

## STRATEGY AND RESOURCES EXECUTIVE ADVISORY BOARD

13 June 2022

- \* Councillor Ruth Brothwell (Chairman)
- \* Councillor Will Salmon (Vice-Chairman)

- |                                  |                              |
|----------------------------------|------------------------------|
| * Councillor Jon Askew           | * Councillor Steven Lee      |
| * Councillor Christopher Barrass | * Councillor Masuk Miah      |
| Councillor Colin Cross           | Councillor Tony Rooth        |
| Councillor Graham Eyre           | * Councillor Catherine Young |
| * Councillor Angela Gunning      |                              |

\* Present

Councillors Tim Anderson, Tom Hunt, Julia McShane and John Redpath were also in attendance.

### **SR39 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

Apologies for absence were received from Councillors Graham Eyre and Tony Rooth. There were no notifications of substitutions.

### **SR40 LOCAL CODE OF CONDUCT AND DECLARATION OF DISCLOSABLE PECUNIARY INTERESTS**

There were no declarations of disclosable pecuniary or non-pecuniary interests.

### **SR41 MINUTES**

The minutes of the meeting of the Executive Advisory Board (EAB) held on 6 December 2021 were confirmed as a correct record, and would be signed by the Chairman at the earliest opportunity.

### **SR42 GUILDFORD BID BALLOT – CONSIDERATION OF DRAFT BUSINESS PLAN 2023-2028**

Amanda Masters, Chief Executive Officer of Experience Guildford Business Improvement District (BID), presented a briefing note in respect of the BID's re-ballot in 2022. The briefing note included a related consultation document, survey highlights and ballot timetable. The consultation document set out the BID's achievements against the current business plan and invited voters to give their feedback via a survey link. Although the survey had largely closed, it remained open for completion by councillors until 18 June 2022. Next, the BID would hold workshops to give businesses the opportunity to put forward their comments and ideas for the next term which would inform the new business plan to be published in July. The campaign would reach as many voters as possible, including a number of national retail head offices, ahead of the 28-day postal ballot in October in accordance with the timetable.

The EAB was advised that a BID was a business-led and business funded body formed to improve a defined commercial area, in this case Guildford town centre. The benefits of BIDs were wide-ranging and included:

- Businesses decided and directed what they wanted in their area.
- Businesses were represented and had a voice regarding issues affecting their trading area.
- BID levy money was ring-fenced for use only in the BID area.

- Increased footfall and spend.
- Improved staff retention.
- Enhanced marketing and promotion.
- Looking at infrastructure, pollution and movement.
- Guidance in place shaping vision activities.
- Facilitated networking opportunities with neighbouring businesses.
- Assistance in dealing with the Council, police and other public bodies.

The following key facts applied to BIDs:

- In the UK, the majority of BIDs existed in town and city centres, however, they were also in industrial, commercial and mixed-use locations.
- The BID mechanism allowed for a large degree of flexibility and as a result BIDs could vary in shape and size.
- The average size of a BID was 300-400 hereditaments, with some of the smallest having fewer than 50 hereditaments and the largest having over 1,000.
- Although annual income was typically between £200,000 and £600,000, it could be as low as £50,000 per annum or as much as £2 million or more.
- Legislation enabling the formation of BIDs was passed in 2003 in England and Wales (with subsequent regulations published in 2004 and 2005, respectively) and in 2006 in Scotland.
- BIDs were first established in Canada and the United States in the 1960s and now existed across the globe.

Every BID, once elected by relevant businesses, operated for a five-year term. During the term, eligible voters were legally mandated to pay an annual levy. In the case of Experience Guildford, this money was collected by the Council on the BID's behalf and spent by the BID on the town centre within the terms of the business plan. Following a successful initial ballot in October 2012, the Experience Guildford BID launched in early 2013 and had been in existence for approaching ten years, comprising two terms of five years each, and was preparing for its third ballot in October 2022.

Experience Guildford represented 560 businesses featuring retail, leisure and hospitality outlets. 24% of businesses had completed the survey to date and responses were generally positive and supportive of the BID moving forward for a further five year term, providing confidence that it could deliver the support sought by businesses. The next business plan was being prepared on the basis of survey results received. Owing to its property ownership in the town centre, mainly car parks, the Council was a significant stakeholder and entitled to a number of votes in the ballot.

