

## EXECUTIVE

Date: Tuesday 11 January 2022  
Time: 5.30 pm  
Venue: Guildhall, High Street, Exeter

Members are invited to attend the above meeting to consider the items of business.

Due to the current social distancing restrictions brought about by the Corona Virus outbreak, any members of the public wishing to attend the meeting, please contact the [Democratic Services Team](#) in advance as there is limited capacity for public attendance. Priority will be given to those addressing the Committee under the public speaking provisions.

The recording of the meeting will be uploaded onto YouTube the following day.

If you have an enquiry regarding any items on this agenda, please contact Mark Devin, Democratic Services Officer on 01392 265477.

### *Membership -*

Councillors Bialyk (Chair), Wright (Deputy Chair), Foale, Ghusain, Harvey, Morse, Sutton, Williams and Wood

## Agenda

### Part I: Items suggested for discussion with the press and public present

#### 1 **Apologies**

To receive apologies for absence from Committee members.

#### 2 **Minutes**

To approve and sign the minutes of the meeting held on 30 November 2021.

(Pages 5 -  
14)

#### 3 **Declarations of Interest**

Councillors are reminded of the need to declare any disclosable pecuniary interests that relate to business on the agenda and which have not already been included in the register of interests, before any discussion takes place on the item. Unless the interest is sensitive, you must also disclose the nature of the interest. In accordance with the Council's Code of Conduct, you must then leave the room and must not participate in any further discussion of the item. Councillors requiring clarification should seek the advice of the Monitoring Officer prior to the day of the meeting.

#### 4 **Local Government (Access to Information) Act 1985 - Exclusion of Press**

## and Public

**RECOMMENDED** that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of items 12 - 14 on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1, 2 and 3 of Part I, Schedule 12A of the Act.

### 5 **Questions from the Public Under Standing order No. 19**

To receive questions relating to items on the Agenda from members of the public and responses thereto.

Details of questions should be notified to the Corporate Manager Democratic and Civic Support by 10.00am at least three working days prior to the meeting. Further information about speaking at a committee can be found here: [Speaking at a Committee](#)

### 6 **Strategic Case for the Exeter Development Fund**

To consider the report of the Chief Executive & Growth Director. (Pages 15 - 56)

### 7 **2022/23 Budget Strategy and Medium Term Financial Plan**

To consider the report of the Director Finance. (Pages 57 - 74)

### 8 **Council Taxbase and NNDR 1 2022/23**

To consider the report of the Director Finance. (Pages 75 - 80)

### 9 **Housing Rents and Service Charges 2022-23**

To consider the report of the Director Finance. (Pages 81 - 94)

### 10 **Local Council Tax Support scheme 2022-23**

To consider the report of the Deputy Chief Executive. (Pages 95 - 104)

### 11 **Housing Ombudsman Complaint Handling Code: Self-Assessment**

To consider the report of the Deputy Chief Executive. (Pages 105 - 120)

## **Part II: Items suggested for discussion with the press and public excluded**

No representations have been received in respect of the following items in accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

12 **Options Report for Rennes House**

To consider the report of the Deputy Chief Executive.

(Pages  
121 - 138)

13 **Edwards Court Options Report**

To consider the report of the Deputy Chief Executive.

(Pages  
139 - 158)

14 **Members' Training**

To consider the report of the Corporate Manager Democratic & Civic Support.

(Pages  
159 - 172)

**Date of Next Meeting**

The next scheduled meeting of the Executive will be held on **Tuesday 8 February 2022** at 5.30 pm in the Civic Centre.

**A statement of the executive decisions taken at this meeting will be produced and published on the Council website as soon as reasonably practicable.**

Find out more about Exeter City Council services by looking at our web site <http://www.exeter.gov.uk>. This will give you the dates of all future Committee meetings and tell you how you can ask a question at a Scrutiny Committee meeting. Alternatively, contact the Democratic Services Officer (Committees) on (01392) 265115 for further information.

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## EXECUTIVE

Tuesday 30 November 2021

Present:

Councillor Bialyk (Chair)

Councillors Wright, Foale, Ghusain, Harvey, Morse, Sutton, Williams and Wood

In attendance:

Councillor A. Leadbetter (as an opposition group Leader)

Councillor K. Mitchell (as an opposition group Leader)

Councillor D. Moore (as an opposition group Leader)

Also present:

Chief Executive & Growth Director, Deputy Chief Executive, Director Corporate Services, Director Finance, Service Lead for Commercial and Procurement, Assistant Service Lead – Local Plan and Democratic Services Team Leader

In attendance:

Steve Barriball – Member of the Independent Remuneration Panel.

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### ALDERMAN JOAN RICHARDSON

The Chair passed on his condolences and respects, and those of Members, to the family of Alderman Joan Richardson, a former Mayor and Councillor at Exeter City Council, who had recently passed away. Recognition and tributes would be made to Alderman Richardson at the forthcoming Full Council meeting.

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### MINUTES

The minutes of the meeting held on 2 November 2021, were taken as read, approved and signed by the Chair as a correct record.

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### DECLARATIONS OF INTEREST

No declarations of disclosable pecuniary interests were made.

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### QUESTIONS FROM THE PUBLIC UNDER STANDING ORDER NO. 19

No questions from members of the public were received.

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### MEMBERS ALLOWANCES 2022/23

The Chair welcomed Steve Barriball, who was in attendance on behalf of the Chair of the Independent Remuneration Panel.

Steve Barriball presented the Council's Independent Remuneration Panel report relating to Members' Allowances for the period 2022/23. The Independent Remuneration Panel provided a review and guidance to the Council on a scheme of Members' Allowances and to make recommendations on the allowance to be paid to Members, following the legislation set out under the Local Authorities (Members' Allowances) (England) Regulations 2001 and 2003.

Members were referred to the recommendations in the report, with particular reference made to:-

- the current Members' Allowances scheme was recommended to be retained for 2022/23, having been carefully considered by the Independent Remuneration Panel;
- the Councillors' Basic and Special Responsibility Allowances, should be increased by 2.5%, with effect from 1 April 2022 to match the Local Government Employers (LGE) staff pay award for the previous year;
- travel and subsistence allowances would continue to be made available for Exeter City Councillors where appropriate;
- the Independent Remuneration Panel would convene again in 12 months to review the scheme of allowances; and
- thanks to the Corporate Manager Democratic and Civic Support and the Democratic Services Officer (SLS) for their help and support.

Councillor Leadbetter, as an opposition leader, enquired on the pay award increase for the previous year. The Council Leader in responding, stated that the report detailed the allowances for the forthcoming year.

The Chair thanked Steve Barriball and the Independent Remuneration Panel for their work and to Steve for attending the meeting.

**RECOMMENDED** to Council that:-

- (1) the basic structure and principles of the current Members' Allowances scheme be retained for 2022/23;
- (2) the principle that any Member qualifying for more than one Special Responsibility Allowance is paid the higher allowance only, be retained;
- (3) the Councillors' Basic and Special Responsibility Allowances, including the Lord Mayor and Deputy Lord Mayor's Expenses Allowances, should be linked and updated in line with the Local Government Employers (LGE) staff pay award for the previous year (a 2.5% increase in the annual Local Staff Pay Award was awarded by the Employers side for staff which was effective for staff from April 2021), and be uplifted by this amount with effect from 1 April 2022;
- (4) the principle that Special Responsibility Allowances be paid to no more than 50% of the overall number of Councillors be kept under review and adhered to where possible;
- (5) the current Dependants' Carers' Allowance scheme be maintained, with the continuation of the level of allowance matching the hourly Living Wage as applicable from April of each year (together with the retention of the uplift of the standard rate of income tax). In the case of Members who need specialist care for a child or adult dependant, a higher rate, of up to £25 per hour or part thereof, can be agreed by negotiation in advance with the Corporate Manager, Democratic and Civic Support;
- (6) the sum of £50 be paid to the Independent Persons affiliated to the Audit and Governance Committee for up to four hours work, and £100 for four hours and over, payable to each of the two Independent Persons (up to a maximum of £500 per person in any one year) be retained; and
- (7) the Travel and Subsistence allowances available for staff continue to apply to Exeter City Councillors, where appropriate.

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**CHANGES TO THE ROLE OF THE CHIEF EXECUTIVE & GROWTH DIRECTOR AND STRATEGIC MANAGEMENT BOARD**

The Executive received the report which sought Member approval to enable the Chief Executive & Growth Director to lead Exeter City Futures Community Interest Company (CIC) for two days a week, to provide leadership on the Net Zero Exeter

2030 Plan, supported by the Director for Transformation, working three days a week. The proposed deployment would be for a 12 month period and the report highlighted the proposed changes in the Strategic Management Board reporting lines during this period.

The Chief Executive & Growth Director in presenting the report, reminded Members that the Council had set a Net Zero by 2030 target on behalf of the city, and had engaged with various institutions across the city, who had signed up to the 2040 vision and worked with the Council, as part of Exeter City Futures to publish a Net Zero 2030 to deliver the ambition. There would be a magnitude of work involved on a political, technical and financial level to address the methodology to achieve the goals, which included the retrofitting of private housing to meet the requirements of the low-carbon agenda.

Members noted that organisations across the area would need to be working in partnership on a regional level to address the issues for Exeter City Futures to achieve the Net Zero target. The Chief Executive & Growth Director and the Director for Transformation would be focussing on the priority actions identified in the report. These secondments would enable engagement with various partners to bring in resources to deliver the vision. The process would be reviewed in 12 months.

Particular reference was made to:-

- the key institutions who sit on the board of the Exeter City Futures, included the University of Exeter, Exeter College, Devon County Council, the Royal Devon & Exeter Hospital, Oxygen House and the City Council. All institutions would be working in partnership to deliver the Net Zero Agenda, with leadership from the Chief Executive & Growth Director; and
- there was a significant challenge to develop the funding and delivery mechanisms to implement the retrofit of the city's private housing stock.

