

# Buckinghamshire Advantage Business Plan & Infrastructure Investment Plan

A Discussion Document

November 2014

## Purpose of this paper

- 1) To seek the Board's views on the proposed focus, contents and structure of the BA Business Plan
- 2) To seek the Board's views on the focus, contents and structure of a Buckinghamshire 'Infrastructure Investment Plan'
- 3) To seek the Board's views on the focus of BA's future Work Programme
- 4) To agree a timetable for agreeing the Business Plan and the Infrastructure Investment Plan

## Recommendations

The Board is asked to

- 1) Review the focus, structure and contents of the draft Framework for the Buckinghamshire Advantage Business Plan (Appendix 1) and suggest any improvements
- 2) Review the proposed focus/scope/contents of the 'Infrastructure Investment Plan' (Appendix 2) and suggest any improvements
- 3) Identify which of those areas listed in the 'Infrastructure Investment Plan' the Board feels warrants the greatest focus by BA
- 4) To note the timetable and process for agreeing the Business Plan and Infrastructure Investment Plan

## Background

Following the establishment of the BA Board, and in accordance with good management practice and the Memorandum and Articles of Association, we need to develop the first BA Business Plan (2015 - ).

At the November BTVLEP Board meeting the Board agreed to delegate responsibility to BA the production of a long term "Infrastructure Plan" for Bucks. The BTVLEP Board recognised there would be resource implications associated with this. It was agreed the BA Board would produce and submit a draft business plan outlining the organisation's BA's priorities and the resource required to deliver these (including production of a local infrastructure plan) to the BTVLEP Board in December.

## Introduction

The purpose of this paper is to provide the BA Board with a document to stimulate a discussion/debate about;

1. The proposed focus/structure/contents of the BA Business Plan;
2. The proposed focus/structure/contents wider Buckinghamshire Infrastructure Investment Plan; and
3. BA's role in helping to deliver elements of (2) above

## The role of the Board in this process

In seeking to stimulate this debate, we are keen that the skills and knowledge of BA board members are used as effectively as possible to help shape the 2015 Business Plan and the Infrastructure Investment Plan.

We are also open to considering how best BA Board members might further support this process. This could range from volunteering as 'thematic leads' on certain issues; volunteering to 'champion' certain issues within key segments (for example within the Investment Community); and/or analysing partner investment strategies.

## Timetable

Once agreed and discussed by the BA Board, we are proposing to consult with the BTVLEP Board on the outcome of this process via the BTVLEP board on 12<sup>th</sup> December. It is our intention to try and bring a Full Business Plan back to the next meeting of the Bucks Advantage Board on January 14<sup>th</sup> 2015.

As far as the Infrastructure Investment Plan is concerned, this may take until February/March to complete and ratify, as this is a broader document than the Business Plan, and needs a much wider consultation and engagement process.

# Appendix 1: The DRAFT Buckinghamshire Advantage Business Plan Framework

## What is Bucks Advantage?

Bucks Advantage (BA) is an independent not-for-profit land and property delivery organisation which exists to;

- Manage and co-ordinate the delivery of publicly funded capital development programmes;
- Intervene in the land and property market to create the conditions to attract investment into the area; realise development opportunities; secure development finance; and ensure the maximum development value is retained locally for further reinvestment;
- Directly deliver development, where the development community (public and private) wouldn't naturally intervene themselves, or where BAs intervention is needed to deliver the desired quality, quantum and/or pace of development;

## Who is Buckinghamshire Advantage?

Short High Level Summaries of Board Members

## What are Buckinghamshire Advantages' Strategic Objectives?

**Vision:** To help deliver national and local growth objectives to create a vibrant and prosperous Buckinghamshire for the economic wellbeing of the county.

**Mission:** To add value to planned development by promoting growth, identifying opportunities and removing barriers to sustainable development.

