

19 FEBRUARY 2018

**BOROUGH, ECONOMY AND INFRASTRUCTURE EXECUTIVE
ADVISORY BOARD**

19 February 2018

- * Councillor Jenny Wicks (Chairman)
- * Councillor Angela Goodwin (Vice-Chairman)

Councillor Nils Christiansen
Councillor Andrew Gomm
Councillor Liz Hogger
Councillor Gordon Jackson
Councillor Nigel Kearse

Councillor Julia McShane
Councillor Bob McShee
Councillor Mike Parsons
Councillor Mike Piper
Councillor Matthew Sarti

*Present

Councillor Angela Gunning was also in attendance.

BEI21 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillors Liz Hogger and Andrew Gomm. Councillors Caroline Reeves and Tony Rooth attended as substitutes for Councillors Hogger and Gomm respectively.

**BEI22 LOCAL CODE OF CONDUCT AND DECLARATION OF DISCLOSABLE
PECUNIARY INTERESTS**

There were no declarations of interest.

BEI23 MINUTES

The minutes of the Board held on 16 October 2017 were approved and signed by the Chairman.

**BEI24 LOCAL ENTERPRISE PARTNERSHIP'S (LEP'S) - ENSURING A SUSTAINABLE
ECONOMY**

The Board received a presentation on Enterprise M3 Local Enterprise Partnership from its Executive Director, Kathy Slack and heard the following:

- The LEP's job was to facilitate the conditions that would foster growth within companies. The LEP could not create the wealth but worked with other groups and organisations to create conditions that supported businesses and local workforces.
- The LEP would not survive without its partnership with Local Authorities and politicians.
- Enterprise M3 started with only £4,000 in funds compared to current funds of £250 million pounds.
- Enterprise M3 was one of the biggest LEP's in the country covering areas such as Spelthorne, Guildford, Woking, Winchester through to the New Forest. This area had a high concentration of very successful small and large businesses.
- The LEP had influential Board Members including Dr Mike Short who was the current Chairman and Chief Scientific Advisor to the Department for International Trade as well as the Vice-President of Telefonica.
- The LEP listened to stakeholders who informed the production of the LEP Strategic Economic Plan. The Government had asked the LEP to lead on local industry strategies and therefore did a lot of research around local business needs and bid for funds more generally.

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- Guildford was a high performing economy and housed one in five of the digital tech employers in the LEP area.
- Enterprise M3 focused on five key themes; work apprenticeships, Higher Education Review, Innovation, Guildford Local Plan, particularly in relation to housing and affordability for the workforce and the Growth Hub in Guildford.
- Enterprise M3 had four key funding pots: 1. £219 million of Local Growth Funds, which was capital and could be a disadvantage as you needed revenue funds to make the capital funds work for you. The LEP had tried to lobby government on getting more revenue funding but had proven to be difficult. A significant part of those monies would contribute towards improving Guildford's infrastructure such as roads and sustainable forms of transport such as cycle routes and walkways.
- 2. £22 million in a growing enterprise loan fund, which was open call and the projects, were taken on as they came forward.
- 3. £40 million in European Funds that were dependent upon the interest rates and currency rates in relation to the Euro, managed on behalf of the government.
- 4. £5 million in an equity and escalator fund, which businesses had to bid for.
- The Enterprise M3 Board was comprised of twenty members in total, eight from the private sector, six from Local Authorities, and two from Further Education/Higher Education, not-for-profit sector, MOD, and two from business support. The Board met every six weeks and had a series of sub-groups that supported their work. In addition, there was a Joint Leaders Board.
- Enterprise M3 LEP was Mary Ney compliant and was viewed as one of the best LEP's in the country. The objectives of the Mary Ney Review was to assess whether the current system provided sufficient assurance to the Accounting Officer and Ministers that LEPs fully implemented existing requirements for appropriate governance and transparency.
- Enterprise M3 had been consulting on the Strategic Economic Plan for the last six months and was now looking at Local Industrial Strategy. A call for funds would shortly go out for capital projects and was looking specifically at projects with big interventions this year.
- 5G test beds were being installed across the whole of Guildford and was a centre of excellence.
- Local growth deal schemes were also being developed such as bringing old landfill sites back into economic use;
 - enabling the delivery of over 1000 new homes;
 - unlocking Guildford Transport,
 - Pirbright Innovation Hub;
 - RHS Wisley – Centre of Excellence in Horticultural Science and Learning and;
 - Supporting the development and adoption of new digital technologies at the University of Surrey through their Digital Innovation Centre vHive.

