



AYLESBURY VALE DISTRICT COUNCIL

Democratic Services

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15 March 2019

ECONOMY AND BUSINESS DEVELOPMENT SCRUTINY COMMITTEE

A meeting of the Economy and Business Development Scrutiny Committee will be held at **6.30 pm** on **Tuesday 26 March 2019** in **The Oculus - Aylesbury Vale District Council**, when your attendance is requested.

Membership: Councillor C Branston (Chairman); Councillors W Whyte (Vice-Chairman), B Adams, J Bloom, B Chapple OBE, B Foster, T Hunter-Watts, S Jenkins, D Lyons, C Poll and W Raja

Contact Officer for meeting arrangements: Chris Ward, cward@aylesburyvaledc.gov.uk

AGENDA

1. APOLOGIES

2. TEMPORARY & PERMANENT CHANGES TO MEMBERSHIP

Any changes will be reported at the meeting.

3. MINUTES (Pages 3 - 8)

To approve as a correct record the Minutes of the meeting held on 10 December 2018.

4. DECLARATION OF INTEREST

Members to declare any interests.

5. ENTERPRISE ZONES UPDATE (Pages 9 - 10)

For Members to consider the attached report.

Contact officer: Claire Britton 01296 585471

6. WORK PROGRAMME

To consider the future work programme. Meetings are scheduled as follows:-

17 June 2019: Silverstone update with Roz Bird attending

10 September 2019: Member tour of Westcott (details to follow later in the year)

6 November 2019: No items as yet

Members had expressed an interest in the following items coming to Committee:

- Employment land take up at Berryfields
- AVDC Economic Development Strategy
- Broadband report on overall strategy to connect remaining percentage of households/areas
- Silverstone update
- Update on National Infrastructure Corridor (as and when enough information is available)

ECONOMY AND BUSINESS DEVELOPMENT SCRUTINY COMMITTEE

10 DECEMBER 2018

PRESENT: Councillor C Branston (Chairman); Councillors W Whyte (Vice-Chairman), B Adams, J Bloom, B Foster, M Hawkett, T Hunter-Watts, S Jenkins, C Poll and S Morgan (In place of W Raja)

APOLOGIES: Councillors B Chapple OBE and W Raja

1. MINUTES

RESOLVED –

That the minutes of the meeting held on 11 September 2018 be approved as a correct record.

2. AVE BUSINESS PLAN 2019/2022

AVDC and the Akeman Partnership LLP (Akeman) set up AVE as a Limited Liability Partnership (LLP) in October 2009. AVE was created to manage, improve and develop AVDC's commercial property portfolio. The Partnership was governed by a Partnership Board which contained three representatives from AVDC: currently Cllr Warren Whyte, Cllr Julie Ward and Teresa Lane (Assistant Director Commercial Property and Regeneration). The Board met on a regular basis to review progress against the original objectives and Business Plan and monitor performance of the appointed Asset Managers. Since AVE's establishment, it had been agreed that the Business Plan would go through Scrutiny and Cabinet annually. The item was attended by Graham Cole, Philip Ingman and Ed Inder of Akeman Asset Management, and they discussed various elements of the Plan. Highlights included the occupied rate being almost 100% which had led to a gradual rates increase of around 25% over the last two years. The success of the Rabans Lane site was contrasted by the struggling retail market in Hale Leys. Boots had been retained and a new lease had been signed for the vacant Poundworld unit; the new leaseholder would open from February 2019.

A copy of the draft Business Plan covering the period 2019 – 2022 had been circulated as part of the confidential section of the Scrutiny agenda. Included in the report were appendices covering cash flows for AVE and Hale Leys. Members were provided a summary of key issues within the Business Plan which were split into various categories: Distributions, Asset management initiatives/developments, Occupancy levels and Key performance targets. The core aims from 1 April 2019 were also outlined.

The Committee were asked to note that in order to reflect any consequences of the AVE Business Plan in the 2019/20 AVDC budget setting, the timing of the report meant that the plan could only review performance of the 18/19 Business Plan for the period 1 April – 30 September 2018. A full review of the 2018/19 performance was expected to be reported to the 2019 Scrutiny and Cabinet meetings.

Members had questions on the Plan and the portfolio and were advised that:-

- i. Various options were being considered for the vacant units in Hale Leys which included the possibility of 'splitting' two floored units and sectors beyond retail. The position of M&S continued to have a positive impact on the footfall of Hale Leys.