**Objectives:** Buckinghamshire Advantage exists to;

1. Successfully manage and co-ordinate the delivery of publicly funded capital development programmes
2. Intervene in the land and property market to create the conditions to attract investment into the locality; realise development opportunities; secure development finance; and ensure the maximum development value is retained locally, for further reinvestment;
3. Directly deliver development, where the development community wouldn't naturally intervene or where BAs intervention is the only way to deliver the desired quality, quantum and speed of development;

Views on how to make these objectives SMART?

## Previous track record and experience

A few examples to make the Business Plan come alive, some of which may lean on the legacy of AVA;

- Managing and co-ordinating the delivery of the BTVLEP capital programme;
- Overseeing the management of Growing Places Funding;
- Overseeing the AVA legacy programme
- Creating the development framework for Aylesbury East/ Berryfields etc.
- Supporting the regeneration of Aylesbury Town Centre etc.

For example, the governance and assurance framework for BTVLEP outlines that BA is the operational arm for managing and co-ordinating capital funded programmes within the county and where appropriate will lead on direct delivery of BTVLEP sponsored schemes. BA will report on progress of LGF delivery at each board meeting and the Chairman will provide update reports when requested.

## What business are we in?

BA's Broad Ethos is based on:

- A strong desire to NOT want to compete with the public or private sector development community
- A strong desire to want to create the local conditions that ensures the development community can play a full and active part in helping to ensure Buckinghamshire develops sustainably
- A strong recognition that BA provides additional capacity which can be useful in helping to deliver the right quality, quantum and pace of development to meet the increasing needs of local residents

BA is needed because, on occasion:

- Private developers are unwilling to finance pre-development work because of its speculative and risky nature
- The current government funding model doesn't provide sufficient funding into 'community infrastructure' to deliver sustainable development - but BA can help maximise the retention of development value into the area
- Some publicly funded schemes need an independent development partner like BA to help promote them into local plans and establish the planning context
- There is a mismatch between the quantum quality and pace of development needed and the capacity of the development community to meet that need

Given the above, BA will crucially seek to engage in development activities;

- Which are largely outside of the remit of individual local authorities/private sector developers;
- Where the development solution requires cross sector, and or cross authority working and collaboration;
- Where local authorities may not be able to intervene (because of a conflict of interest);
- Where the scale of risk may be too great, or the return on investment too low, for the market to come into play

That said, BA will not engage in 'basket case' projects or schemes which are simply unviable. Its whole business model is built on securing development value/betterment to underpin the costs of establishing the planning context for schemes to the point that the wider the development community can come into play.

The model will follow the successful framework delivered by Aylesbury Vale Advantage (AVA), which in itself was based on a model developed by English Partnerships. It allows for more co-ordinated joint decision making, particularly for projects that extend beyond the boundaries of individual organisations both within and ultimately beyond Buckinghamshire.

## **Our Services**

Our services cover;

- Programme and Project Management of Publicly Funded Capital Schemes
- Scheme Development and management (covering Land Assembly, Master Planning, establishing Planning Context etc.)
- Partnership Development
- Fund Acquisition

## **Who are our customers?**

- Landowners
- Local Authorities
- Developers
- Development Agencies (BTVLEP, SEMLEP, GTV7)

BA should seek to work with all of the authorities and key landowners in Buckinghamshire. BA should also seek to take a proactive role in partnership working with neighbouring LEP's including the GTV7 and SEMLEP.

It could also seek to support closer dialogue through BTVLEP with Network Rail, the Highways Agency and Civil Aviation Authority and work alongside similar development vehicles primarily operating within neighbouring locations such as SEGRO (Formerly Slough Estates), Crown Estates, the Milton Keynes Development Partnership and the Greater London Authority.

The range of partners would extend in line with the priorities identified within the Strategic Business Plan.

## **What strategies will BA utilise for achieving its Objectives?**

In order to deliver the above goals, Buckinghamshire Advantage will;

- **Undertake strategic land acquisition and assembly** – This is a core function of BA, we would seek to identify areas for potential strategic development and broker conversations leading to promotional agreements between public and private sector landowners. This would be particularly important where there may be a conflict for individual partners in relation to their statutory duties preventing such dialogue to take place.