The following points arose from related questions, comments and discussion:

1. Mosaic was a consultancy company employed by Experience Guildford to assist with the BID ballot process.
2. To date there had been approximately 130 responses to the BID survey, equating to a 24% response rate, which was considered to be a high level of response to a survey of this type. This response rate was supplemented by regular engagement and liaison with wider stakeholders via contact with Town Rangers and other means such as weekly e-communications, e-mails, telephone contacts or visits to venues according to the stakeholders' preference.
3. The Town Ranger service provided by Experience Guildford supported the daytime economy in the town centre and operated seven days per week until 6:00 pm. Although the Town Rangers did not have any enforcement powers, they liaised with

13 JUNE 2022

businesses to provide an observation and incident reporting service with links to radio communication and CCTV camera systems. The BID also provided taxi marshals to safeguard the night time economy in liaison with door staff of club and bar venues. In addition, the BID offered some sponsorship to support the Street Angels initiative, which made a positive impact on any crime or anti-social behaviour occurring during evenings in the town centre.

4. In terms of performance indicators, to be successful a BID had to be voted in by the businesses in the BID area, with two measures being met. The first was that more than 50% of the businesses that voted had to be in favour in terms of number. The second condition was that of those that voted 'yes', had to have a greater total Rateable Value than the businesses which voted 'no'. There were four sets of visitor counting devices in the town centre indicating the level and location of footfall which was currently slightly below the figure recorded in 2019 prior to the pandemic. The Crime Reduction Partnership assisted in this arena by providing a cost free disk system which enabled stakeholders to report anti-social behaviour, shoplifting and other crime which was utilised by the police as an evidence gathering tool. The BID's target to rollout the system to 200 businesses had been exceeded as it had been taken up by 350 businesses to date. Event management and creation were significant drivers of footfall in the town centre which were now flourishing following the limited opportunities during the previous two years owing to COVID-19.
5. Transformation and evolvment witnessed in respect of Guildford town centre since the pandemic indicated a move away from the traditional fashion outlets towards hospitality and other retail provision, utilised mainly by local residents.
6. Although Experience Guildford's promotional ballot booklet was directed towards the businesses represented by the BID, it also served the purpose of informing the public regarding the purpose and function of the BID. The booklet reflected the four key areas that businesses had identified as a future focus for the BID, namely, promoting awareness of the town; enhancing the safety and cleanliness of the town; improving town parking and access; and providing business support for BID members. In this connection, the EAB was advised that local businesses did not favour the recent and proposed changes to on and off-street parking arrangements, particularly given the current economic situation.
7. Although the Experience Guildford BID locality was a defined town centric area, businesses from slightly outside the designated area could voluntarily join the BID if they wished.

Amanda Masters was thanked for her presentation and councillors were reminded that the survey remained open for their completion until 18 June 2022.

#### **SR43 TO DEVELOP AN INDUSTRIAL ESTATE GROWTH STRATEGY**

The Strategic Services Director introduced the above mandate which was before the Executive Advisory Board (EAB) as an update primarily for information as no decision in this respect was required at present. The need for a renewed strategy regarding industrial estates had been identified and when the mandate had been considered by the Executive the previous week, Lead Councillors had agreed that the mandate should be shared with the EAB at this meeting to enable it to provide any related comments or feedback.

The Asset and Property Manager (Investment) presented the mandate proposal which sought the Executive's agreement to fund the development of a strategy and subsequent redevelopment of the Council's industrial estates, offering four different

13 JUNE 2022

options in this regard. The Commercial Property Investment Programme (CPIP), which formed part of the Council's Savings Strategy, sought to increase rental received and capital values of assets held to generate additional income of £830,000 per annum over the base budget to contribute towards tackling the Council's budget deficit.

Changes to the Public Works Land Board (PWLB) funding criteria made in November 2020, together with alterations to the Minimum Energy Efficiency Standards (MEES), had resulted in the Council widening its remit of property redevelopment and strategic acquisitions funding to enable it to invest further in its existing investment portfolio. The impact of COVID-19 had presented difficulties for the Assets Team to source the appropriate quality of investment stock in the Borough at the correct price and therefore an alternative approach was required to protect and increase the Council's rental income.

Following the success of the redevelopment of Midleton Industrial Estate, the Council wished to develop an overall growth strategy and vision for the three remaining industrial estates, namely, Slyfield, Lysons and Woodbridge Meadows. This would involve providing a strategy for each individual estate to identify where increased rental income and capital value could be created, and to acquire significant investment, redevelopment and potentially dispose of surplus assets where appropriate. Each project would require a business case, funding would seek to meet the Council's corporate priorities such as increasing employment, attracting inward investment and improving energy efficiency.