- ii. The AVDC Masterplan for Exchange Street would only go so far in having a positive impact high street retail.
- iii. AVE felt they had achieved many of the objectives that had been set when it was established nine years ago and gave examples to support this.
- iv. Planned site sales were expected to go through subject to the planning process. Members then asked for more information about where funds would be spent following these disposals.
- v. Positive working relationships had been cultivated with tenants which had helped with the lease renewal process. These relationships could also lead to payment plans being established should a business be facing a temporary shortfall. A small number of businesses had payment plans set up.
- vi. The recent unitary announcement had been unexpected to AVE and left the need for legalities to be quantified in future. AVE representatives had experienced a similar situation when working with Primary Health Trusts.
- vii. The estimated 25% increase in rental rates was not a blanket statistic across the portfolio and, instead, was relevant to smaller units.

Members were asked for their comments related to the plan for Cabinet to consider on 16 January 2019. Whilst the Committee were encouraged that AVE were effective at collecting rents and dividends were expected to be returned to AVDC over the next two years, concern was expressed over proposed site disposals and the Business Plan's over reliance on these disposal receipts within the Financial Model. On balance, Members felt that disposals may be due to the demand for dividends being paid and that once a site was disposed it was permanently off the portfolio. The Committee were also concerned about strategic work regarding Hale Leys. Specifically, Members had hoped to hear more ideas on how Hale Leys could adapt in the national struggle in the retail market and what AVE's objectives were for the centre.

RESOLVED –

That the Committee's comments and concerns be referred to Cabinet when they consider the AVE Business Plan 2019/2022. Members also thanked representatives from AVE for attending.

Note:

Councillor W. Whyte declared a personal interest in the above item as one of the Council's representatives on the AVE Board. Councillor Whyte left the room when Members considered their comments to be referred to Cabinet.

3. LOCAL INDUSTRIAL STRATEGIES

In July 2018, the government published a policy document entitled *Strengthened Local Enterprise Partnerships*. The document set out the role and responsibilities of Local Enterprise Partnerships (LEPs) in driving local growth. It set out how government and LEPs would work together to strengthen leadership and capability, improve accountability and manage risk, and provide clarity on geography. The document set out a single mission: to promote productivity by delivering Local Industrial Strategies (LISs). Buckinghamshire Thames Valley Local Enterprise Partnership (BTVLEP) and South East Midlands Local Enterprise Partnership (SEMLEP) had been developing their LISs over recent months and these were informing the development of an overarching LIS for the Oxford - Milton Keynes - Cambridge corridor. The LEPs had agreed to develop their own response to the Industrial Strategy to a certain level by December 2018 which would be used to develop the wider corridor strategy by March 2019.

Ian Barham, Partnership Manager at BTVLEP and Hilary Chipping, Chief Executive at SEMLEP were both in attendance and provided Members with an overview of the

content and progress of their respective LISs and how these were informing the development of the wider corridor LIS. Both presentations had levels of overlapping detail which was expected given that Aylesbury Vale was in both LEPs.

SEMLEP

Evidence gathered was being analysed for the LIS and a number of policy themes and propositions had emerged. The first one discussed was the SEMLEP area as the Connected Core of the Oxford-Cambridge Arc as the area had a number of world-class engineering assets, notably Racelogic's VBOX and the Uniti One; the first electric-vehicle to be produced in the UK. Silverstone Park had the potential to become a digital manufacturing innovation centre. Land within SEMLEP was relatively affordable which meant that the area could become a key commercial part in the arc. To aid this, work was underway in developing the East-West transport links and facilitating talks between businesses and government. Future potential action included specific promotional marketing of the engineering and aerospace sectors, as well as the wider 'cluster of clusters', and supporting infrastructural enhancements in transport and broadband. Constraints on business growth in the area were also outlined; out of 2,353 businesses, 33% felt that a lack of skilled labour constrained their business. To address this, SEMLEP were working on their skills plan to improve the labour marketing and increase employer engagement with educators as part of the proposition of employer-led skills development. Potential action included closer working with MK University and the Bletchley Institute of Technology. A proposed Silverstone Sports Innovation Campus was estimated to create 455 new jobs and 250 apprenticeships within the engineering sector. Another theme was the need for improvements to core infrastructure: Energy, Transport and Digital. Along the arc, Aylesbury Vale, Daventry and South Northamptonshire had an above average lack of superfast broadband as well as lack of electricity capacity in the wider area. Actions already underway included support for east-west links and first mile-last mile connectivity with potential actions identified as supporting linkages to the south of the expressway and the area as an EV exemplar.