A number of questions were raised by Board members in relation to the work of Enterprise M3 and was informed by Kathy Slack that:

- Enterprise M3 was comprised of 15-20 employees as well as apprentices. Consultants were recruited for finite periods for their specific areas of expertise. The National Audit Office had found that some LEPs were doubtful they had the capacity to do the job in front of them. However, Enterprise M3 did have the capacity to take the organisation forward and undertake the work necessary, which was in part thanks to their close ties forged with external organisations that assisted them. Money was frequently invested in research to assist Enterprise M3 in deciding how to most effectively support collaborative local economic growth.

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- The Board noted that UK Tech City produced an overseas national report that assisted foreign businesses to identify the best UK based technological businesses. However, Guildford was not detailed in the report when it was one of the key tech hubs in the UK. Only 46 businesses in Guildford responded to the UK Tech City questionnaire compared to 136 in Redruth. The Board heard that Enterprise M3 held a meeting with UK Tech City and found that better awareness needed to be promoted to government and local MP's of the technological successes in Guildford. This in turn would increase the response rate by businesses to the questionnaire. Only cities featured in the report and perhaps needed to be reviewed considering the importance of Guildford and its contribution towards being a technological hub of excellence.
- The Board recognised the importance of ensuring that infrastructure needs, in terms of improved road and rail connections across the M3 borders were promoted to local government. The Board noted that the Greater Thames Valley LEP was a key player in taking this work forward. In addition, M3 Enterprise had an influential Transport Action Group comprised of representatives from Heathrow, Highways England, South Western Railway, Network Rail and Stage Coach. The Transport Action Group was a key mechanism by which parliament was effectively lobbied on this matter.
- The Board noted that Enterprise M3 was seeking a new Chairman as the current Chairman had secured a role as a civil servant that would conflict with his role, however he would still remain on the Board. It was important that the new Chairman was from the private sector, knew the local area but also had strong international links so that they could lobby abroad. A diverse Board was also actively promoted by Enterprise M3. For the first time, the role of Chairman was being remunerated and paid £20,000 a year as the role demanded two days a week of someone's time. The Board met every six weeks and alternated between Hampshire and Surrey at different private sector premises.
- In response to a question over how Brexit was affecting Enterprise M3, the Board heard that it was confusing and Enterprise M3 had received mixed messages over the longer-term implications. Solicitors, for example were doing very well in terms of relocation work of businesses. However, there was also real concern about the knock-on effect of Brexit reducing the number of agricultural workers from Europe as well as health sector workers. Brexit was still in its very early stages the important thing was to continue the momentum of Enterprise M3's work.

BEI25 WHAT CAN WE DO TO SPEED UP HOUSING DELIVERY IN GUILDFORD?

The Lead Councillor for Housing and Environment explained that he wished the Board to consider what steps could be taken to speed up housing delivery in Guildford. The Local Plan for Guildford had been submitted to the Planning Inspectorate and if approved, this Council would have to deliver some 650 dwellings annually for the foreseeable future. Last year, this Council only achieved delivery of 158 dwellings and had granted more permissions than had actually been built out. 1653 permissions remained outstanding in 2016/17. It was crucial to understand what barriers the Council had inadvertently put up to stop development. Potential solutions suggested included:

- To lobby developers;
- Hold meetings with developers to understand what might be restricting them from building out permitted developments;
- This Council sometimes lost appeals on larger developments. Additional training to planning committee members could therefore address this.
- Streamline the pre-application process;
- Review conditions applied to planning approvals. We currently state that developments had to be built out within three years. Why not reduce this to one or two years?

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- A condition was also applied to planning approvals that stated that no work was to be carried out until the materials were agreed with the Planning Authority. This could be changed to state that no work above ground could start until the materials had been agreed.
- Consider the roll-out of more pre-fabricated housing in the mix of developments being offered;
- Improve Guildford's infrastructure to accommodate more housing.

The Board heard from the Lead Councillor for Housing and Environment that he wanted to form a small Task Group to establish what we as a Council could do to speed up housing delivery in Guildford. Quick wins were sought that could be achieved through small changes to our current procedures.