- **Undertake pre-planning site promotion** – Having secured promotional agreements between landowners, BA would undertake the necessary pre-planning site promotion and enabling works.
- **Site development and disposal** - Depending upon the market conditions, the BA would need to make a decision on individual sites about the further role it would wish to take in the site development or disposal.

In addition to the above, BA could also take a more proactive role in a number of other obvious areas of ‘market failure’, as identified in the Infrastructure Investment Plan document, included at Appendix 2

### **What is our current pipeline of work to achieve our Goals? (Tactics)**

At present, BAs work programme to deliver the above goals comprises;

- Managing and co-ordinating the delivery of the BTVLEP capital programme;
- Overseeing the management of Growing Places Funding;
- Overseeing the AVA legacy programme (Creating the development framework for Aylesbury East, supporting the regeneration of Aylesbury Town Centre etc.)

In addition to the above, we are advocating the development of an Infrastructure Investment Plan (see appendix 2) over the next 3-4 months (November 2014 – March 2015) which will also help shape the future of our own Business Plan.

### **What might our future activities comprise?**

This will largely be influenced by the Infrastructure Investment Plan, but will likely comprise a mix of;

- Legacy activities identified above;
- Specific projects identified from the Infrastructure Investment Planning process;
- Management and oversight of any successful LGF Round 2 (Top Up) Applications; and
- Development of LGF Round 3 propositions (Sector incubation, development linked to transport etc.)

### **Executive Structure**

The business is currently supported by a light staffing structure currently comprising;

- Richard Harrington, Chief Executive
- Marcus Rogers, LGF Contract Manager (BTVLEP funded)
- Paul McKim, Strategic Planning Consultant (AVA Funded)
- Liz Thomas, Development Support (AVA Funded)

This staffing structure will need to develop as the portfolio of projects extends.

Other support (Legal Advice, Marketing Support etc.) is bought in as appropriate

### **Finances**

BAs current resource base encompass a revenue budget of circa £250-£300k, with potential access to an investment budget of circa £8million from a number of ring-fenced funds;

- AVA Residual funds
- BTVLEP Growing Places Funding

BAs future financial model will be influenced by the outcome of the Infrastructure Investment Planning process but could be built upon;

- Applying for recycled GPF funding;
- Bringing forward specific schemes for future rounds of LGF funding;
- Investment secured from Local Authorities, to help deliver schemes for them;
- Investment from private sector investors, to help deliver schemes for them;
- External funding secured from European/National government departments
- Profits secured from trading activities

Final Business Plan will include sales and costs forecasts and a cash-flow forecast.

## Appendix 2: Infrastructure Investment Plan

### Background

The process underpinning the development of a Buckinghamshire Infrastructure Investment Plan, which could underpin the BA Business Plan (and a range of other organisations Corporate Plans) will likely involve;

1. Auditing of local authority and key local partner strategic development plans - and engaging with these organisations - to identify ALL the potential known opportunities for 'development' and the individual 'corporate' projects being undertaken forward by these bodies;
2. Engagement with the private sector development community, to identify their development plans and aspirations;
3. Auditing of other LEP plans to identify potential opportunities;
4. Identification of potential areas/themes requiring more effort;
5. Identification/ranking of priority projects;

However, much of the work needed to undertake stages 1-3 has already been undertaken through the development of the Strategic Economic Plan.

This has allowed us to identify some obvious areas of focus for the Buckinghamshire Infrastructure Investment Plan, but these now need to be agreed by various stakeholders. In addition, these same stakeholders need to agree the specific projects that need prioritising.