Councillor D. Moore, as an opposition leader, spoke on the item, stating that in 2019, the United Nations called for a 7.6% reduction in greenhouse gas emissions each year between 2020 and 2030 to limit global warming to 1.5 degrees. Following on from the recently held COP26 (Conference of the Parties) climate change conference, it was stated that quicker and more timely efforts were needed. Councillor Moore welcomed the proposal but considered the report to be complex and was set apart from the goals to establish a carbon budget for Exeter as shown in the recommendations. She further considered that there was no risk analyses and sought clarification on how the report author reached the analysis of the risks outlined in Section 9 of the report and enquired on the following areas:-

- What assessment criteria regarding the impact of the secondments did the Council intend to use?
- What due diligence had the Council undertaken for Exeter City Futures and its capacity to deliver on its financial viability, governance arrangements and ability to recruit staff?
- With the 2019 accounts showing a loss and the current reliance of secondments to Exeter City Futures (ECF), what investment was being made from other members of ECF to fund the secondments?
- What would the impact be, to the Medium Term Financial Plan for the two secondments and to the quality of Council services?
- How did the Council intend to deal with governance and oversight of the work in relation to potential conflicts of interest?

- With Exeter City Futures working on a Government backed asset investment fund, Exeter City Council was expected to be a principal shareholder investing a significant portion of the £200million initial investment, will the seconded Officers focus on delivery of this project and how will the level of the Council's exposure to risk to be independently assessed?
- Should the Executive Committee be fully informed of the Exeter Development Fund and its associated risk before proceeding with the secondment?

The Leader in responding stated that the Chief Executive & Growth Director would be working with other organisations to encourage them to engage with their commitment to the Net Zero agenda. All details of the secondments would be managed through the Council's relevant departments as an internal matter. The Leader agreed that, although the secondments would have an impact on the Council, there were experienced officers available to manage the Council's work during the secondment period. Investments from various partners would be sought and the impact to the Medium Term Financial plan would be included in the Council's budget in February 2022. All decisions which impacted on Exeter City Council would continue to be reported to the Executive and be available for scrutiny by the relevant Scrutiny Committee.

During the discussion, the following points were raised:-

- risk assessments, governance and conflicts of interest would be managed appropriately to identify potential impacts to the Council and any required mitigation would be put in place;
- the report was a positive statement of the Council's leadership and a strong demonstration of its commitment to working with partners;
- the Council had previously undertaken a vast volume of work on the climate emergency and environmental issues, including work on the valley parks and greenspaces and energy efficient buildings, such as St Sidwell's Point;
- the outcomes listed in the report were important and it was important to have the right leadership and skills in place to achieve a carbon neutral city; and
- the report was transparent and outlined the secondment arrangements, which were reasonable to support the delivery of the net Zero carbon agenda.

The Leader in summarising referred to the other options listed in the report presented at the meeting, highlighting that there was no statutory obligation to lead a city wide Net Zero agenda and the Council could solely focus on the carbon emissions from their organisation. There had been frequent requests to appoint a dedicated officer to lead on the Net Zero agenda, which the secondment of the Chief Executive & Growth Director would demonstrate the Council's focus on delivering Net Zero with experienced leadership. The Leader thanked the Director Finance for preparing the emergency budget to allocate the funds needed to undertake the work and enable the Chief Executive & Growth Director to lead on the work and engage with partners.

Members welcomed the report, which provided an overview for a new chapter for Exeter City Futures and highlighted how the Council will lead on the Climate Emergency and implement changes that would be needed to achieve the Net Zero target.

**RECOMMENDED** that Council:-

- (1) approve the secondment of the Chief Executive & Growth Director for two days per week to head up the work of Exeter City Futures CIC in support of the Net Zero Exeter 2030 Plan, commencing on 2 January 2022;

- (2) approve the secondment of the Director of Transformation for up to three days per week to Exeter City Futures CIC, to design and lead the programme of change in support of the Net Zero Exeter 2030 goal, commencing on 2 January 2022;
- (3) agree to the review of the secondment arrangements in 12 months;
- (4) approve the commission of additional work to establish a carbon budget for the City of Exeter to show the baseline position for the city, the various city sectors who contribute to carbon emissions, the targets to achieve Net Zero and the carbon emission implications in pursuing the proposals, as set out in the Net Zero Plan;
- (5) note the changes to the Strategic Management Board reporting lines; and
- (6) request that Strata Service Solutions Ltd consider amending its constitution to allow for the officer representation on its Joint Executive Committee to be the Chief Executive or his nominee of the three constituent authorities (rather than the Chief Executive).

117 **THE EXETER ARTICLE 4 DIRECTION: HOUSES IN MULTIPLE OCCUPANCY. RESPONSE TO A RECENT PETITION**

The Executive received the report on the Exeter Article 4 Direction for Houses in Multiple Occupancy (HMO), following the receipt of a petition at the meeting of the Council on 21 July 2021. The petition requested an extension of the Article 4 restrictions for HMO's to the remainder of the Sylvan Road, Sylvan Avenue and Moorview Close areas. In line with the Council's petition scheme, a report had been brought to the Executive for further consideration.

The Portfolio Holder for City Development moved an amendment to the recommendations as follows:-

*2.2 to recognise the continued commitment to preparing the Local Plan to the agreed timescales whilst in parallel identifying additional resources to support a review of the Article 4 Direction.*

It was explained that the reason for the proposed amendment followed meetings held with residents and Members to understand their concerns.

The Leader invited the petition organiser, Mr John Danvers to speak on this matter. Mr Danvers thanked the Executive for the opportunity to speak and to the Leader for the proposed amendments to the recommendations. He explained that he was representing 150 residents of Sylvan Road, the surrounding streets in the Pennsylvania Ward and of the signatories of the petition. In June 2021, a letter was submitted to the Planning Department requesting changes to the current Article 4 Direction. A petition was submitted on 8 July 2021, followed by a revised letter to support the petition. Following productive discussions with Councillors, the Leader and Deputy Leader, residents had been contacted by a growing number of concerned residents and had gathered additional evidence to support the original request to review the Article 4 Direction on the conversion of family homes into HMO's and student accommodation.

It was explained that residents would be submitting another letter containing the updated evidence, highlighting the concerns of residents on how communities in north Pennsylvania were being affected by the frequent conversions, some of which

did not appear on the Council register. Mr Danvers highlighted that in 2016 there was just one HMO in north Pennsylvania and now there were more than 14. Local residents had reported incidents of landlords and tenants, who had made life miserable for their neighbours. The community value for the area was being affected by excessive noise, litter, antisocial behaviour with an increase to the number of cars, impacting the wider community.

The increase in the number of HMO's had reduced the available number of houses available for younger families. Mr Danvers concluded by highlighting that residents did not have any issues with students and acknowledged that most were well behaved, however there was a small minority that had adversely impacted the community area. Many residents felt that there was an indifference from the Council and University and requested that their concerns be taken seriously with consultation and engagement to resolve the concerns. It was requested that the Council immediately engage in a full consultation process on the conversion of future homes into HMO's in Pennsylvania and to review all plans for citywide student homes and HMO's with the inclusion of a buffer zone around any Article 4 areas.

The Chair thanked Mr Danvers for attending the meeting.

The Deputy Chief Executive presented the report and recognised the concerns of residents in the affected area and the issues that had been raised. The report highlighted that officers, to date, were unable to find sufficient evidence to undertake a review of the Article 4 provisions in the area, but more in-depth work would be needed to fully explore this issue. Due to the focus on delivering the new Local Plan to the agreed timescale, it was not possible to resource a full review of the Article Four area. The proposed amendments would allow officers to develop a costed proposal to undertake a review, which would be presented to Members for their approval and to agree the resources required.

Councillor K. Mitchell, as an opposition leader, welcomed the proposed amendment to the recommendations and sought clarification on whether the changes to Article 4 Direction would include other areas in the city. The Leader in responding confirmed that additional resources would be for a review of the overall Article 4 Direction.

During the discussion the following points were raised:-

- the acknowledgment that there was a balance to be struck between the passion of the community and available resources;
- any responses from residents would be carefully considered and analysed by officers;
- the comments provided by Mr Danvers and residents' views were welcomed but there was a challenge for the Council, to also house students, particularly with the University population increasing each year and that a balance was needed to be achieved; and
- there had been productive meetings between Ward Councillors, the Leader and Deputy Leader, which highlighted that there was no indifference to residents' views or to addressing the implications of undertaking a review.

The Portfolio Holder for City Development in summarising the amendment, thanked officers for the work included in the report and welcomed the fact that there was no risk to the timescale for developing the Local Plan.

Following the discussion, Councillor Bialyk moved and was seconded by Councillor Wright to amend the recommendations in the report to include the proposed amendment, which were moved and voted for unanimously.

**RECOMMENDED** that Council:-

- (1) note the content of the petition and the concerns raised regarding the potential impacts of Houses in Multiple Occupation on the local community; and
- (2) recognise the continued commitment to preparing the Local Plan to the agreed timescales whilst identifying additional resources to support a review of the Article 4 Direction.

118 **OVERVIEW OF GENERAL FUND REVENUE BUDGET 2021/22 - QUARTER 2**

The Executive received the report on the overall financial position of the General Fund Revenue Budgets for the 2021/22 financial year after six months.

Particular reference was made to:-

- the planned take from the General Fund working balance was expected to be around £550,000 lower than what was anticipated;
- there was a projected income loss of £2.4 million mainly in car parking, entertainment and visitor facilities, which was due to the slow recovery from the impact of the Pandemic;
- the projected underspend on certain services was caused by resource issues and global supply chain shortages. There would likely be requests for supplementary budget revisions at the end of the financial year, which would be transferred from earmarked reserves to meet the requests; and
- the supplementary budgets listed in Section 8.11 of the report would be funded through Government Grant and the request for £5,000 for the Community Grants for the Neighbourhood CIL would be funded from the General Fund balance.