The Planning Development Manager endorsed the setting up of a Task Group and agreed that there were areas, which could be reviewed within the planning process that would have positive outcomes. Areas of note were:

- The length of time it took to deal with and consider appeals, especially for larger applications;
- To speed up the implementation of permissions so that developers were not able to land bank and stall developments for periods of 6-8 years.
- The Government was planning on stopping the use of pre-commencement conditions at the planning application approval stage. Rather, they wished to facilitate discussions between the developer and planning authority during the application phase.

The Board heard that this Council's validation performance results were good as was its performance in turning around applications. The monies sought as part of S106 Agreements was not perceived to hold up the planning process unnecessarily.

The Housing Development Manager reported that his main priority was to ensure the Council provided affordable housing with the right mix. If the Council could secure early agreement with a developer that, they would provide a compliant scheme that incorporated all of the affordable housing of the size and type required, was there a way we could speed up the planning process for such developers?

The Chairman of the Housing Board endorsed the recommendation to set-up a Task Group that could work with the Housing Board in seeking to speed up the rate of housing delivery in Guildford. The Council was working with partners to provide more rented and socially affordable housing. The Chairman of the Housing Board along with Councillor Parsons and the Housing Development Manager would shortly visit a modular housing site to understand to what extent such housing could be provided in Guildford.

The Board made the following comments and suggestions:

- Huf houses were a good example of an expensive version of modular housing that was delivered quickly once permission had been granted.
- What powers would the Council have in regulating developers? Some developers were very good at consulting with local people and providing a scheme that was acceptable to all parties versus other developers who pursued schemes according to their own requirements, not taking into consideration local opinion despite having gone through a supposed consultation phase. Such developers wasted the Council's time and resources and better controls were therefore required to mitigate such scenarios.

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- The planning permission granted by the Planning Inspectorate for Guildford Railway Station was reduced from three years to two years to be built out. Therefore, it would seem appropriate that the Council could apply such conditions to applications.
- Landlords were renowned for increasing rents and whilst not within the gift of the Board's powers, a review of the Rent Act was desired.
- Out of the 1653 houses that had not been developed, the Board wished to ascertain whether it was related to any particular size of development or potential infrastructure problems such as utilities and transport.
- How many empty council houses or flats did Guildford have? What potential was there to re-use council owned properties used for businesses for houses?
- Was it the case that flats were built out quicker than houses and if that was the case should those applications be prioritised and agreed as part of the pre-application process?
- How are we addressing potential infrastructure problems with sewage, water supply and drainage? Are we hoping to secure the provision of suitable infrastructure as part of pre-application discussions with developers?
- Need to understand what is holding back large developments and how the Council can assist with progressing them.
- The Board noted that only 6% of all planning applications went to appeal and therefore the quick win sought was relatively small.
- Developers were driven by the market absorption rate, basically, how many houses could be sold in a year. Approximately, 142-161 units per year, per site were sold and was directly relevant to developments of over 2000 houses or more. The maximum number of houses built in a year was 538 achieved in Cornbrook, Manchester, greatly assisted by the fact that all of its infrastructural requirements were already in place and that development was over ten years. For the following nine years, 238 houses were built per year.
- The construction industry would refute the claim of landbanking owing to the fact that they currently have a 200,000-manpower shortage. They need approximately, 700,000 construction workers by the year 2021, which would be further compounded by Brexit.
- The average build out time was 14 months and 8 months longer than 2013-14.
- 55% of current construction workers were aged 60 or over and would therefore be retiring shortly.
- Only way to achieve the housing targets was to deliver via modular housing which took 12-14 weeks to build out as opposed to traditional housing that took 6-8 months. With modular housing, the ground works could be laid the build was taking place at the same time, so building costs were reduced significantly.
- Modular housing was built to last for 80-100 years. The Faro Islands was cited as an example, which had no natural resources, and every house had therefore been imported. A family and its succeeding generations had lived in such a house for the last 2000 years.
- China was investing in five off-site building factories in the U.K, as were Legal and General Insurance Company and Berkeley Homes. In addition, 35,000 modular homes were planned locally in neighbouring boroughs such as Reading and Woking.
- Consider Community Led Housing and Self-Build schemes. Could the Council look to support and promote such schemes to local groups that were eligible for funding. The scheme was restricted as there was no right to buy however.
- Was there scope to pre-approve finishes on pre-fabricated houses so that the development could proceed more quickly?
- Through the North Downs Company, the Council could set the design standards for modular housing to include features such as dementia sensors for dementia sufferers.