Given this scenario, we are proposing to jump straight to Stage 4, but wish to understand stakeholders views of;

- Whether these priorities are correct;
- What specific projects are priorities under each of these themes

### Areas for potential intervention in an Infrastructure Investment Plan

Potential strong areas for intervention in a practical, useable Infrastructure Investment Plan could include;

#### HOUSING & COMMERCIAL PROPERTY

- **Stimulating development propositions which are capable of underpinning improvements to road & rail transport infrastructure.** Whilst the initial round of strategic capital transport projects was well supported in LGF1, many of the road and rail schemes presently being promoted by the transport authority appear to need a stronger local contribution to make them viable. Clearly the outcome of whether these schemes will be viable or not will also depend on the outcome of the Local Planning process, but there may be a need for BA to support the delivery of some of these schemes;
- **Supporting the delivery of housing targets in such a way which ensures developer contribution for essential community facilities is maximised.** The likely housing requirements for the north of the county are significant with circa 30,000 new properties envisaged. Although on a smaller scale, increased pressure to accommodate additional housing needs in the south of the county will mean that areas previously exempt from development pressures will increasingly need to be considered;

#### COMMERCIAL PROPERTY

- **Incubation facilities in key business sectors.** For some business sectors the commercial return is slower than others, making them unattractive to individual investors. The long-term benefits from the development and growth of niche sectors is significant especially in areas that have already been identified as priorities for the county within the Strategic Economic Plan such as film and creative industries, motor-sport, healthcare technologies and green rocket propulsion. The initial development of hatchery or incubator developments in such sectors, potentially linked to academia and research is an area that could be supported by BA investment. There would be a slower direct financial return from such investment, but the potential to secure initial national and European funding for such initiatives as well as a longer term reinvestment into the area would be significant through the future growth and development of individual businesses.

#### TRANSPORT INFRASTRUCTURE

- **Undertaking feasibility studies for transport schemes linked to 'unsupported' developments.** At present, it looks like Buckinghamshire could potentially miss out on some opportunities to secure government

investment in certain transport schemes because we do not want to undertake feasibility studies, or absorb the cost of undertaking feasibility studies, for schemes which are not in tune with local aspirations and/or may not be consented. Examples of such schemes include Hampden Fields, Fleet Marston and HS2, all of which could potentially have an impact on the locality if approved, although the lack of any feasibility studies for these schemes could limit our ability to bid for DfT funding to support them

- **Further Unlocking the potential of the M40 corridor**, the potential to capitalise on the junction connections along the M40, notably in High Wycombe and Beaconsfield has yet to be fully realised, although the current investment at Handy Cross in High Wycombe is going some way to addressing this opportunity. These areas have the potential to be prime development sites for the whole county and could be considered as part of a corridor development cutting across local authority areas.
- **Maximising benefit from recent and planned Rail & Aviation investment.** Both East/West and HS2 have already been referenced. East West Rail will provide the scope for Winslow to be promoted as a strategic Oxford/ Cambridge link and the focus of potential investment. In addition investment hubs in Chesham, Marlow, Taplow, Princes Risborough and Haddenham could be considered building on the improved out of London rail links and opportunity to present the sites as “anti-commuter” destinations using the latent rail capacity. Once the outcome of the Davies review is known this may also have implications for our own transport network.
- **Strategic road programme development** – the opportunity to work more closely with the Highways Agency and neighbouring areas to drive strategic highway infrastructure primarily from a Buckinghamshire perspective rather than responding to the needs of neighbouring areas. The HA have completed a programme of preliminary studies on priority locations for possible future investment on their network and the following locations probably have the most relevance to Buckinghamshire;
  - M25 Junction 14 to Junction 16
  - A40 to M40 Junction 1
  - M4 Junction 5 to Junction 3
  - A404(M)/A404 (Access to High Wycombe)
  - A404(M)/A404 Technology
  - M40 Junction 9 to Junction 15
  - A43 between M40 Junction 10 and M1 junction 15a
  - A34 Technology (from M4 Junction 13 to M40 Junction 9)

The outcome of these studies will help to shape the Route Strategies, which they aim to complete before the end of March 2015.

