

# Economy and Business Development Scrutiny Committee

22 NOVEMBER 2017

**PRESENT:** Councillor P Strachan (Chairman); Councillors C Branston (Vice-Chairman), B Adams, J Bloom, A Christensen, M Collins, M Hawke, P Irwin, C Poll and W Whyte

**IN ATTENDANCE:** Councillor A Waite

**APOLOGIES:** Councillor T Hunter-Watts

## 1. MINUTES

That the minutes of the meeting held on 31 October 2017 be approved as a correct record.

## 2. NATIONAL INFRASTRUCTURE COMMISSION

Members received a report regarding the work from the National Infrastructure Commission (NIC) which had focussed on the development of the transport corridor between Cambridge – Milton Keynes – Oxford. The NIC was an independent body that provided advice to Government on major long term infrastructure projects and had identified the corridor as having a major role to play in the future of the UK economy. A consultation had been ongoing until its closure in March 2017 which had involved engagement with individual local authorities, developers and Local Enterprise Partnerships (LEPs) along the corridor.

An interim report had been published by the NIC which outlined the challenges the corridor faced and recommended implementations to resolve these ([https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/569867/Cambridge-Milton\\_Keynes-Oxford\\_interim\\_report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/569867/Cambridge-Milton_Keynes-Oxford_interim_report.pdf)). The corridor had been identified as having 3.3 million residents that lived in some of the most productive, successful and fast growing cities in the UK. The area had assets with global reputations and competed on the world stage. The report stated that current trends in development, population and local economic growth would see job growth of 335,000 to 2050 and increased economic output by £85bn. On the other hand, additional analysis prepared for the Commission proposed that the economic potential of the area was higher at 700,000 jobs and economic output at £163bn by 2050.

An NIC Design Competition had been carried out which invited entries from broad multi-disciplinary teams and sought visionary ideas for development typologies across the corridor to provide homes and integrated infrastructure along the corridor. The competition attracted 58 teams and four of those were shortlisted to produce a design concept which would consider existing, planned or proposed infrastructure and how to integrate this with development to create sustainable and liveable places. A link to the competition was available here: <https://www.nic.org.uk/news/shortlist-of-ideas-announced-for-the-future-of-the-growth-corridor/>

The NIC's report *Partnering for Prosperity: A new deal for the Cambridge – Milton Keynes – Oxford Arc* had been published on Friday 17 November 2017 and, whilst the report was still being assessed by Officers, initial key findings were presented to the Committee. Government had six months to respond to the NIC report and the document was available via this link: <https://www.nic.org.uk/wp-content/uploads/Partnering-for-Prosperity.pdf>

Housebuilding would need to be doubled to 1 million new homes within the arc by 2050 for it to fulfil its potential. This would also include new towns, not just additions to existing settlements. Integrated planning for jobs, homes and infrastructure was also needed. Additionally, the formulation of a Central Area Growth Board was needed which would be made up of Members from Local Authorities which would agree accountable governance arrangements across the arc and act as a Central Government communication focal point. Information was also provided on the East-West infrastructure which would enable new settlements:

- East West Rail project - £1bn delivered to Bicester-Bedford section to a target date of 2023 and from Bedford to Cambridge to be opened by 2030.
- Oxford-Cambridge Expressway - along the same broad corridor as East West Rail. A clear and defined route would be created by 2025 enabling construction to begin and be completed by 2030.
- Delivery of projects as part of programme of exploiting major development opportunities. The scales were from smaller garden towns (around 10,000 homes) through to city scale (up to around 150,000) with in principle agreement needed within 12 months.

The NIC's report provided various recommendations, one of which was that Government and local authorities needed to work together on identifying new settlements and existing settlement expansions by 2020, as well as having to have established appropriate delivery vehicles for the new and expanded settlements. An example of this was through New Town Development Corporations. Stewardship and design panel arrangements would also have to be put in place. Other NIC recommendations included:

- Establish an indicative, long term pipeline of national and local infrastructure investments with this being agreed by 2019.
- Flexibility in the application of five year housing land supply where higher levels of growth would be accommodated.

