

ECONOMY AND BUSINESS DEVELOPMENT SCRUTINY COMMITTEE

17 March, 2014

1. **PRESENT:** Councillor Miss P Lewis (Chairman), Councillors Mrs Bloom, Mrs Glover, Ms Harrison (in place of M Smith), Lambert, Monger, Poll, Richards, Strachan, Stuchbury and Thompson.

2. **APOLOGIES:** Mrs Davies, Hawkett, M Smith and Tyndall

3. **MINUTES**

RESOLVED –

That the Minutes of the meeting held on 29 January, 2014, be approved as a correct record.

4. **UPDATE ON MAJOR EMPLOYMENT SITES**

Members recognised that this report and the report that followed (Inward investment in the Vale) (Minute 5) were intrinsically linked, and agreed that a joint resolution would be made following debate on both reports. The Committee received a report that updated them on the position on bringing forward the development of a number of major employment sites that had planning permission or were allocated as employment sites through the Aylesbury Vale District Local Plan. It also outlined the work that was on-going to facilitate these developments and the challenges that the current economic climate presented.

The evidence produced to support the Vale of Aylesbury Plan and recent public inquiries had identified that between 2001 and 2011 a best job growth of 2,400 (based on Experian figures) was recorded, whilst, in the same period, around 7,000 new homes were achieved.

The same work showed 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 were:

- 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)
- Henwood Farm Biddlesden (adjacent to Silverstone Circuit) (250 jobs)
- Waterside, Aylesbury (200 jobs)

The job numbers quoted were based on material provided at planning application stage or by using “industry standard” calculations for typical jobs per floorspace. These would vary as schemes emerged through the process and got implemented over time. They inevitably needed to be treated with a degree of caution but were included to give Members some indication of the scale of the developments in potential jobs terms.

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 had been 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.

An extract from the report setting out the information on a site by site basis for each of the main sites looked at was appended to the report.

The key factor coming through from the report was the very weak level of market interest in bringing forward these developments. The rental values that developers could achieve for commercial properties in The Vale were lower than in surrounding locations such as Milton Keynes, the Thames Valley, or Hemel Hempstead, and those rental levels were not high enough to make it viable for developers to build on a speculative basis.

For this reason developments would not proceed unless they had a pre-let agreement with a specific occupier. This position was not unique to Aylesbury Vale and work across the SEMLEP area showed that market confidence remained weak across the whole area. Whilst commercial property agents were reporting a greater level of business enquiries, this had not yet translated itself into investment confidence to a sufficient degree to support developers building speculatively.

More locally agents were reporting a steady level of demand for existing, largely secondary built, industrial units that would 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. Also, employment scheme developers were still facing challenges getting the institutional financial backing, on the right terms, where there was not a high degree of certainty of filling and letting premises when built, at an acceptable level of rental return. This meant that available funding was being directed to the locations which had greater certainty of commercial success.

The other issue that the Committee had to bear in mind, when considering the report, was that the vast majority of businesses based in The Vale were small or micro-sized enterprises with small workforces, and probably not looking for the sort of larger-scale premises that made up the most of the pipeline and were generally more commercially attractive to employment site developers. These small or micro-sized firms were generally not geared up to “pre-let” building projects and often not able to commit themselves to premises in a way that gave confidence to developers to implement new-build schemes.

Members noted that this independent review had not identified any significant obstacles or constraints that AVDC could unblock. There were however some consistent themes that emerged about how the chances of these developments being implemented could be maximised.

Firstly was to make sure that through AVDC’s ED functions, and the networks that had been created, promotion of the schemes and engagement with the developers on their marketing plans were directed appropriately and not lost to other areas.

Secondly was to make sure that AVDC were as flexible as possible in their 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.

To bring together these first two strands, a third theme was to set in hand a series of more proactive and systematic meetings with the key developers at senior manager level, the purpose of which would be to understand what is stopping the schemes coming forward and to make sure there were no unintended consequences of other Council actions, as well as looking for any practical ways in which the Council could facilitate or support the development.

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

- A comment was made that the report appeared to ignore sites in the Buckingham area and the proposals of The Buckingham Neighbourhood Plan.

Members were reminded that the report focused on information received following a review of the existing sites which had been commissioned in September 2013 prior to the Buckingham Neighbourhood Plan and which concentrated on sites that already had planning permissions. It was, however, agreed that it was a sound idea to anticipate future growth.

- A question was asked whether the existing infrastructure in the Vale was a major deterrent to commercial development taking place.

Officers explained that Aylesbury Vale was not on the Motorway circuit, was in competition with areas that could command better returns on any investment that could be secured and, as such, would not automatically be high on any developer’s choice of locations. For this reason it was extremely important that marketing links for promotion of these sites needed to be rigorously pursued and that any planning permissions as flexible as possible to allow fast responses to any enquiry received.