**RECOMMENDED** that Council notes and approves (where applicable):-

- (1) the General Fund forecast financial position for the 2021 financial year;
- (2) the supplementary budgets as detailed in paragraph 8.11 of the report;
- (3) the outstanding Sundry Debt position as at September 2021; and
- (4) the creditors payments performance.

119 **2021/22 GENERAL FUND CAPITAL MONITORING STATEMENT - QUARTER 2**

The Executive received the report on the current position of the Council's revised annual Capital Monitoring programme and the anticipated level of deferred expenditure into future years. The report also sought approval to amend the annual capital programme in order to reflect the reported variations.

Particular reference was made to:-

- the Council had spent £9.694 million of the £106.986 million revised capital programme during the first six months, which was lower than the previous year;
- there were continued issues in the construction sector impacting on the supply of materials and labour, which was likely to continue impacting the programme for some time resulting in a deferral of schemes; and
- an additional £6,391,470 funding from Central Government had been received for the brownfield land release projects and would be used for work at Bonhay

Meadows, Exeter Canal Basin, Mary Arches Car Park, Belle Isle, Cathedral & Quay Car Park and Clifton Hill.

A Member commented on the solar panel installation work for the Riverside Leisure Centre roof, which further highlighted the Council's commitment to achieving the Net Zero ambition.

**RECOMMENDED** that Council approve:-

- (1) the revision of the annual Capital Programme to reflect the reported variations detailed in 8.1 and Appendix 1 of the report; and
- (2) the additional budget detailed in 8.6 of the report.

120 **2021/22 HRA BUDGET MONITORING REPORT - QUARTER 2**

The Executive received the report on the financial position of the HRA Revenue and Capital Budgets for the 2021/22 financial year after six months and on the reported budgetary over/under-spends. The report further highlighted areas of risk to inform Members where budgets had been identified as vulnerable to circumstances beyond the Council's control, resulting in potential deviations from budget.

**RECOMMENDED** that Council approves (where applicable):-

- (1) the HRA forecast financial position for 2021/22 financial year; and
- (2) the revision of the HRA Capital Programme to reflect the reported variations detailed in Appendix 4 of the report.

121 **TREASURY MANAGEMENT 2021/22 HALF YEAR UPDATE**

The Executive received the half year report on the current Treasury Management performance for the 2021/22 financial year and an overview of investments and borrowings at 30 September 2021.

Particular reference was made to the current low interest rates and the potential for the interest rates to be increased.

**RECOMMENDED** that Council note the Treasury Management report for the first six months of the 2021/22 financial year.

122 **UPDATES TO PROCUREMENT AND CONTRACT PROCEDURES**

The Executive received the report on updating the procurement contract procedures to ensure that the Council's procedure rules were up to date to ensure full transparency for public resources and that the roles and accountabilities were correct.

Particular reference was made to:-

- changes to the references for the Official Journal of the European Union (OJEU) had been changed following the EU Exit to the Government Procurement Agreement (GPA);
- the inclusion of updates to the 2021 subsidy control bill;
- the inclusion of the provision to reserve below threshold procurements to suppliers by location and for SMEs/ VCSEs;
- the exemption form captured all contracts directly awarded by the Council; and

- general administrative amendments that had been made to reflect changes to job titles and web links.

**RECOMMENDED** that Council approve:-

- (1) the revised Procurement and Contract Procedures in Appendix A of the report;
- (2) the revised Procedural Note – Exemptions in Appendix B of the report; and
- (3) the authorisation for the Director Finance in conjunction with the relevant Portfolio Holder to make minor changes to the Contract Procedure Rules as defined below and that any changes be reported to Members as part of the wider update on progress:
  - Changes in statutory framework, such as references to new or updated legislation;
  - Changes in titles, names or terminology; and
  - Changes consequential to other constitutional changes already made.

(The meeting commenced at 5.30 pm and closed at 6.40 pm)

Chair

**The decisions indicated will normally come into force 5 working days after publication of the Statement of Decisions unless called in by a Scrutiny Committee. Where the matter in question is urgent, the decision will come into force immediately. Decisions regarding the policy framework or corporate objectives or otherwise outside the remit of the Executive will be considered by Council on 14 December 2021.**

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## REPORT TO EXECUTIVE

Date of Meeting: 11 January 2022

## REPORT TO COUNCIL

Date of Meeting: 22 February 2022

Report of: Chief Executive and Growth Director

Title: Strategic Case for the Exeter Development Fund

### Is this a Key Decision?

No

### Is this an Executive or Council Function?

Council

### 1. What is the report about?

1.1 The strategic case for the Exeter Development Fund, which is provided as an annex to this report, sets out the concept of a fund that combines public and private sector finance to transform the built environment. The fund would harness capital flows within the city and enable investment in infrastructure development in a way that delivers place-making aspirations without long term dependence on bids for Government grants.

1.2 Work is being done to finish the business case as per the funding from One Public Estate. A full business case will be submitted to members before any decisions are taken on establishing a fund.

### 2. Recommendations

That Executive and Council note progress on the Exeter Development Fund Strategic Case and, recognising the complexity of the matter, agree to:

- (1) additional, dedicated briefings for members on the strategic case and, when published, for the full business case; and
- (2) a report to the Strategic Scrutiny Committee on the full business case including, if considered appropriate, the formation of a Task and Finish Group to review this in detail.

### 3. Reasons for the recommendation

To ensure members are aware of the strategic case for the Exeter Development Fund.

### 4. What are the resource implications including non-financial resources?

There are no additional resource implications at this point. The work on the business case is funded by the One Public Estate.

## **5. Section 151 Officer comments**

There are no financial implications for Council to consider contained in this report. Any potential impact will be considered when the business case is submitted and relayed to members before a decision is taken.

## **6. What are the legal aspects?**

Please see below.

## **7. Monitoring Officer's comments**

It is difficult for the Monitoring Officer to comment at this early stage. This advice will be forthcoming once the business case has been finalised, and the delivery mechanism worked through as this will clarify how "best consideration" in accordance with section 123 of the Local Government Act will be achieved.

## **8. Report details**

The detailed strategic case is included at Annex A.

## **9. How does the decision contribute to the Council's Corporate Plan?**

9.1 The strategic case contributes directly to the priority Building Great Neighbourhoods, Active Lifestyles and Net Zero Exeter 2030. The premise of the Fund is that business as usual too often fails to deliver the outcomes that matter to the community. This is addressed in the strategic case for the fund.

## **10. What risks are there and how can they be reduced?**

10.1 A detailed risk assessment would be included with the business case.

## **11. Equality Act 2010 (The Act)**

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because the report is for information only. An Equality Impact Assessment would accompany any business case that members are asked to approve.

## **12. Carbon Footprint (Environmental) Implications:**

No direct carbon/environmental impacts arising from the recommendations as the report is for information only at this stage. A key goal of the Fund is to support the city's Net Zero objectives and ensure the development programme does not create a legacy burden for the future to meet local and national net zero carbon targets.

## **13. Are there any other options?**

The Business Case that will be presented to Executive and Council will address a number of options which will include business as usual, i.e., do nothing and allow the market to deliver.

**Chief Executive and Growth Director, Karime Hassan**

Author: Bruce Luxton, Corporate Manager Executive Support

## **Local Government (Access to Information) Act 1972 (as amended)**

Background papers used in compiling this report:-

None

Contact for enquires:  
Democratic Services (Committees)  
Room 4.36  
01392 265275

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# Exeter Development Fund

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## 1. Strategic Case



# 1.1 Introduction

This business case explores the costs, benefits and risks of a replicable, innovative concept design for a collaboratively owned, public sector infrastructure fund at a city region level (the "Fund"). The aim of the Fund is to combine public and private sector finance to transform the built environment, harness capital flows within the city and enable investment in infrastructure development in a way that delivers place-making aspirations without long term dependence on bids for Government grants.

The Fund will provide a single source of finance, deal flow and project management to procure and deliver the housing and infrastructure required for a city's vision of place-making. It will lead the way in developing out the city, ultimately to then set the bar for all future developments. It will employ an end-to-end, fresh approach to procurement, with data driven, challenge-based processes that procure regulatory-compliant solutions and drive industry innovation and sustainability side by side.

Based on current blockwork plans, live data and cash flows for the delivery of c.10,000 homes, commercial property, public realm, industrial and municipal accommodation across multiple sites in Exeter, this business case has performed options appraisals on the most effective way to finance the required infrastructure, land acquisition and preparation. The Fund's success delivers transformational change in urban developments and public sector revenue streams.

The benefits within this Parliamentary period alone are clear. By the end of this Parliamentary period, Government will have set up a municipally controlled, market leading and active development fund set to generate revenue for HM Treasury into perpetuity, delivers net zero cities and sets the benchmark for the UK development market for future Parliaments.

Bridging the gap between sustainable, truly environmentally responsible infrastructure solutions, UK emerging policy on sustainable place-making and investible business models is a constant challenge for governments and the markets. The problems are understood, as are many mitigating interventions, but financing and delivering the solutions at scale remain as-yet unresolved. Therefore, 'effectiveness and success' measurement, for the purposes of the Fund's concept design in this business case, is manifested in addressing the attrition that exists between commerce, place-making, housing targets, sustainability and the UK carbon agenda.

