

Economy and Business Development Scrutiny Committee

4 SEPTEMBER 2017

PRESENT: Councillor P Strachan (Chairman); Councillors C Branston (Vice-Chairman), B Adams, A Christensen, M Collins, M Hawckett, T Hunter-Watts, P Irwin, C Poll and W Whyte

APOLOGIES: Councillors J Bloom

1. MINUTES

That the minutes of the meeting held on 24 May 2017 be approved as a correct record.

2. AYLESBURY VALE ENTERPRISE ZONES

Claire Britton introduced the Director of the Enterprise Zone, Anthony Sowden, who had been appointed in May 2017. The intention of the Director's role was to support the Enterprise Zone's Board and take on lead responsibilities.

Mr Sowden updated Members on the operation of the Aylesbury Vale Enterprise Zone (AVEZ). The update detailed the progress made in the Vale's three Enterprise Zones which were established at Silverstone, Westcott Venture Park and Arla/Woodlands on 1 April 2016. Enterprise Zones were seen as an important part of the Government's programme to devolve responsibility for leadership of local growth and provide a powerful tool for areas to develop their local economy. It was understood that these three key strategic employment locations each had the potential to add value to Buckinghamshire's knowledge economy and to accelerate investment in high growth and high added-value sectors. The Enterprise Zone allowed any business that took up occupation prior to April 2012 the possibility of claiming up to £275,000 rates relief over the first five years occupation which would be granted by the Local Authority then subsequently reimbursed by HM Treasury.

Local partners were also allowed to retain 100% of all the business rates from new development in the Enterprise Zone over the first twenty-five years with 100% protection from any future reset or redistribution. The government expected most of the revenue from retained business rates to be reinvested in the Enterprise Zone to fund infrastructure and to speed up the rate of development. This process would be a virtual circle with capital reinvested in the Enterprise Zone generating additional development and business rates income.

A Memorandum of Understanding (MOU) had been agreed by AVDC, Buckinghamshire County Council, Bucks and Thames Valley Local Enterprise Partnerships (BTVLEP), and the Government which permitted a split of retained rates income from the Enterprise Zone sites. The intention was to invest in the Enterprise Zone to deliver an integrated set of interventions across the three sites which would improve the attractiveness of the Enterprise Zone as a business location. BTVLEP had also agreed individual MOUs with each site owner and set out the position relating to expected but indicative rates of development, marketing expenses and capital investment. AVDC was ultimately the Accountable Body for the Enterprise Zone and ensured that appropriate arrangements for the proper use and administration of funding and monitoring of division of rates were in line with the MOU.

The Committee was informed that the MOU had required a submission of a Five Year Implementation Plan by March 2017. This Plan outlined the strategic aims of the Enterprise Zone, set out arrangements for delivering those aims and provided a high

level summary of proposed activity for each of the three sites. Members were also advised that each Enterprise Zone targeted specific high added-value sectors and their relative supply chains. The sectors were as follows:-

- Silverstone Park: High Performance Technology & Motorsport
- Westcott Venture Park: Space, Satellite Applications, Unmanned Airborne Vehicles
- Arla / Woodlands: Agri-Food, Health

A timeline of progress to date at each site was then provided to Members which was as follows:

Silverstone

- November 2016: 12,164m² business space was completed
- December 2016: First phase strategic infrastructure provision completed
- June 2017: new planning consent for over 180,000m² commercial floor space on wider Silverstone campus.
- September 2017: 30% of the new space was occupied and 14% was under offer.

Westcott Venture Park

- July 2016: National Space Propulsion Facility main funding was secured
- July 2016: Satellite Application Catapult funding was secured
- April 2017: Reaction Engines obtained planning consent for 1,700m² production office and SABRE rocket testing facility
- May 2017: Reaction Engines commenced development.

Arla / Woodlands

- March 2016: Buckinghamshire Advantage submitted outline planning application for Woodlands (102,800m² of employment space in the Enterprise Zone and 1,100 homes on adjacent land)
- February 2017: Db Symmetry secured planning approval for 58,000m² employment floor space
- June 2017: land agreements were in place to assemble / promote Woodlands site.

Members were then advised of the anticipated next steps for the Enterprise Zone at each location which was:

Silverstone

- Autumn 2017: Second phase infrastructure provision (main sewers/gas/telecoms/ HV electricity distribution)
- Spring 2018: Cycling Design / Innovation Centre – BTVLEP LGF funding support under consideration
- 2018: Next phase of development by MEPC anticipated

Westcott Venture Park

- Summer 2017: Agree Marketing & Development Strategy with site owner
- Autumn 2017: National Space Propulsion Facility would submit Planning application
- 2018: Site Infrastructure Provision: improved access onto A41 funded via Section 106 contributions and BCC Transport funding

- 2018: Site Infrastructure Provision: internal spine road to open up Enterprise Zone development plots
- 2020: Reaction Engines Test facility would be operational

Arla / Woodlands

- Autumn 2017: Resolution for Outline Planning Consent secured
- Spring 2018: Section 106 Agreement / Decision Notice
- Spring / Summer 2018: Implement Marketing / Disposal Strategy – First phase Enterprise Zone Employment Zone
- 2018: Db Symmetry's next phase of delivery on site
- 2019: Construction of Eastern Link Road commences which opens entire Woodlands site for development (anticipated completion 2021)
- 2021: ELR (South) Completed
- 2021: Commence delivery of first phase housing development

The Committee was then provided an update on each Enterprise Zone site and their current floor space development, new jobs created, new businesses located and rates retained per annum figures versus the initial five year forecast to 2021.