A further proposition was identified as 'piloting a settlement of the future' as the SEMLEP area was a major contributor to housing growth and had relatively few planning restrictions making it a natural fit for trialling new approaches to placemaking. A number of pilots in technologies and smarter greener systems and construction methods were potential actions. The presentation concluded by referencing the proposed actions against the grand challenges in the national industrial strategy and identified next steps of drawing out the conclusions into the wider Arc vision.

BTVLEP

The county had a growing economy with a dynamic and resilient workforce supported by a strong SME business community. Iconic business brands and locations were already in Buckinghamshire: Pinewood, National Film and TV School, Silverstone, Westcott and Stoke Mandeville. BTVLEP had adopted an assets-led approach to developing the Local Industrial Strategy. Through evidence based review and stakeholder conversations, BTVLEP had identified the five economic assets in Buckinghamshire that had and would have the potential to be nationally significant, raise productivity and enable economic growth locally:-

Upstream Space (Westcott)

- Productivity within this sector was 60% above the national average. The sector, currently valued at £13.7bn, was expected to be valued at £40bn by 2030. Collaboration with the 5G Catapult centre and Innovation / Incubation Centre at Westcott was important for future investment and research collaboration.

Creative & Digital (Pinewood)

- The core UK film industry contributed £1.6billion to national GDP and Bucks had Pinewood Studios at the heart of the creative cluster which was supported by the National Film and TV School in Beaconsfield.
- Digital employment was important in Buckinghamshire, having increased 59% in the county since 2011 and the LEP being 3rd of 38 LEPs in the sector.

Super High Technology (Silverstone)

- 16,000 jobs in Knowledge Intensive Manufacturing in Buckinghamshire which was up 12% since 2015.
- 300,000² ft of Enterprise Zone development planned at Silverstone Park which is at the heart of the Silverstone Technology Cluster.

Growing MedTech and advanced AI

- Assets included the national spinal centre at Stoke Mandeville and there were two planned MedTech innovation hubs.
- BTVLEP were keen to build on the heritage of Aylesbury Vale being the birthplace of the Paralympic Movement

Intelligent mobility

- There was a natural opportunity to connect with National Infrastructure Projects of East West Rail, Heathrow Expansion, HS2 and Expressway
- 5G Test- bed expansion
- With the proximity of Bucks to Milton Keynes, BTVLEP felt there was a potential centre for 'Smart, Shared, Sustainable Mobility' in the county. Proposed developments included linking assets together e.g. high-performance technology at Silverstone with Space at Westcott.

The supporting programmes of activity to the five main propositions are:-

- The Inspiration Revolution
- Digital Everywhere
- The Living Lab
- Commercialising Innovation and Increasing Business Competitiveness

Similarly to SEMLEP, BTVLEP acknowledged the need for full fibre optic broadband coverage to be developed as coverage was poor across large parts of Buckinghamshire and this would hamper growth of county assets. Further work was also needed in educating and training the workforce to meet the needs of businesses.

The presentation concluded with some broad information on how the work would feed into the economic vision for the Arc. Delivery of the vision will be framed by six essential elements of global innovation systems: iconic brand; liveable & productive place; dynamic business culture; keystone assets; talent attraction & retention and strong financing.

Following the two presentations, Members had further questions and were advised that:-

- i. The number of apprenticeship applications had remained steady in Buckinghamshire. The LEPs were working with businesses to facilitate

- apprenticeships as there was uncertainty from businesses on how to apply for the government levy.
- ii. Although East-West rail and the Expressway were government funded, there was uncertainty on funding to local connections to these routes and innovative ways for funding would need to be developed.
 - iii. There had been an enhanced government focus on LISs in the past few weeks. The LEPs would be working with government for the overall vision in the first quarter of 2019. A ministerial champion would be appointed for the arc and a business lead would be in place.
 - iv. The LIS would have a review plan to measure KPIs. Potential measures for success included productivity levels and job numbers. Town centres would have a link to the LIS as town centres offered employment opportunities. The LEPs noted that town centres were not just about retail but also about customer experiences.