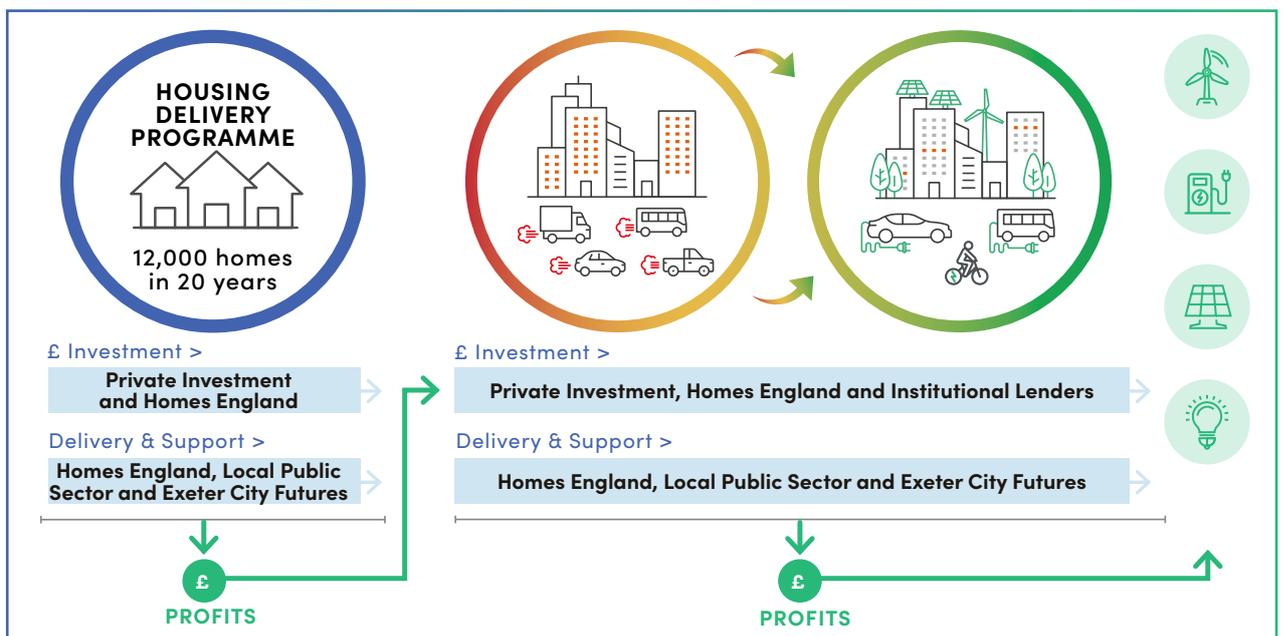


Figure 1.1 • Fund Infographic

This business case seeks a contribution from the public sector of c.31%-of-total-capital to team with the available private sector debt finance, within a Fund structure, in order to deliver on the city's capital program over the next 20 years.

## How does it work?

The Fund will initially be capitalised by a mix of central government infrastructure budgets and the city's existing public sector assets.

Traditionally, public sector land assets suitable for development are cherry picked by private sector developers. Any developments are then designed for profit maximisation, and so often do not meet the needs of the city or deliver on place-making, infrastructure, or sustainability. With new homes in such high demand, the current delivery model results in low quality high volume housing.

As demonstrated in Figure 1.2 below, ECF's model seeks to capitalise on the city's wide range of property assets, across various public sector institutions, to control ownership of the financing for sustainable development, and therefore control of the outcomes of these developments. In this way the city can ensure delivery of climate ready, happy and healthy communities, that also generate returns to support public sector services.

The Fund will also ensure that development objectives are informed and guided through community engagement, and in this way all residents are able to influence the new communities delivered.

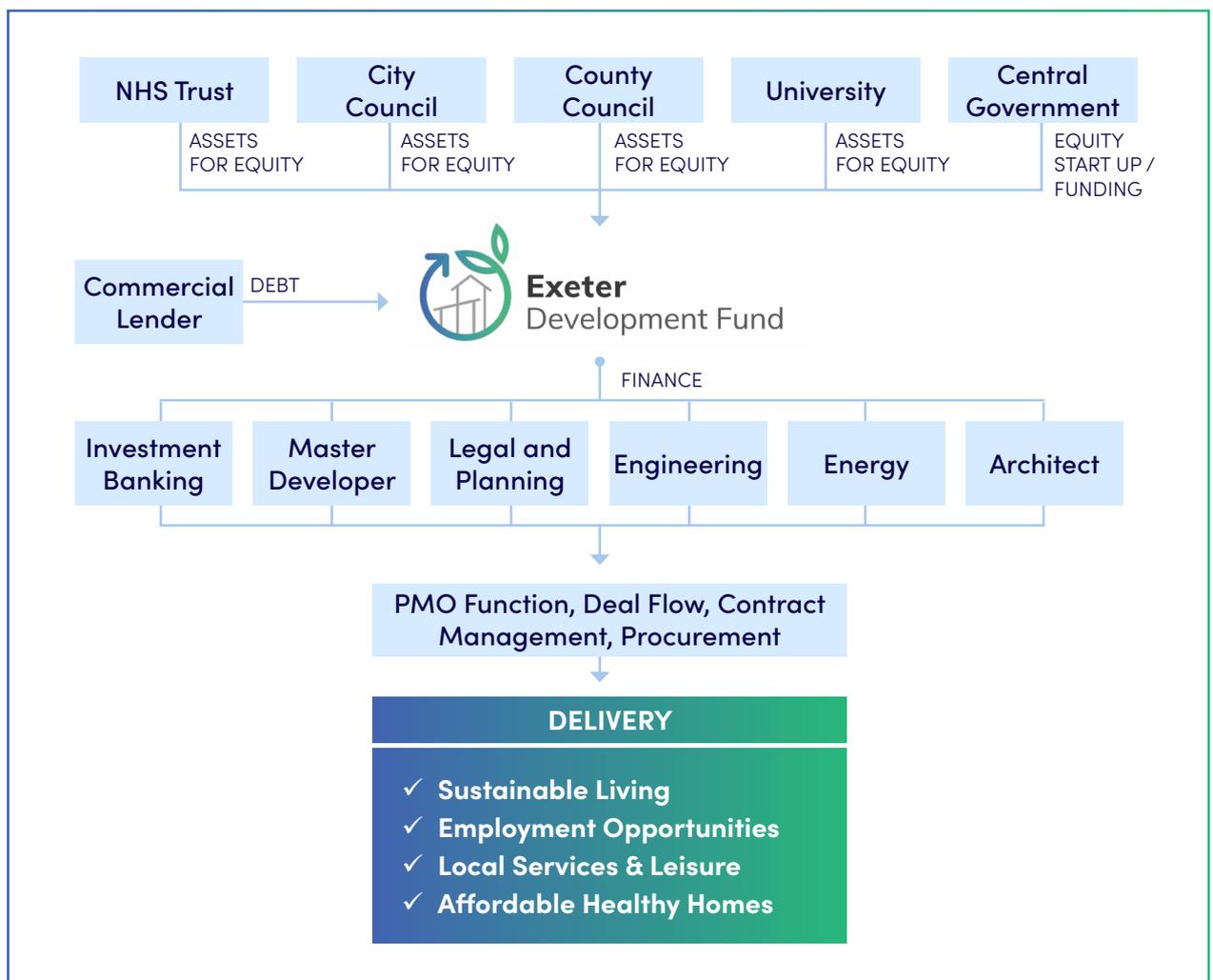


Figure 1.2 • Fund Structure

## 1.2 The Case for Change

### 1.2.1 Broader Context

As government develops its Levelling Up Strategy, local authorities have a unique opportunity to contribute and shape the future of the UK in this space through their own local strategic plans. This strategy will be key to ensuring that every part of the UK can prosper and that the government has the right policies to drive productivity and earning power. Embedded within that strategy is the principle idea that cities can hold the key and that they need to transform.

 **By 2050 66% of the world's population is expected to be living in cities.**

This rate of urbanisation presents many challenges which, left unsolved, will give rise to inequity, pollution and costly, sprawling development patterns. This limits the capability not only of our cities, but the people within them.

### 1.2.2 Place-making

To stimulate and sustain economic development, a city needs to be a vibrant place with a distinct identity and a heart. It needs to focus on attracting and retaining the most talented individuals by offering a fantastic quality of life in the very best kind of environment.

This place-making goal is essential to create the momentum and investment needed to grow sustainably, inclusively and equitably for citizens. The UK needs to deliver transformational change within its cities and build growth strategies focused on better financing, innovation, responsible planning and better use of data analytics. Many cities' emerging visions for the future recognise this.

### 1.2.3 The UK's Challenge

Traditional methods for the financing and delivery of housing and urban growth, led by the private sector developer market agendas, are not always sympathetic to the challenges of city plans. Profits made from development typically exit the city cash-flows rather than being available for reinvestment into optimising other infrastructure services. This leakage of value coupled with constraints on public sector capacity and the pace of public financing for infrastructure delivery presents an acute challenge for cities.

Without a significant change in the way they manage growth and development, Exeter and many other UK cities will be compromised in their attempts to deliver into the wider industrial strategy. The level of housing numbers required to meet population and growth targets will arguably lead to an urban sprawl which conflicts with the UK carbon agenda, road network constraints, neighbouring regions space aspirations, energy grid capacity and health and wellbeing.

There is often a lack of shared understanding of the impact of peripheral housing and business growth on the fabric and functioning of the city and its future attractiveness to citizens, academics and businesses. This is one of the key challenges that stand in the way of delivering on the place-making aspirations inherent in the UK's Industrial strategy.

Equally, a challenge remains from a financing perspective. In typical development projects, there exists a fundamental mismatch between the purpose and outcome of short term capital and the long-term agenda of a city. In the rented sector, for example, short term capital is obtained for the build phase of a development program which does not often deliver on the city's long-term aspirations. Then longer-term mortgage finance is brought in after the damage is done. A comprehensive 'finance first' solution is needed to better serve the overall plan.