A number of the Council's industrial estates were not achieving energy efficiency owing to obsolescence and approaching end of economic life leading to a potential loss of income in the case of some assets from March 2023, from when the MEES Regulations would impose stricter standards of energy efficiency in respect of non-domestic rented properties.

Carrying out a detailed review and assessment of the remaining estates and assets would enable the Council to identify opportunities and steps required to protect and grow its rental income and assist with meeting its strategic objectives. This would develop into an overarching strategy to realise the future growth of the Council's industrial portfolio.

The Strategy would be developed in two phases, firstly, to prepare a high level report outlining the status of the Council's industrial estates and identifying all issues, risks and opportunities, and secondly, to provide overarching vision, future growth strategy, level of investment required and the likely duration of projects. Phase 2 would also identify strategies for each estate to inform full business cases for approval and funding to ensure that the industrial portfolio was fit for purpose and to inform how to plan for future property investment.

It was vital for work to commence at the earliest opportunity to enable the Council to protect the continued receipt of rental income from those units which were at risk of becoming unable to sustain occupation from March 2023 owing to the implementation of the stricter energy efficiency measures. At this point, when properties with energy efficiency ratings of 'F' or 'G' could not be occupied, rental

13 JUNE 2022

income loss could be in the region of £63,000 per annum increasing potentially to £353,000 each year from March 2025 when 'E' rated properties would no longer be compliant. MEES Regulations were continuing to implement increasingly stricter standards up to 2030 when it was intended that all occupied property met a minimum rating of 'B'.

The relevant Lead Councillor advised that the proposed strategy reflected the Council's wish to revitalise its industrial units to assist local businesses whilst representing minimum risk in terms of income as this was spread across several industrial estates. Following the redevelopment of Midleton Industrial Estate, there was strong demand for units at the site resulting in the provision of high rental yield.

The following points arose from related questions, comments and discussion:

- (a) Favour was expressed for mandate Option 3 'Do more' moving towards Option 4 'Do Most' in reflection of imminent changes relating to the industrial economy.
- (b) It was emphasised that the key priority for the Council was to take the necessary steps to protect its existing income base, particularly to pursue rapid action to identify resolutions in the case of units which would potentially be unoccupiable from March 2023 and thereafter owing to the MEES Regulations. The following priority would be to identify opportunities for investment in the Council's existing portfolio owing to the change in the PWLB lending criteria which did not support investing in and buying an industrial property purely for rental yield.
- (c) Although some sectors of the property market, for example town centre businesses, were experiencing reduced demand for property leading to rental values depreciating, the industrial market was buoyant and had been strengthening over the past three to four years seeing rental values growing from £9-10 per square foot to £16 or more in the case of redeveloped prime units. Although it was anticipated that growth in the industrial area would continue going forward, this was likely to be at a reduced pace compared to recent years.
- (d) The Council was currently generating approximately £3,750,000 per annum from its four industrial estates and therefore the predicted income losses owing to the MEES Regulations impacted upon a relatively small proportion of the units during the next two years. However, more units would be affected and this loss would increase as 2030 approached as a result of stricter carbon emission standards, reflecting the need for a robust strategy to minimise any future loss of income.
- (e) Although Slyfield Industrial Estate was adjacent to the proposed Weyside Urban Village redevelopment site and a service road serving both sites had been provided, they were separate and unconnected projects.
- (f) In terms of desired employee skills, this would be a reflection of the market and the requirements of local businesses seeking to lease an industrial unit from the Council. The local colleges and university were constantly engaging with local companies to ascertain skill requirements and adapting their educational programmes accordingly, where possible. The proposed new Economic Development Strategy would include a chapter dedicated to skills and employability. There was a wide economic base in Guildford offering employment across a wide spectrum from low to highly skilled positions.