Existing links with successful sites, such as Silverstone and Arla would be extended to other sites in order to gather an understanding of what was now getting in the way development.

It was also explained that BCC, as the Highways Authority, did not have the funding to be in a position to build new infrastructure.

- A comment was made that the report did not comment on any Broadband risk.

It was explained that at September 2013 there had been no feedback of constraints that could hinder the advance of the Broadband installation, and that progress on the project was high on Officer's "watch" list.

- A suggestion was made that Investment Institutions should be directly approached.

Officers clarified that it was extremely difficult to directly approach the type of investor that would be required to develop these large sites and, because of the risks involved, investors were now being more selective.

- Members commented that Economic Development within AVDC would require a large increase of budget funding to pursue the advancement of development on the existing sites.
- A suggestion was made that the Scrutiny Committee, at a later meeting, receive a report on the Vale's current infrastructure and for it to include proposals for East West rail.

5. INWARD INVESTMENT IN THE VALE

A report was presented that updated Members with an update of the inward investment activity and progress that had been undertaken since the publication of the Urban Renaissance Institute's (URI) "Inward Investment and Retention Action Plan" in 2009 and to consider the future steps.

Following the adoption of the original URI plan, it was agreed that all Districts and partners would co-operate in developing a shared implementation plan, involving the County, the Districts and the Buckinghamshire Economic and Learning Partnership (BELP) supported by the Regional Development Agency SEEDA.

Protocols and processes were agreed amongst partners with BELP as to how the different types of enquiries would be handled and who would be involved at each stage of the process. This changed slightly when BBF was formed in 2012, but the new principles were embedded within the Memorandum of Understanding signed by AVDC and BBF in January 2013, with AVDC playing a clear role as part of the virtual 'inward investment steering group.'

Although significant progress has been made in taking forward the key recommendations set out in the strategy, now that the UK was beginning to emerge from the recession and that Aylesbury Vale was likely to continue its growth, it was more important than ever to build on the experience to-date and take inward investment activity to the next level.

AVDC and the LEPs were now clearer on what more was needed to be done to learn the lessons from the last 4 years regarding actions needed to accelerate the rate and conversion of quality inward investment in the future.

The report recognised that the focus for FDI inward investment must be much more selective, specifically targeted where there was some recognised significant sector, sub-sector or market advantage for investing businesses and should look to attract investors with financial investment in premises/plant. This should ideally focus on the High Performance Technologies (HPT) and motorsports sector, food and drink and assisted living and telehealth technologies especially, but with much clearer propositions.

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

- As inward investment had been recognised as being a major catalyst towards bringing jobs into the Vale, it was recommended that the use of third parties and intermediaries on a risk and reward basis is considered as an approach in the inward investment strategy.
- The committee commends the excellent work of the Economic Development team so far in attracting inward investment, however it relays its concerns that attracting and nurturing inward investment was still not being properly resourced which risked opportunities being lost. The committee recommended that Cabinet increase the budget for Economic Development to £500,000.
- A recommendation was made that Cabinet ensure a targeted and focused approach to both business retention and inward investment and to include the use of Bucks Business First, and other partners as a resource.

RESOLVED –

1. The committee commends the excellent work of the Economic Development team so far in attracting inward investment, however, it relays its concerns that attracting and nurturing inward investment is still not being properly resourced which risks opportunities being lost. The committee recommends to Cabinet that the budget for Economic Development be increased to £500,000

2. The committee recommends that sites emerging through, for example, neighbourhood planning processes, are targeted and promoted for inward investment opportunities, as well as those that already have planning permission.

3. The committee recommends to the Cabinet member that he ensure a targeted and focused approach to both business retention and inward investment, which includes the use of Bucks Business First and other partners as a resource where appropriate.

4. The committee recommends that the use of third parties and intermediaries on a risk and reward basis is considered as an approach in the inward investment strategy.

5. The committee recommends that, dependant upon the agenda content, the relevant Cabinet Member be asked to attend future Economic and Business Development Scrutiny Committee meetings.

6. That, if relevant, an item be included on the agenda to invite Members of the Cabinet to present an update on recommendations that had previously been made by the Committee.

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 agree and suggest new topics for inclusion.

RESOLVED –

That the Work Programme as presented be approved with the following suggestions for future consideration:-

- Investigate the status of the retail market across the Vale including the harm being caused to retail by the increasing use of internet shopping.
- Bring a report to Committee on the wider Leisure economy and how new incentives might benefit AVDC and the Vale in general.
- Commission a report on developing an analysis of existing and new markets that might be pursued.