## 1.2.4 Exeter City Context

Exeter was named by the Centre for Cities as the city with the fastest growing population in the UK. The economic region is prospering, with an annual GVA growth of 3.4% for the last 15 years, and the local development framework outlines ambitious plans for growth. Hosting the largest cluster of digital economy activity south west of Bristol, the city's population is among the best trained in the UK.

The city has a high level of educational attainment and several excellent education institutions that include 2 TEF Gold rated educational establishments (University of Exeter and Exeter College) and one of only two specialist maths schools in the UK (Ofsted rated outstanding at first appraisal).

To meet this growth and potential the Greater Exeter region is set to deliver up to 50,000 houses over the next 20 years, 12,000 of which are required within the city itself to promote regional growth and as part of the city's urban densification plans. This will see approximately £10bn of private money and £2bn of public funds invested in the region.

Based on current trends, much of this new housing will be delivered on green field sites around the city, exploiting existing trunk road infrastructure and, unless innovative solutions are found, will bring increased pressure on affordable housing, the transport network, employment and the environment. This can lead to planning blockages and development shrinkage, thus leaving land value trapped.

## 1.2.5 Exeter's Challenges to Delivering the Vision

Exeter faces huge challenges in respect of its increasing population, expanding university and increasing the magnetism for large scale business investment.

The city strives to be seen as one of the world's most sustainable cities and a fore-runner in innovative transport and place-making. In doing so it has set out a bold vision for the future that aligns with the UK industrial strategy. For 2021, the city has set out three strategic priority areas to be addressed over the next two decades:

- ✓ Healthy active citizens
- ✓ Reduced congestion and enhanced mobility
- ✓ Building better housing and neighbourhoods

To achieve this, huge investment is required into the billions of pounds, on new public mobility solutions, dense unit housing, new energy networks, city centre remodelling and new transport infrastructure that connects jobs to housing in the Greater Exeter region.

The city has one of the slowest peak-time traffic speeds but also a growing and successful uptake in rail, bus and cycling options, with one of the highest walk/cycle-to-work populations.

To deliver growth within the city, a holistic view is needed that approaches development of housing, transport and energy under a shared place-making goal.

## 1.2.6 Ownership, Control and Strategy: The Private Sector Agenda

The private sector development market is not delivering for Exeter in a way that aligns with the vision for the city in the next two decades.

Understandably, large scale developers tend to select projects based on profitability rather than, say, the Carbon agenda, Health and Wellbeing metrics or social outcomes that benefit the long-term prosperity of the city. Property developers' short term accountability to their shareholders has a greater motivational premium than the accountability to the citizens of the Exeter.

This divergence means that sites that could deliver sustainable place-making aligned with emerging UK policy objectives are typically picked off by developers and designed for profits alone.

The city is at risk of missing an opportunity for real transformation and growth if all developments are left to the private sector without adequate public sector control over outcomes through the right partnership structure. The challenge remains as to how retain more control over the financing and strategy for the city's infrastructure, in order to work with the private sector on outcome-focused projects.

Furthermore, large-scale developers operating in the city can produce profits in the region of 20% on capital spend. Typically, the profit from these developments leaves the city to pay shareholders external to Exeter. This means that large chunks of value uplift are leaving the region and are lost. The challenge for the city is how to ensure more value is retained within the city and delivered on projects with the right quality.



Exeter City Council's strategic plan is to work with local partners to address the city's strategic housing provision over the next 20 years. A challenge for the city is how to deliver housing within the existing municipal boundaries (involving costly, complex build sites) and build them in a sustainable way.

The Council recognises that the traditional mode of development has over promised and under delivered. Breaking this cycle and delivering to quality standards, whilst raising the funding necessary was a challenge. The current model does not work and, as such a new, sound strategy was needed.

How can Exeter fund a new program to new standards and quality? The public sector in Exeter has previously driven improvements in development values but seen none of the financial benefits.

How could Exeter capture the value uplift and retain this within the public purse? Oxford and Cambridge are examples of big investment from central government, but Exeter has historically missed out as waiting for the whole region to take shape to attract investment will not happen within the short to medium term.

The Fund model concept chimes as a way of delivering the long term vision to meet the city's issues and match with members' aspirations, since the market is not delivering. ECC already has its own development company, which delivers high quality homes in "places" and the Fund concept fits well with this. The Council recognises the need to plug the big viability gap with a credible option for delivery of our homes as communities. The Fund is a viable option, amongst other more traditional interventions, to address that challenge.



**Karime Hassan** • Exeter City Council Chief Executive and Growth Director



## 1.2.7 Exeter Strategic Fit

This business case explores the costs, benefits and risks of a replicable, innovative design concept for a collaboratively owned, public sector infrastructure fund at a city region level. To that end, the Fund structure seeks to be shaped to fit any city region. However, its conceptual application to a city region for testing purposes requires a head start. That head start exists in Exeter's own strategic plan for housing over the next 20 years: [Liveable Exeter](#).

This represents a preselected package of priority sites, owned by a mixture of Exeter's public sector institutions and the private sector within the city on which the city has conducted significant design work for the provision of 12,000 homes and communities:

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**Exeter has a vision for growth as a connected city region consisting of thriving linked communities set within an exceptional environmental setting. This clear vision represents a commitment to strengthen neighbourhoods; create new communities; invest in sustainable transport; and deliver the infrastructure needed to attract investment and improve quality of life.**

**The realisation of this vision for the city and surrounding region is dependent on the continued success of the city of Exeter. Successful cities ensure the wellbeing and prosperity of their communities and act as a focus to jobs, leisure, culture and shopping. To stay successful, cities must have a clear plan for how they will respond to, and take advantage of, major changes in technology, social expectations and the environment.**

**Successful cities are people places. 'Business as usual' planning and development processes on their own will not be enough to ensure Exeter can achieve its potential and give all its citizens the chance to live the best possible lives. As the Liveable Exeter programme brings together the strands of the clear vision that the City has for the transformational change that is needed to benefit the people and businesses of the city. These strands include:**

- ✓ **commitment to becoming a carbon neutral city by 2030;**
- ✓ **becoming an active and accessible city;**
- ✓ **Exeter's UNESCO City of Literature status and weaving culture into the heart of the city's development and building 12,000 new homes for the city by 2040.**

**The Liveable Exeter programme represents nothing less than an ambitious and long-term renewal of the city's fabric to meet people's needs for homes, jobs and services in the 21<sup>st</sup> century.**

Extract from [Liveable Exeter Vision](#)

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Exeter is also a successful test bed. It is uniquely placed to foster fresh approaches along with promoting and sharing learning. The city already enjoys many of the positives associated with aspirational city living, with healthy commerce and educational centres primed for innovation and investment. Exeter City and the Greater Exeter area attract a wide range of successful developer projects.

Its location, demographic and financial opportunities already demonstrate that developers, businesses and investors recognise the region as having potential that converts. However, as we approach a decision point forced by the growing divide of beneficiaries of that investment, congestion, population, energy and housing pressures, it is clear an alternative model for investment and delivery needs to be explored.

The basic economics of the existing investment and development environment in Exeter mean that the city may be missing out on more quality, improved growth and higher end benefits that a more cohesive development approach would bring. The city recognises this opportunity and is making an intervention now.

# 1.3 Introduction to Exeter City Futures

Exeter City Futures (ECF) is a joint-venture Community Interest Company between:

- Exeter City Council
- Royal Devon and Exeter NHS Foundation Trust
- Exeter College
- University of Exeter
- Devon County Council
- Global City Futures

ECF has now been tasked with managing the urbanisation challenges of the city and ensure a collaborative governance structure is in place to deliver housing densification, data-driven and digital entrepreneurial platforms and innovative transition in sustainable, renewable transport and energy infrastructure. It is with this mandate that ECF has led this business case.