## GREEN AND BLUE INFRASTRUCTURE

- **Understanding how the pressure to deliver growth can best be reconciled with preservation of the natural environment and the protection of the green-belt.** The green belt, covering much of the south of the county has traditionally protected large areas from unwanted development but has also restricted some development which may be economically beneficial. Given the housing pressure there is an increasing call for a review of green belt land to identify further more acceptable areas for housing and business development, there may be a role for BA to support this review across local authority areas.
- **Enhancing environmental or flood mitigation measures** – In many ways, this is similar to the other enabling works as mentioned, previously, however in the case of flood mitigation measures there may be the additional opportunity to invest in advance mitigation measures that add value to significant areas with development potential particularly in the Aylesbury south and Thames corridor areas.

## Hs2 MITIGATION

- **Developing robust business cases for a range of HS2 mitigation schemes.** Whilst the desire remains to fight the proposals for HS2, mitigation proposals have already been considered by the Buckinghamshire authorities. From a BA perspective a number of these proposals including road transport schemes in Aylesbury, the East West Rail Station at Steeple Claydon and Infrastructure Maintenance Depot in Calvert remain key potential infrastructure opportunities. However, Buckinghamshire has not yet moved any of these projects beyond ‘policy aspirations’ and further development work may be required on them if they are to become viable business cases.

## REGIONAL COLLABORATION

- **Working with neighbouring expansion areas to ensure the impact of growth in neighbouring locations doesn't have a detrimental impact on Buckinghamshire** – the growth pressures and ambitions of neighbouring authorities including Milton Keynes, Slough, Luton, Bicester and perhaps most significantly London within the M25 corridor needs to be recognised. There is the scope of BA to work alongside partner organisations within these areas to ensure that any development is undertaken for the benefit of Buckinghamshire communities and provide an independent vehicle to support for local authorities, where any consideration of these options may be considered a conflict of interest.

## UTILITIES AND ENABLING WORKS

- **Accelerating the rollout of core utilities and enabling Works** – The work programme could support the development of additional enabling works such as IT or broadband infrastructure, Electric Vehicle Charging infrastructure, mobile phone coverage enhancement, accessibility improvements that would provide a commercial advantage for development in Buckinghamshire, but may not be within the initial priorities of individual developments. This work could be undertaken as part of joint promotional agreements to allow such works to be undertaken on a shared risk and reward process with partners.
- **Improving our energy security by increasing local renewable energy capacity** – The need for individual developments to be sustainable in its energy use and production is now more vital than ever and will become increasingly important. There is the potential to support the development of strategic energy production opportunities for Buckinghamshire. These opportunities would be particularly attractive in relation to Green Energy and would not only enable individual developments to proceed, but could also to provide an on-going source of revenue for BA.

## EMPLOYMENT, WELLBEING, EDUCATION, SOCIAL AND CULTURAL ASSETS

- **Employment, health, education, social, cultural or recreational assets** that would enhance the economic growth of Buckinghamshire. The strategic requirement of developers to provide a sustainable commitment to such community facilities is reducing, so there may be the need to provide advance funding to support the advance development of such facilities. This initial investment could be reimbursed through contract management arrangements or a profit/income share arrangement with an operational delivery partner.

## RESEARCH INFRASTRUCTURE

- **Developing and retaining skills, research and technology development capability within Buckinghamshire.** There remains a significant opportunity to stem the flow of under graduates from the county by strengthening the research link between academia and Buckinghamshire businesses, opportunities for enhancing this process should be considered within the business plan, most notably in the potential development of the healthcare sector as part of the High Wycombe, Stoke Mandeville and to a lesser degree Amersham Hospital sites. There is the opportunity to do likewise in the creative sector linked to Pinewood, Amersham and Wycombe College and the National TV and Film School at Beaconsfield; Space Propulsion in Aylesbury; and High Performance Technologies in and around Silverstone.

## TOWN CENTRE REGENERATION

- **Town Centre Development, Aylesbury and High Wycombe.** Both AVDC and Wycombe DC have a development programme for the two main urban centres in the county. There is a role for BA to invest as a partner in these developments increasing the scope and strategic reach of individual projects, potentially through investment to support the compulsory purchase of “blocking” sites and development of public realm.