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- Needed to address viability arguments presented by developers who frequently employed solicitors to work out how to provide as little affordable housing as possible.
- The Board noted that 58 Councils in the UK had set up housing companies but in the last year only produced 528 units of which only 182 units were affordable or 34%. The total out build was 176 units per year so was very similar to the national average.
- How can the Council encourage companies such as Thames Water to get more involved in relation to sewage issues that may arise which they do not deem to be their responsibility?
- Could the Council examine other delivery models, alongside the North Downs Housing Company to provide housing owing to the government looking favourably on Councils' identifying innovative ways of getting around the cap on borrowing to provide Council houses?
- The Board noted that Woking was pursuing a pilot scheme with Natural England on the licensing of protected species. As long as a significant pond existed for great crested newts in the local area, then the ponds identified on a potential development site would not be subjected to scrutiny by Natural England and development more easily facilitated.
- Pursue the speeding up of the completion notice process.
- Could the Council tax premium on empty homes be increased from 50% to 100%?
- It was essential that the Development Management policies in addition to the Guildford Design Guide were in place when the Local Plan was adopted, as it would assist the speed of the planning application to development phase.

The Planning Development Manager confirmed that:

- Frequently contractual arrangements existed between the landowner and developer that set the heights and densities of developments, which a developer was contractually obliged to follow through from application to appeal therefore making it very difficult to provide a basis for negotiation and flexibility.
- Confirmed that land values in Guildford were high and pushed up the densities of proposed developments.
- Guildford was lucky, as it had not been subjected to many schemes where viability had been an issue.
- Guildford Planning Authority held a Planning Agents Forum, which met twice a year and 20-30 agents attended that could be used for engagement.
- Approximately, 2,500 applications were submitted annually to the planning department of which only 110-130 were subject to appeal.
- Confirmed that various elements such as materials could be conditioned at planning application stage rather than waiting until the end of the process which could speed the process up.
- Thames Water staffing along with the Environment Agency had been cut back and therefore only standing advice was issued to the Council.

The Housing Development Manager confirmed that:

- This Council was corporately robust in its application of viability policies, which in turn had secured the provision of a number of affordable homes in the borough. Guildford had done better than its neighbouring authorities' and significantly better than the London authorities.
- Provision of affordable homes was necessary to meet the needs of the borough.

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- This Council only had two empty homes available in East Horsley but there were certain issues with these properties, not making them immediately viable for living in. A total of 2,500 people were on the waiting list for a council home.
- There were approximately, 200 empty homes in private stock however a lot of those were in probate and long term empty properties often had structural or amenity issues that could not be solved easily.
- Was looking to re-develop council sites at higher densities, but was difficult to implement when the Council no longer owned a street of houses owing to the right to buy scheme. Therefore, buying such properties back was costly and time-consuming to the Council.
- Modular housing was not a panacea for housing delivery. The Council had enough delivery models and needed more land to build on which should be more easily delivered when the Local Plan was adopted.
- Needed to encourage more groups to come forward to build their own houses through funding available via Surrey Community Action and target key workers such as the police, nurses and teachers to pursue such developments.

The Board agreed that four of its members should form a small Task Group. The Task Group would identify quick wins for speeding up housing delivery in Guildford. The Board was mindful that it did not want to duplicate work, given there was already a Housing Board. The Task Group would rather work with the Housing Board on this specific issue and report back to the next Borough EAB meeting in May 2018 on the quick wins. Board members were requested by the Chairman to confirm their interest to the Committee Officer.

BEI26 PROGRESS WITH ITEMS PREVIOUSLY CONSIDERED BY THE EAB

The Board requested an update on the Bike Share Scheme that had last been considered by the Borough EAB at its meeting on 13 September 2017.

BEI27 EAB WORK PROGRAMME

The Board noted their work programme and agreed that 'The Future of Guildford Museum' item scheduled for the meeting on 9 April 2018 may need to be re-scheduled to a later date so that a full update was provided.

The meeting finished at 9.00 pm

Signed

Date

Chairman