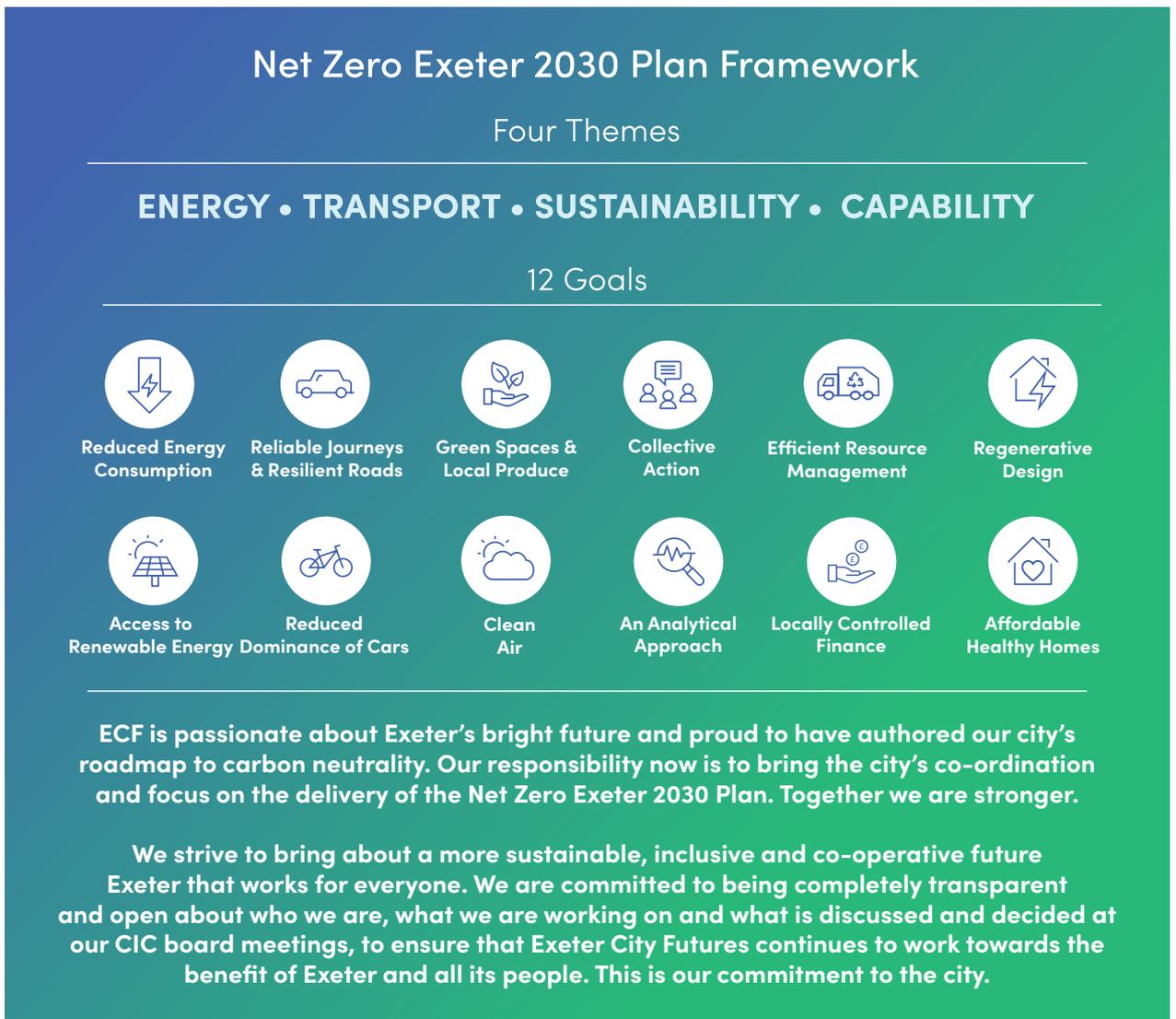


Figure 1.3 • Exeter City Futures Framework

## 1.4 One Public Estate

### 1.4.1 Funding Award and Scope of Work

One Public Estate (OPE) has sponsored this business case, following ECF's application for £200k of funding made to OPE in January 2019 on behalf of the ECF board and the city.

The funding was awarded through the OPE partnership agreement with DCC and Torbay. Back-to-back agreements were put in place to draw funding down from DCC, as budget holders, to ECF as work progressed, aligned with quarterly reporting to OPE.

Since funding award, ECF and OPE have formed a working partnership, with regular updates and workshops being carried out to appraise the sponsor team of detailed progress and stakeholder engagement. A list of these sessions and workshops is contained in Appendix XX.

The OPE funding was delivered under the following work streams:

#### Work Stream 1: Real Estate Consultancy

To undertake a high-level development appraisal of each of the 9 Liveable Exeter sites. The purpose of this exercise was to demonstrate the high-level viability of each site and identify the extent of any viability gap. The appraisals also provided the required inputs for the strategic financial model being prepared to demonstrate the overall feasibility of the Fund.

Provision of high-level property data to support the development of a financial model to project the financial position of the Exeter Development Fund and assess its financial feasibility. The data was provided on a city-wide basis with a particular focus on the 9 transformational projects identified in the Liveable Exeter document produced by Exeter City Council.

#### Work Stream 2: Financial Consultancy

##### Work Package 1: Funding & Financing Feasibility Study

- Facilitation of workshops to define and qualitatively assess a range of commercial and financial structuring options for the Exeter Development Fund. The options included a range of equity and debt financing structures and consider the relative merits of public sector vs. private sector sources of financing. The workshops were used to short list (2 to 3) structuring options to be taken forward for further quantitative analysis as part of the financial modelling work stream. The option short listing was conducted based on an agreed set of evaluation criteria.

##### Work Package 2: Financial Model

- Development of a deliverable financial model to project the financial position of the Exeter
- Development Fund and assess its financial feasibility.

##### Work Package 3: Debt Financing 'Teaser'

- Production of a short teaser pack (5 to 6 slides) to be used to support conversations with potential providers of debt finance to the Exeter Development Fund. This is expected to draw on information and analysis from the Feasibility Study and Financial Model.

### Work Stream 3: Business Case and Project Management Consultancy

- Working with Real Estate and Financial consultants to conduct workshops, aggregate data and deliverables. Manage project timelines and sponsor communications.
- Engagement with the lender market to establish a set of financing assumptions with which to govern the debt and equity mix in the Fund, borrowing rates, security implications and conditions.
- Aggregate a full set of assumptions for robustness testing with external advisors.
- Financial structure options appraisal versus a 'business as usual' case.
- Drafting of the Business case/investment prospectus for presentation to government and the investment market, building on the results of the financial modelling and feasibility exercises.

#### 1.4.2 Timetable

The proposed timetable for the completion of Stage 1 Proof of Concept was initially December 2020. However, due to the impact of the Covid pandemic, and the associated delays as a result of homeworking to abide by lockdown restrictions across all the consultant teams, this completion date has been extended to December 2021.

The key milestones in competing this are:

- Work Stream 1 Real Estate Consultancy – August 2020
- Work Stream 2 Financial Consultancy – January 2021
- Work Stream 3: Business Case and Project Management Consultancy – December 2021

#### 1.4.3 OPE Context

The OPE programme is an established national programme delivered in partnership by the Local Government Association (LGA) and the Office of Government Property (OGP) within the Cabinet Office.

#### 1.4.4 How OPE Works

OPE provides practical and technical support and funding to councils to deliver ambitious property-focused programmes in collaboration with central government and other public sector partners.

OPE partnerships across the country have shown the value of working together across the public sector and taking a strategic approach to asset management. At its heart, the programme is about getting more from our collective assets – whether that is catalysing major service transformation such as health and social care integration and benefits reform; unlocking land for new homes and commercial space; or creating new opportunities to save on running costs or generate income. This is encompassed in three core objectives:

- Creating economic growth (new homes and jobs)
- Delivering more integrated, customer-focused services
- Generating efficiencies, through capital receipts and reduced running costs

By 2019–20 the programme is now set to generate 44,000 jobs, releasing land for 25,000 homes, raising £615 million in capital receipts from sales, and cutting running costs by £158 million. In 2017 OPE expanded its partnership to include the Department for Levelling Up, Housing and Communities (DLUHC) new Land Release Fund (LRF), a fund which supports councils to delivery of new homes on their land. Together OPE and LRF will create a wider support package to unlock more surplus public land and property to support housing delivery.

### 1.4.5 The Essentials

- Asset mapping
- Generating ideas; a shared vision shaping for public sector assets
- Bringing public sector partners together
- Establishing an appropriate partnership with senior buy-in
- Seed funding and ongoing professional support
- Establishing a vision and programme of work for your partnership.

### 1.4.6 Partnership Support

- Funding
- Regional support from LGA and OGP
- Access across central government
- Sharing OPE best practice and case studies
- Opportunities workshops to develop your programme of work
- Support to change policy to assist local delivery
- Technical support on benchmarking and data.

### 1.4.7 Alignment of the Exeter Development Fund to Existing OPE Policies & Strategies

#### Maximising Value in the delivery process: public sector assets and development projects:

The public sector in Exeter has many assets and strategic sites operating in relative silos and, hence, less efficiently than if pooled together. If these assets and sites were brought together under a single development program and fund structure, the aggregate asset pool would create greater financial power and borrowing capacity to deliver larger scale developments at pace and in-house.

- **The Fund aims to foster a pooled asset approach, based around strong public sector partnerships, which can maximise and optimise returns.**

Publicly financed developments are subject to restrictive planning and procurement procedures that deliver projects too slowly to both compete with the private sector agility and deliver the bold targets the Council has set out in its vision to 2040. A more ambitious aggregate approach is needed.

- **The Fund aims to operate under a pre-agreed set of objectives and frameworks so as to disrupt the market and operate with the agility akin to a private sector investment fund, thereby expediting delivery, economic growth and subsequent capital receipts to partners.**

Silo developments tend to result in high top and tail costs. Too much of the development of value in a typical project is lost to financial and legal advisers, refinancing costs mid project and other 'on-costs' associated with the pre-project due diligence within the public sector operating frameworks. This happens repeatedly and on a project by project basis. A pooled approach to the city's developments would reduce top and tail costs and deliver more returns for the city.

- **The Fund aims to finance and deliver projects through a single aperture and framework, thereby generating efficiencies alongside a more integrated service.**

# 1.5 Project & Investment Objectives, Scope & Timetable

## 1.5.1 Finance-led Development Solution: Key Principles

Recognising the opportunities inherent in aggregated asset pooling, ambitious framework developments and city-controlled exposure to development risk and reward, and following consultation with ECF board members and the city’s leaders, it was agreed that any future finance-led development solution for the city would have the following (and shown in Figure 1.4) key principles that govern its outcomes and objectives:

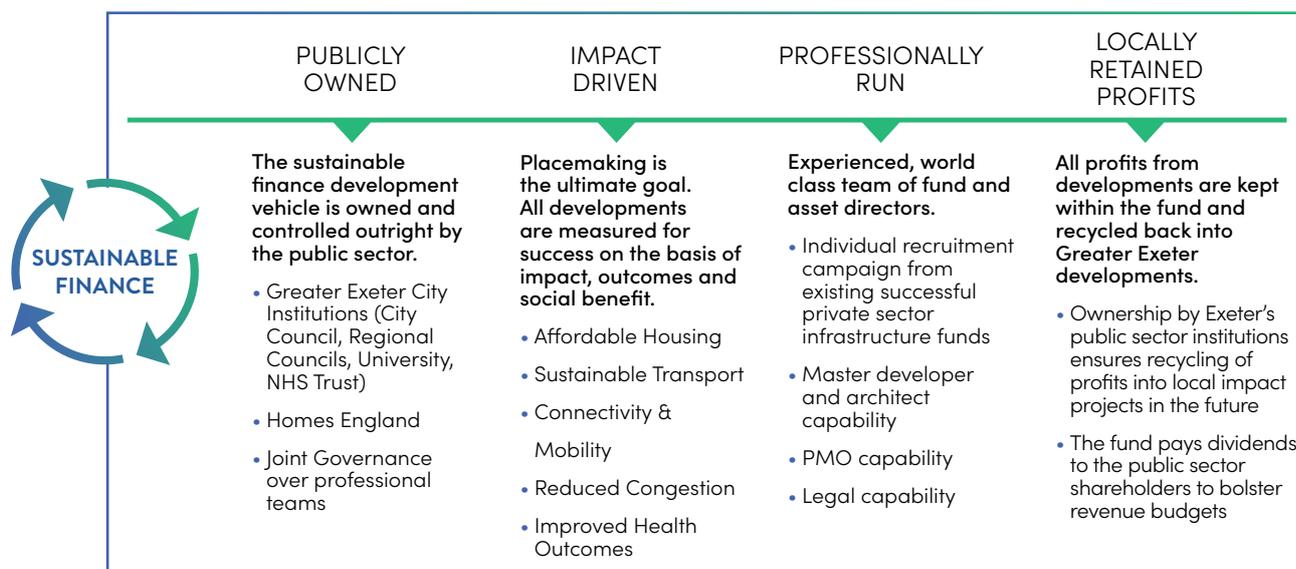


Figure 1.4 • Key Principles

- **Publicly owned;** the solution must ensure that the financing of projects is publicly owned. Only by ensuring overall control in the public sector can the city guarantee the outcomes of developments on a piecemeal basis
- **Professionally run;** the solution must have the right team of experienced directors that have tried and tested success in turning a profit on urban developments. Recognising that this is not the core skill set of many public sector organisations, a recruitment campaign may be necessary and the right team needs to be built.
- **Impact Driven;** having recognised the deficiencies in the current system and in the urban development market, the solution must ensure it carries out developments to an agreed, impact-driven agenda, and one that drives place-making. While some projects have traditional profit making characteristics, others will be purely for social impact, such as cycle pathway infrastructure, walkways, social housing etc.
- **Locally retained profits;** all excess profits from projects are retained in the city and re-invested into the city’s ongoing place-making programme.

Recognising this steer from local leaders, the objectives of Fund in this business case have been shaped around these four key principles.

## 1.5.2 Project Objectives

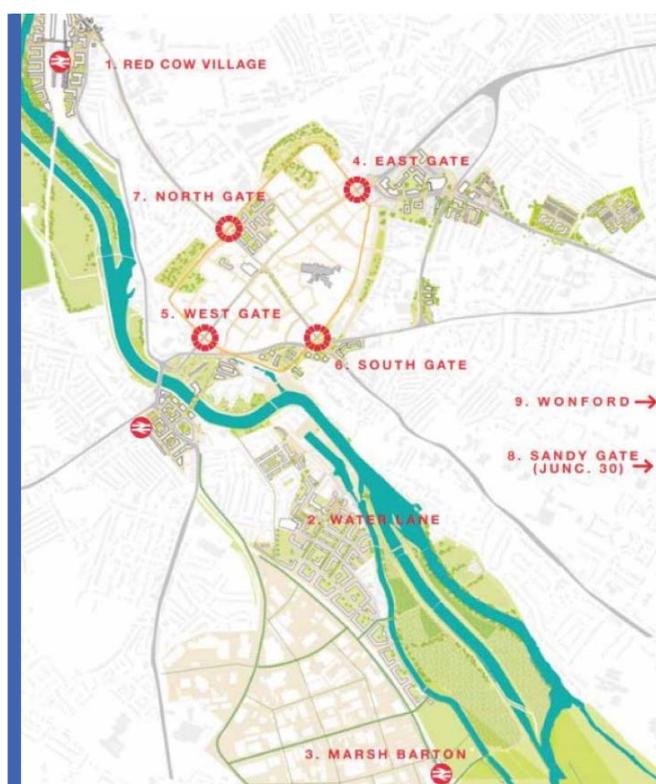
In light of the challenges inherent in the UK and Exeter's development programme documented in [Sections 1.2.3 and 1.2.5](#), and in light of OPE's strategic objectives themselves, high-level programme objectives at funding application stage were identified and agreed with stakeholders.

These are set out below:

- ✓ To develop a replicable financial model that optimises public sector assets for housing and infrastructure.
- ✓ A portfolio approach to urban development that brings together public sector partners to maximise economic growth and efficiencies while providing ongoing, tangible stewardship of community assets and facilities.
- ✓ Disrupting the market to accelerate the scale and pace of the development of new sustainable communities and desirable neighbourhoods to live and work.
- ✓ To enable a built environment that ensures the city's Net Zero objectives.
- ✓ Protect public sector land assets from disposal.
- ✓ Build market leading development capability within the local public sector.

## 1.5.3 Project Scope

Liveable Exeter presents the ideal test bed for the Fund concept, as discussed in Section 1.2.7. These sites, excluding Marsh Barton and Sandy Gate, already have existing block plans as prepared for Exeter City Council ("ECC") by their design consultants, LDA Design Limited. Figure 1.5 shows the location of the nine sites within the city.



**Figure 1.5**  
Location of nine Liveable Exeter sites

## 1.5.4 Sites

The Liveable Exeter Programme (see Appendix XX), is made up of the following sites included within the scope of this business case.

### East Gate

East Gate (Figure 6) comprises land and property either side of the Paris Street and Heavitree Road corridors to the east of the City Centre including the former bus & coach station redevelopment site (and perimeter blocks in Sidwell Street and Paris Street) known as 'CityPoint'; the Civic Centre; Eaton House (Guinness Trust) and the 'Pyramids' swimming pool; Clarendon House and the 'Triangle' surface car park (270 spaces); and the former Heavitree police and ambulance stations.

A new 'Passivhaus' multi-level swimming pool leisure complex and a replacement bus station are currently under construction on part of the CityPoint site, and the next phase will incorporate replacement civic offices, which will release the existing Civic Centre and 'Pyramids' swimming pool sites for redevelopment.

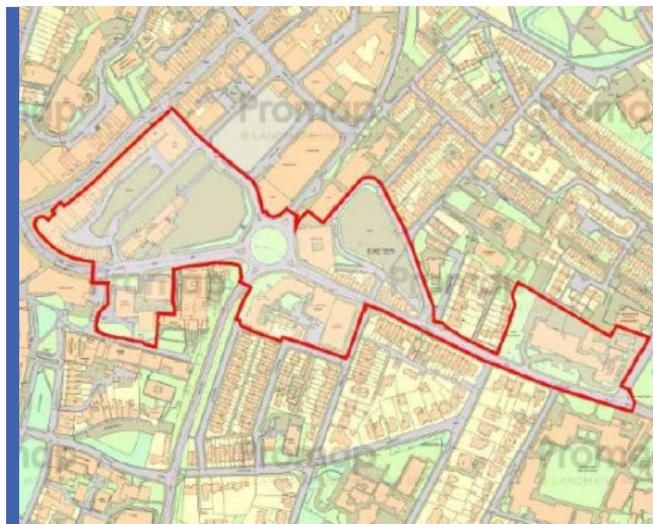


Figure 1.6 • Red line boundary East Gate

### Marsh Barton

Marsh Barton (Figure 7) is situated two and a half miles to the south of the City Centre and is the largest industrial estate in Exeter which, together with Matford Park, totals approximately 427,350 sq m (4,600,000 sq ft) of floor space.

The estate is popular with trade/quasi retail occupiers and car dealerships.

The intention is for the integration of living and working (where compatible) with place-making to make better use of the riverside location and linkage to the new railway station.

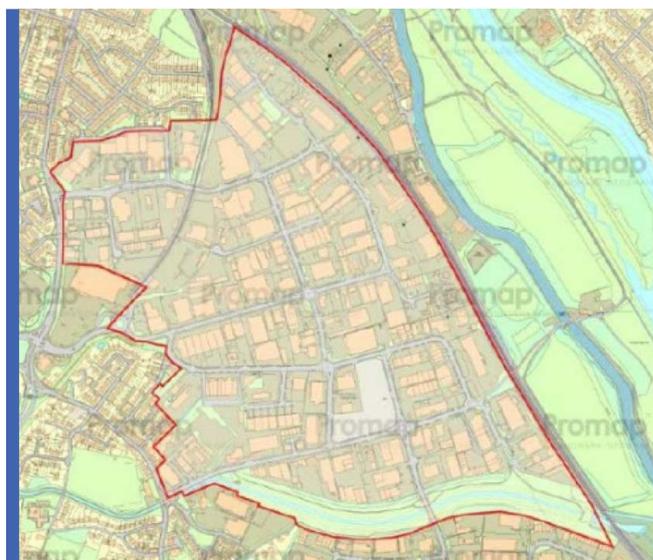


Figure 1.7 • Red line boundary Marsh Barton

## North Gate

North Gate (Figure 8) comprises the existing Harlequins and Guildhall shopping centres either side of Paul Street (and with frontage to Queen Street to the west); the retail parades on both sides of North Street; the Mary Arches Street multi-storey car park and retail blocks on the south side of Bartholomew Street East (with primary frontage to Mitre Lane); and, the Mary Arches Street surface car park and adjoining Mecca bingo hall. It excludes the former BHS department store, Paternoster House and other High Street frontages.



Figure 1.8 • Red line boundary North Gate

## South Gate

South Gate (Figure 9) comprises two sites: the Magdalen Road surface car park (213 spaces) with frontage to Western Way (and the adjoining Magdalen Road / Western Way junction) to the east, and the Magdalen Street, Holloway Street, South Street and Western Way intersection to the west and adjoining land including the Magdalen Street surface car park (100 spaces), the Cathedral & Quay multi-storey car park (355 spaces) and various residential and commercial blocks and areas of open space on its north, south and west edges.