13 JUNE 2022

- (g) With regard to obsolescence, a number of the assets within the Council's industrial portfolio had been constructed in the 1970's and 1980's and had a finite lifespan. The MEES Regulations were driving landlords to update their property to meet the associated energy efficiency standards. The Council's Climate Change Strategy also required proactive action in this area to 'future proof' the portfolio and its income generation capacity.
- (h) Although the industrial property market was currently strong, it was expected that in the event that the market weakened, prospective leaseholders would favour the best quality modern units which enforced the Council's ambition to refurbish or redevelop its units to attract new tenants and maintain rental income in a competitive environment.
- (i) It was unlikely that the Council would be able to access any grant funding towards redevelopment of its industrial estates as they comprised commercial investments which returned a profit to the Council and did not constitute regeneration of a failing operation that could attract Government funding.
- (j) Although there were instances in other boroughs of unused commercial premises being converted to housing where planning permission allowed, that approach was not favoured in Guildford as it would lead to the need for re-provision of employment land on other sites to meet known demand which could present land availability and income generating challenges. Also, the current value of industrial land in terms of growth was outpacing that of residential sites and the positioning of housing in the vicinity of industrial developments was considered inappropriate.
- (k) It was hoped that a similar strategy could be applied to the Council's social housing assets stock, particularly where empty properties were concerned. The awaited outcome of the Council's Housing Task Group would inform this area.
- (l) The developers of the Riverside Business Park had indicated an intended shift away from primarily student housing accommodation to re-provision of the same amount of existing employment space together with a family homes scheme. The need for the developers, who had been in receipt of pre-application planning advice from the Council, to resolve the related potential flooding issue in liaison with the Environment Agency remained.

#### **SR44 MILLMEAD HOUSE MANDATE**

The Deputy Head of Asset Management introduced the above mandate and explained that, as the previous mandate in this regard had been rather detailed, following a review this version had been developed and divided into considerations regarding the Council's head office and civic suite in the light of the Council's collaboration with Waverley Borough Council (WBC). The mandate summarised the latest position and focused on short, medium and long-term options.

The short-term actions undertaken to date consisted of the relocation of the Corporate Management Team and the Democratic Services Team from Old Millmead House (OMH) to New Millmead House (NMH) to release the 7,500 square feet of office space in OMH for leasing and generating up to £250,000 per annum in rent and service charge income. Although there was a preference to rent the office space to public sector bodies, this would be dependent upon demand. In general, grade A or refurbished offices were in demand and tenants enquiring with regard to securing office space were seeking to take up occupation without delay. The Council was currently in the process of agreeing a programme of works, featuring redecoration and recarpeting, in OMH on the advice of local commercial agents. In

13 JUNE 2022

terms of the length of lease or licence agreements, 3 to 5 year terms with 12 month mutually rolling break clauses were recommended to protect the Council's position and long term aspirations for the site.

The medium term five year plan intended to reduce the number of desks utilised in NMH and consider the future use of the surplus office space. WBC had confirmed that it would require de-camp space from April 2024 for a period of 18 to 24 months during the redevelopment of The Burys site in Godalming. Therefore, this Council would need to decide whether it was willing to hold surplus office space open for WBC for that length and period of time and give itself the opportunity to trial joint working in a shared head office or pursue leasing the space to third parties. The Executive/Management Team Liaison Group had discussed issuing WBC with a deadline by which it would need to make a commit to Millmead or not. WBC's subsequent response had been that it would be in a position to commit to Millmead in the next 2 or 3 months and on the basis that this Council confirmed that it would hold the space open for WBC until April 2024 at the earliest.

The longer term position acknowledged that NMH was not in good condition and required significant capital investment to upgrade the fabric of the building and that the site was allocated in the Town Centre Masterplan for redevelopment leading to an assumption that the Council would vacate the building at some point in the future. In the event that this Council chose to co-locate at The Burys with WBC, that Council had advised that it would need Guildford's detailed requirements in terms of desks, meeting rooms and Councillor facilities etc by the Autumn of 2022 to inform its office design which would be commencing imminently. The Liaison Group had agreed that if this Council was to relocate outside of the Borough in the long term, it would require the retention of a civic suite and some form of physical presence to serve residents in the town centre and these aspects would need to be factored into any relocation.

In summary, the Executive Advisory Board (EAB) was reminded that the short term leasing of OMH continued to be the focus to generate as much income as possible. Also, that the leading questions posed by the presentation sought views in respect of whether the Council should hold space within NMH until April 2024 to accommodate WBC's de-camp bearing in mind the associated costs / loss of rental income, and whether the Council wished to co-locate with WBC at The Burys in the long term. Any comments made in these areas would assist in informing subsequent decisions being pursued by the Council.