In the long term, it was reported that a clear spatial vision for the whole arc would go up to 2050 which would need to be produced by Summer 2019. Additionally, an arc-wide Strategic Infrastructure Plan and statutory spatial plans for inspection would need to be in place by April 2020. By April 2018, sub regional planning areas would need to be agreed, as would sub regional and arc wide governance arrangements. It was noted that the recent Autumn Budget was generally supportive of the NIC's report and the prospect of further housebuilding. The Committee then heard that AVDC's next step was to draft an individual response to the recommendations as well as a collaboratively collective response as one of members of the Central Area Growth Board.

After Members discussed various elements of the recent NIC report, the Committee suggested the following issues and concerns needed further examination by Cabinet when they consider the NIC report:

- i. Concern of local coordination not coming across to Government as well as Aylesbury Vale losing its own voice and identity amongst other authorities.
- ii. Timeframe concerns over infrastructure and housing delivery, in addition to numerous ongoing and overlapping building projects.
- iii. Clarification on how VALP and NIC related to each another.
- iv. A clear public relations strategy on managing Communications on NIC report.
- v. If or how AVDC could respond or push back on further housing allocation.
- vi. Neither Buckinghamshire County Council nor BTVLEP are referenced in the NIC report.
- vii. Funding of the developments.

- viii. The direction Milton Keynes would expand if it was to double in size as per NIC report.

RESOLVED –

That the report and updated be noted and that the Committee's comments are considered by Cabinet.

### **3. AYLESBURY VALE ESTATES BUSINESS PLAN 2017/18**

Members were asked to give consideration to the confidential draft Business Plan prepared by Aylesbury Vale Estates LLP (AVE) for the years 2018 – 2021 and for any comments to be passed to Cabinet. The item was attended by the AVE Board Members Graham Cole and Philip Ingman of Akemman Asset Management.

AVDC and the Akeman Partnership LLP (Akeman) set up AVE as a Limited Liability Partnership (LLP) in October 2009. This was created to manage, improve and develop AVDC's commercial property portfolio. The draft Business Plan covered the period 2018 – 2021 with detailed focus on the 2018/19 financial year. The timing of the report meant that the plan only reviewed performance of the 2017/18 Business Plan from 1 April – 20 September 2017. A full 2017/18 performance review report would be given to Scrutiny and Cabinet in June 2018. The current plan also took into account assumptions about the future plans of tenants and trends in the wider market. A 'What if' document formed part of the plan which assessed the impact of upsides and downsides on each situation permutation.

The report submitted to Committee looked back over Key Performance Targets, one of which was the vacancy rate which as of 30 September 2017 was 3.4%, down from 5.6% at the end of the previous financial year. The portfolio remained on track to hit its 2017/18 financial year end vacancy target of 8.1%. The total return of the portfolio over the 12 months to 31 March 2017 was 16.64%. The report also outlined previous initiatives and developments which included:

- Sales of low income generating assets (High Street Winslow, Cornwalls Meadow, and Mitre Street, Buckingham).
- The Kennel Club headquarters at The Gateway site was completed within time and budget, and had delivered a net profit to AVE.
- The Phase 1 Gateway affordable housing development by AVE was finally completed. The delay had a negative financial impact on AVE as had negotiations on the Section 106 payments.
- Lidl had signed a contract with AVE to buy and build a store on the front part of the Askey's site. The final sale price was dependant on the final scheme obtaining planning approval and any conditions attached particularly in respect of highway improvement work.

Members sought more information from the AVE representatives on a variety of topics including:

- i. Risk robustness of current projects and debts.
- ii. Specific tenants of AVE across its portfolio.
- iii. Considerations on types of income relating to the Business Plan.

The Committee noted the responses and appreciated there were variations in income projections based on the outcome of pipeline projects.

RESOLVED –

That the report be noted prior to going Cabinet. Members thanked the Board Members for their attendance.

*Note:*

*Councillor B. Adams declared a personal interest in the above items as a member of a club that was a tenant of AVE.*

*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.*

#### **4. EXCLUSION OF THE PUBLIC**

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 involves the likely disclosure of exempt information as defined in the Paragraph indicated in Part 1 of Schedule 12A of the Act.

The public interest in maintaining the exemptions outweighed the public interest in disclosing the information because the documents 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/transactions.

#### **5. AYLESBURY VALE ESTATES BUSINESS PLAN 2017/18**

As part of the discussions, consideration was given to Aylesbury Vale Estates Business Plan 2017/18.