jobs)

APPENDIX B
AGENDA ITEM No. 5

- Henwood Farm Biddlesden (adjacent to Silverstone Circuit) (250 jobs)
 - Waterside, Aylesbury (200 jobs)
- 3.4 The job numbers quoted are based on material provided at planning application stage or by using “industry standard” calculations for typical jobs per floorspace. These will vary as schemes emerge through the process and get implemented over time. They inevitably need treating with a degree of caution but are included to give Members some indication of the scale of the developments in potential jobs terms.
- 3.5 Given this overall position, and as part of the integral working between the Council’s Planning and Economic Development functions, a review of the sites was commissioned from specialist consultants. The study reviewed the sites in the pipeline, and some other larger existing premises that were currently vacant and being marketed, to assess the current position with those sites actually being developed/occupied. In particular the report looked at the key barriers to development being implemented (including market interest) and whether there were any necessary interventions by AVDC or another public body.
- 3.6 An extract from the report setting out the information on a site by site basis for each of the main sites looked at is appended to this report. The report itself is published on our investaylesburyvale.com website at www.investaylesburyvale.com/growing/general-support/planning-amp-relocation-support
- 3.7 Probably the key factor coming through from the report is the very weak level of market interest in bringing forward these developments. The rental values that developers can achieve for commercial properties in The Vale are lower than in surrounding locations such as Milton Keynes, the Thames Valley, or Hemel Hempstead, and these rental levels are not high enough to make it viable for developers to build on a speculative basis. For this reason developments do not proceed unless they have a pre-let agreement with a specific occupier. This position is not unique to Aylesbury Vale and our work across the SEMLEP area shows that market confidence remains weak across the whole area. Whilst commercial property agents are reporting a greater level of business enquiries, this has not yet translated itself into investment confidence to a sufficient degree to support developers building speculatively on the hope of then attracting an occupier.
- 3.8 Inevitably some of the more commercially attractive areas will see a recovery ahead of other areas, such as our own, which are not seen as prime locations for investment in employment developments. More locally agents are reporting that there is a steady level of demand for existing largely secondary built industrial units but that will not engender the sort of step change in economic performance from employment development that would have institutional investors and larger-scale commercial developers implementing schemes that make up the majority of the pipeline. Anecdotally, employment scheme developers are still facing challenges getting the institutional financial backing, on the right terms, where there is not a high degree of certainty of filling and letting premises when built, at an acceptable level of rental return. This means that available funding is being directed to the locations which have greater certainty of commercial success.
- 3.9 The other issue for Committee to bear in mind when considering the report is that the vast majority of businesses based in The Vale are small or micro-sized enterprises with small workforces, and probably not looking for the sort

of larger-scale premises that make up the most of the pipeline and are generally more commercially attractive to employment site developers. These small or micro-sized firms are generally not geared up to “pre-let” building projects and often not able to commit themselves to premises in a way that gives confidence to developers to implement new-build schemes.

- 3.10 Where there is an end-user in place the investment picture is far more positive (e.g. the main ARLA dairy).
- 3.11 Members will note that this independent review has not identified any significant obstacles or constraints that AVDC could unblock. There are however some consistent themes emerging about how we could help maximise the chances of these developments being implemented and these are being put into effect.
- 3.12 Firstly is to make sure that through our ED functions and the networks we have created we promote the schemes and engage with the developer on their marketing plans to make sure that investment enquiries are directed appropriately and not lost to other areas. Our work with the two LEPs and bodies such as UKTI is particularly important in this respect to make sure we are “on the radar” of those receiving inward investment enquiries.
- 3.13 Secondly we need to make sure that we are as flexible as possible in our planning requirements to allow schemes to evolve to meet the needs of a specific occupier, or as the business plans of the developer are firmed up. This is again “business as usual” working for us on these sorts of sites and the review does not suggest that planning constraints are presenting a barrier to any of these schemes being implemented.
- 3.14 To bring together these first two strands, the third theme is to set in hand a series of meetings with the key developers at senior manager level, led for AVDC by the Corporate Director and involving Head of Service/Service Managers. Such arrangements are already well established over a long period of time for Arla and Silverstone and have, in the past, happened on an ad-hoc basis with sites such as Haddenham Business Park. However we are now embarking on a programme of more proactive and systematic meetings, the purpose of which will be to understand what is stopping the schemes coming forward and to make sure there are no unintended consequences of other Council actions, as well as looking for any practical ways in which the Council can facilitate or support the development.
- 3.15 Finally we need to continue the improvements that have been put in place over the last year or so to more fully integrate our information systems relating to employment sites and developments and how that information is shared with other partner organisations such as LEPs and UKTI.

4 Resource implications

- 4.1 The resources to commission the report have come from normal service operational budgets and the measures we are taking as a result can be met within existing resources. Clearly other forms of involvement could well have resource implications that could not be covered by normal operational budgets.

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Background Documents	none