The following questions, comments and discussion arose from consideration of the mandate:

- (a) The Council was currently exploring a programme of works based on market demand to cater for the needs of companies, including small businesses or those wishing to expand or downsize during their potential tenure at Millmead.
- (b) Although the Council wished to offer some hot desking facilities to potential tenants, it did not currently have the necessary dedicated management or ICT systems in place to deliver these. Such services were successfully provided by companies in the town centre. However, one councillor was of the view that there was considerable demand for hot desking facilities locally, particularly from the gaming industry, and that the Council should take advantage of this opportunity to attract revenue by offering a managed provision encouraging companies to remain in Guildford.
- (c) Mandates concerning the better use of the Council's commercial and office buildings were welcomed as a means to generate income.
- (d) Owing to the Shaping Guildford's Future programme, it would not be practical to lease OMH in its entirety to a service office provider to fulfil the central building management role as such a position would require a longer term commitment to enable a provider to secure a return on its investment in the building. Therefore, the Council would undertake the service office provider role and sought to refurbish all vacant offices

13 JUNE 2022

- suites, which numbered approximately 27, on a 10 suite rolling programme. This would include the provision of a central network system which tenants could access.
- (e) Having selected office premises, tenants sought to take up occupation and become operational within 48 to 72 hours. To facilitate this wish, a brief simple lease document was prepared with standard non-negotiable terms. The Council would seek to agree contracts of at least 12 to 24 months as shorter contracts and the resulting rapid succession of tenants would be too resource intensive to manage.
  - (f) In terms of tenants and the security of Council information, the authority would look to lease office accommodation to public sector partners, subject to demand. In the absence of demand from the public sector, offices would need to be let to third parties in the private sector. However, the latter position was not considered to be a security threat as lessees would be located in a separate building from the Council and a secure door entry access system was in use. In the event that parts of NMH were leased to third parties, security could become an issue and physical partitioning of the open circulation space in the building may be required.
  - (g) With regard to agile working, this was applicable to back of house staff only and there was a full time permanent presence of front of house staff to assist the public. The Liaison Group had indicated that, in the event of the Council relocating to Godalming as part of the collaboration with WBC, it would need to retain a town centre presence in Guildford to support local residents who were unable to access the on-line portal.
  - (h) Regarding the provision of a community hub in the Borough, possibly involving free office space, the Library or the Tourist Information Centre, Surrey County Council was exploring the refurbishment of under utilised space at Guildford Library for this purpose and had suggested pursuing the initiative in collaboration with this Council. Although the County Council currently possessed a community provision at Slyfield Industrial Estate, it was considering alternative options for the site as it was not felt to be appropriate for this purpose and use of another site such as the Library was favoured as a more suitable premises with other amenities nearby.
  - (i) Although the appropriateness of the operation of this Council from Godalming, which was outside the Borough of Guildford, could be questioned, it was felt that a suitable and accessible presence of a customer services team in Guildford to serve residents would be acceptable.

#### **SR45 EXECUTIVE FORWARD PLAN**

Further to a query concerning the Forward Plan entry in respect of Send Hill Disused Sand Pit, the EAB was advised that the Council was awaiting a re-evaluation of this land in its ownership. A developer had purchased a central site adjacent to the Council's land and possessed an access route and therefore the developer sought to purchase the Council's land and construct approximately 46 dwellings there. This project was at a conceptual stage, however, in the event that an agreement in respect of a land sale was reached, the Council would seek to secure the provision of 40% affordable housing as part of the development. In the event of development of the site, the Council would look to ensure that the vistas over the green belt land beyond were maintained. The extent of the contamination of the Disused Sand Pit was unknown at present.

By way of clarification between the terms social and affordable housing, the EAB was advised that social housing referred to the Council's own rented housing stock whereas affordable housing consisted of affordable rented or shared ownership housing as a percentage element that should be provided as part of all housing developments. The Council's planning policies sought 40% affordable housing in



13 JUNE 2022

developments of over ten units. People in receipt of Housing Benefit received benefits from the Government to cover the cost of the affordable rents.

It was confirmed that the Planning Contributions Supplementary Planning Document would not come forward for consideration in the near future due to awaited changes to the National Planning Policy Framework and the replacement of the Community Infrastructure Levy.

**SR46 EAB WORK PROGRAMME**

The EAB Work Programme was noted without comment.

The meeting finished at 8.53 pm

Signed .....

Date .....

Chairman