Members sought more information on the Enterprise Zones and were advised:-

- i. Marketing and promotion was not undertaken until planning had been approved. This was important so that business confidence was not lost in the Zones.
- ii. Silverstone was a Technical site that hosted other events aside from Formula 1, concerning which there had been speculation about its continuance.
- iii. Member engagement was acknowledged as being important, particularly those that were local to the Zones, and it was indicated that greater use would be made of news sheets.
- iv. Providing projected numbers for job creation and business creation in 2018 was difficult particularly at Woodlands. Nonetheless, a five year projection was seen as being appropriate, given the lead time for attracting inward investment.
- v. Environmental and biodiversity issues at Arla / Woodlands sites as well as Highway issues were being dealt with as part of the planning process.
- vi. A diversity of business was encouraged at the Enterprise Zone sites.

RESOLVED –

That the Director be thanked for the update and the report be noted.

3. WORK PROGRAMME

The Committee considered their future work programme which was currently as follows:-

31 October 2017

1. Car Parking Strategy
2. Strategic Economic Plans
3. Connected Counties Broadband update
4. Aylesbury Vale Broadband update
5. Buckinghamshire Skills Strategy

22 November 2017

1. Aylesbury Town Centre Plan update
2. Budget Report
3. AVE Business Plan

It was noted that a number of issues associated with some of the items might take longer to finalise than had originally been anticipated and it might therefore be necessary to move them on to the subsequent meeting.

Members commented that a future agenda item might be the employment land take up at Berryfields. The position in relation to this matter would be examined with a view to inclusion on the work programme.

RESOLVED –

That the position regarding the work programme, as discussed at the meeting, be noted.

4. AYLESBURY VALE ESTATES: REVIEW OF PERFORMANCE AGAINST 2016-17 BUSINESS PLAN

Members welcomed Teresa Lane and the AVE Board Members Graham Cole and Philip Ingman of Akemman Asset Management. The report submitted outlined that AVE was progressing well towards its goals of realising value from non-income producing sites and reinvesting towards asset production. Members heard that tenant demand was expected to increase which would then increase baseline rents. This was aided by a low void percentage which was anticipated to be below 6% by the end of 2017/18.

The Committee was informed that a change of valuer had shown a slight overall increase in value and that there was a 2.2% increase on the gross assets of AVE since the start of 2017. In addition, the total return on the year was 16.54% which was positive, particularly when compared to other forms of investment such as the stock market or UK property.

Graham Cole and Philip Ingman also outlined to the Committee some of the challenges that AVE faced such as the lead time for planning applications. Members did express an initial concern over asset management but this was addressed to the satisfaction of the Committee. Members also raised concerns over the lack of office space in and around Aylesbury Town centre. The Director responsible for the Planning Service assured the Committee that everything possible was being done to ensure the efficiency of and the speeding up of the planning process. This would be the subject of a presentation before the next Council meeting to which all Members of the Council had been invited.

Members sought more information on the AVE review of performance against the 2016/17 Business Plan and were advised:-

- i. Government policy had influenced the decision of some developers to turn office space into residential occupation.
- ii. Commercial AVDC was looking at the possibility of offering further office space to other businesses at The Gateway.
- iii. Lower quality assets were priced accordingly had low void numbers. A decision would need to be taken in future regarding their quality.
- iv. Businesses were moving towards Aylesbury Vale after being priced out of other markets such as Hemel Hempstead. This was as expected.
- v. The sale of assets for long-term business occupation was a possibility but was not necessarily in keeping with AVE's aim of producing income streams.
- vi. That the rate at which capital receipt realisation would be monitored to ensure that targets were achieved.

RESOLVED –

That the AVE representatives be thanked for their attendance and the update be noted.

Note: Councillor Whyte declared a personal interest in the above item as one of the Council's representatives on the AVE Board. Although he responded to questions, he did not vote on this issue.

5. EXCLUSION OF THE PUBLIC

The following matter is for consideration by Members "In Committee". It will therefore be necessary to

RESOLVED –

That under Section 100(A)(4) of the Local Government Act, 1972, the public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in the Paragraph indicated in Part 1 of Schedule 12A of the Act:-

Item No. 9 – Aylesbury Vale Estates: Review of performance against 2016-17 Business Plan (Paragraph 3)

The public interest in maintaining the exemption outweighed the public interest in disclosing the information because the report contained information relating to the financial or business affairs of organisations (including the Authority holding that information) and disclosure of commercially sensitive information would prejudice negotiations for contracts and land disposals or transactions.

6. AYLESBURY VALE ESTATES: REVIEW OF PERFORMANCE AGAINST 2016-17 BUSINESS PLAN

With reference to the consideration given to this matter earlier during the meeting, Members received a detailed update on AVE's performance against its business plan for 2016/17.