RESOLVED –

That the overview presentations be noted and the LEP representatives be thanked for their time and attendance.

4. WORK PROGRAMME

The upcoming work programme for the next two meetings were discussed as were items that Members had expressed an interest in coming to Committee in future. Members were advised that the meeting in January was likely to be cancelled as the Car Parking item would be rescheduled for later in the year.

Members saw merit in receiving an update from the three Enterprise Zones and inviting Antony Sowden to speak at Committee in 2019. It was also agreed that Members can identify any other agenda items they would like to see on future agendas and these should be directed to democratic services in the first instance.

RESOLVED –

That the current work programme be noted.

5. 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.

6. AVE BUSINESS PLAN 2019/2022

Consideration was given to the confidential information in relation to discussions on the AVE Business Plan 2019/2022.

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AYLESBURY VALE ENTERPRISE ZONE PROGRESS

1 Purpose

- 1.1 To provide Members with an overview and update on the operation of the Aylesbury Vale Enterprise Zones (AVEZ). Anthony Sowden, the Aylesbury Vale Enterprise Zone Director will present an update on progress being made with the Vale's three sites which benefit from Enterprise Zone status. This will also include information on the performance to date and plans for the future.

2 Recommendations

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| 2.1 | Note the report and update presented at the meeting. |
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3 Background information

- 3.1 Enterprise Zone status for three strategic sites in Aylesbury Vale came into effect on 1 April 2016 at Silverstone Park, Westcott Venture Park and Arla/Woodlands. These three key strategic employment locations each has potential to add value to Buckinghamshire's knowledge economy and to accelerate investment in high growth and high added-value sectors.
- 3.2 Inside the designated area, any business that takes up occupation prior to April 2021 can claim up to £275,000 rates relief over the first five years occupation. This relief is granted by the local authority, which is then reimbursed by HM Treasury.
- 3.3 Local partners are also allowed to retain 100% of all the business rates from new development in the EZ over the first twenty-five years with 100% protection from any future reset or redistribution. A founding principle of Enterprise Zones is that the Government allows Business Rates retention from new development so that the income generated is invested in infrastructure to facilitate future EZ development in accordance with agreed investment strategies. This process should be a virtuous circle with capital reinvested in the EZ generating additional development and business rates income. Each of the AVEZ sites has a Memorandum of Understanding (MOU) agreed with the landowner that sets out each site's investment strategy, including priorities for investment of retained business rates.
- 3.4 This process is already working as in November 2017, this council approved almost £5million capital grant to the AVEZ to help meet the cost of advanced infrastructure provision such as power supply, utilities, groundworks, site roads and broadband at Silverstone Park Enterprise Zone to facilitate the early delivery of infrastructure for future phases.
- 3.5 BTVLEP Board is responsible for the overall governance and strategic direction of AVEZ and delegates the day to day responsibility for the governance and management to an Enterprise Zone Strategic Board which is made up of local authority representatives, as well as BTVLEP Board Member and Chief Executive. Three AVEZ Operational Boards will review the landowner's progress and plans prior to passing to the AVEZ Strategic Board for sign-off. AVDC are the Accountable Body for AVEZ ensuring appropriate arrangements for the proper use and administration of funding and monitoring of division of rates in line with the MOU.
- 3.6 The MOU required submission of a Five Year Implementation Plan for the AVEZ by March 2017. The plan outlines the strategic aims for the AVEZ, sets

out arrangements for delivering those aims and provides a high level summary of proposed activity for each of the three sites.

- 3.7 A dedicated AVEZ Director, Anthony Sowden, was appointed in May 2017 to support the AVEZ Board and to take on lead responsibilities. Members of this scrutiny committee last received an update on progress of the Aylesbury Vale Enterprise Zones at its meeting on 6th September 2017.
- 3.8 Anthony will attend the committee and provide an overview of the latest position and activity on each of the 3 sites and provide an update on progress to date against the 5 year projection and Implementation Plan.

4 Resource implications

- 4.1 The MOU permits a split of retained rates income from the AVEZ sites, with 30% available to the local authorities for spending within their area and at their determination. The other 70% is available to the BTVLEP for further investment across the area, after the AVEZ requirements have been met, including funding the operating costs of the EZ staffing costs. Although this arrangement allows cross-subsidy between sites, the intention is to keep site funding self-contained, at least for the first five years.

Contact Officer

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