Figure 1.9 • Red line boundary South Gate

## Wonford Village

Wonford (Figure 10) is a residential suburb in the south-east of Exeter between Topsham Road and Heavitree and between the Royal Devon & Exeter hospital complex and the Ludwell Valley Park, and mostly characterised by low value post war Council and social housing developments.

The proposed neighbourhood includes land on the south side of Burnthouse Lane including areas of existing Council housing (poor quality single and three storey terraced units); the Wonford Sports Centre and associated car parking areas; and, the more recent Wonford Green Surgery.



Figure 1.10 • Red line boundary Wonford Village

## West Gate

West Gate (Figure 11) comprises land on the north and south sides of the Exe Bridges junction and river crossing west of the City Centre and includes British Telecom's Exeter office HQ (Exbridge House) with frontage to Western Way; the Exe Bridges Retail Park and Riverside Leisure Centre on land between the railway line and A377 Alphington Street; and, a terrace of 5 houses forming a cul-de-sac known as Shooting Marsh Stile on the south side of the river.

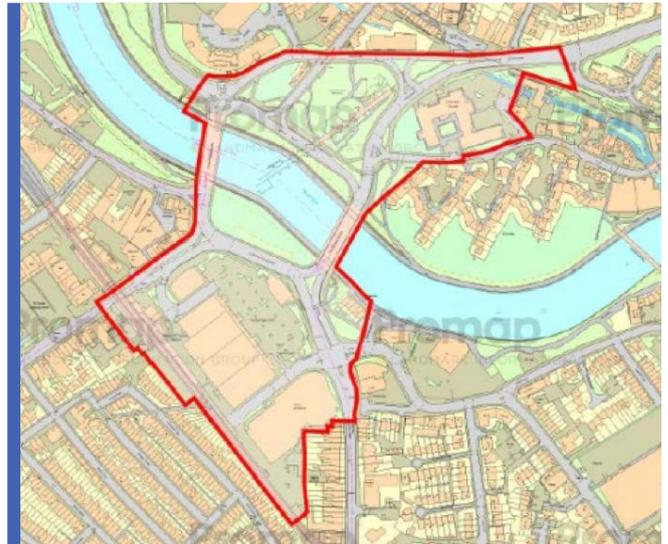


Figure 1.11 • Red line boundary West Gate

## Water Lane

Water Lane (Figure 12) is situated one mile to the south of the city centre.

The site is accessed from the north over Exe Bridges and lies adjacent to the River Exe and Canal.

Most of the site comprises a mix of residential, commercial and industrial uses, includes a former gas works and undeveloped land to the south.

Land ownership is fragmented with significant owners including Transco, National Grid, Western Power, Exeter City Council and Aviva (Haven Banks Retail Park) – the latter comprising a terrace of three retail warehouse units (currently partly vacant) with a surface car park providing 219 spaces.

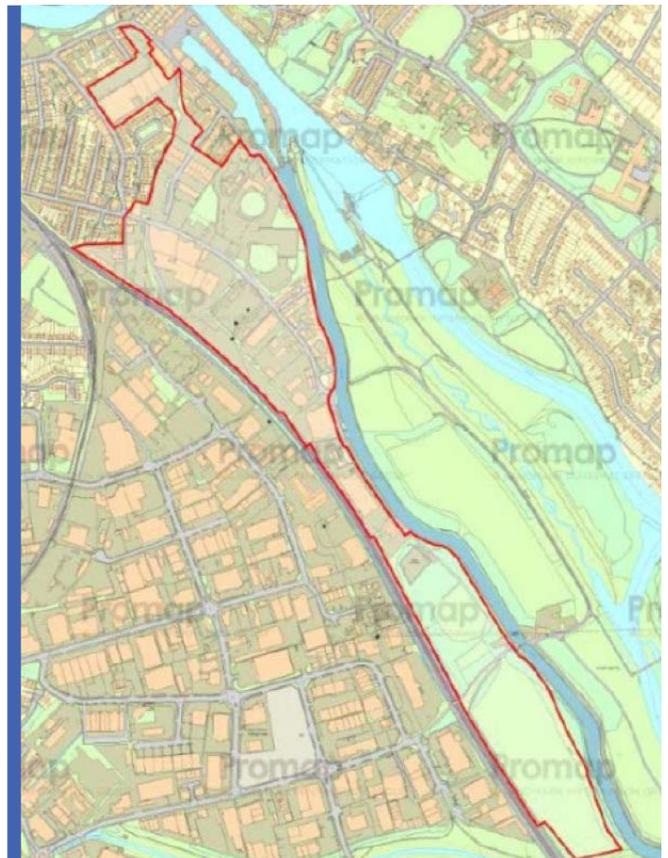


Figure 1.12 • Red line boundary Water Lane

## Red Cow Village (St David's Gateway)

Red Cow Village (Figure 13) is situated one mile to the north-west of the city centre.

The site lies adjacent to Exeter St David's, which is the principal railway station serving the city with routes to London Paddington on the main GWR line through Bristol that continues to Plymouth and Penzance.

The site comprises several surface car parks providing approximately 435 spaces; University of Exeter student accommodation; a parade of retail units; the Great Western Hotel and various rail-side industrial uses. Principal land owners are Network Rail and the University of Exeter.



**Figure 1.13** • Red line boundary Red Cow Village (St David's Gate)

## Sandy Gate

The proposed Sandy Gate neighbourhood (Figure 14) comprises 30 hectares of land situated between the M5 motorway and the Exeter to Exmouth branch line at Sowton, north-east of Junction 30 and either side of the Sidmouth Road main arterial route into the City from the east.

Also included is a separate 6.4-hectare site on the south side of the A379 between the Exeter to Exmouth branch line and Sandy Park (Exeter Chiefs Stadium and David Lloyd leisure complex).

The two areas are separated by Redrow's 'Bishops Court' housing development of 190 three- and four-bedroom homes. A pedestrian bridge over the A379 connects this development to Sandy Park.



**Figure 1.14** • Red line boundary Sandy Gate

## 1.5.5 Project Objectives: SMART Goals

Following funding award, project initiation and stakeholder review, the Project Objectives and associated SMART goals on which this business case hangs have been refined from those prepared at grant application stage.

Project objectives were refined in consultation with OPE at progress meetings throughout this stage of work. Further input was sought from ECC and the objectives, along with SMART goals, were reviewed in draft by the Project Director of Liveable Exeter and ECC representative for the project at a workshop on the 27 May 2021. Specific inclusions and commentary were added at this stage to incorporate all feedback received and refine the objectives for final approval from OPE.

Final SMART objectives were shared with key stakeholders, and a team of suitable qualified colleagues from other OPE departments on the 25 June 2021.

The objectives have been used to develop benefits as far as is possible at this stage, and critical success factors, which have been used in the sifting process for the longlist options (see Section XX in the Economic Case).

	Project Objectives	SMART Goals
1	To develop a replicable financial model that optimises public sector assets for housing and infrastructure.	Deliver to OPE, by September 2021, a replicable model that optimises public sector assets and could be used by other public sector bodies to consolidate assets for development.
2	A portfolio approach to urban development that brings together public sector partners to maximise economic growth and efficiencies while providing ongoing, tangible stewardship of community assets and facilities.	The model will: consolidate assets to reduce project top and tail costs against traditional delivery models, recirculate finance to reduce borrowing requirements against a piecemeal delivery approach, offer an ongoing revenue stream in exchange for equity in the fund which is significantly higher than the benefit received via business as usual.
3	Disrupting the market to accelerate the scale and pace of the development of new sustainable communities and desirable neighbourhoods to live and work.	Provide a holistic vehicle to enable mixed use developments that meet housing and infrastructure needs of the city in a timely fashion, and the aspirations of the project partners in regard to quality, delivery timescales and sustainability goals.
4	To enable a built environment that ensures the city's Net Zero objectives.	Must actively contribute to reducing existing carbon emissions through design and functionality based on current best practice, research and guidance. Will not create a future burden of retrofit or subsequent redevelopment to meet net zero goals.
5	Protects public sector land assets from disposal.	To offer a viable alternative to the sale of public sector assets based on both financial benefits and societal benefits that enable improved outcomes for communities.
6	Build market leading development capability within the local public sector.	To position the local public sector as the leading developer in the city by 2025.

Table 1.1 • Project Objectives and SMART Goals

## 1.6 Aligning the Business Case & Fund Objectives with UK Policy

UK policy for the development of housing, infrastructure, and places is undergoing substantial and lasting change. More than 200 local authorities and many more other public sector institutions have declared a climate emergency and the UK government is committed to a carbon neutral future. This is set against the backdrop of the deficiencies already noted in Section 1.1 in respect of the UK development market and the local public sector's own infrastructure delivery challenges.

The response to this has been overwhelming in respect of policy announcements from key departments and officials at the top of government. These policy announcements are set to shape the future of how infrastructure is delivered and how UK citizens interact with modes of travel, their places of work and domestic buildings.

In light of this, a key feature of this business case is to ensure that the objectives of the Fund align with emerging UK policy for mobility, levelling up, affordable homes, carbon neutrality, and place-making.

### 1.6.1 The Queens Speech 2021

As the nation emerged from the Covid crisis the Queen's speech, delivered on the 11 of May 2021, focuses on recovery and the ambition of Government to supercharge the economy through a series of initiatives and legislative changes. The key focus for these being:

- Building Back Better: Jobs and Economic Recovery
- Building Back Safer: Protecting the UK and Individuals
- Building Back Fairer: Improving and Increasing Opportunity
- Building Back Greener: Building a Cleaner and Greener UK
- Building Back Stronger: Strengthening the Union and the Constitution

The following is a summary of the relevant Sections of Her Majesty's speech, and how the Exeter Development Funds supports these objectives.

#### Planning Bill

**"Laws to modernise the planning system will be brought forward, so that more homes can be built."**

#### Main elements of the Bill:

- Changing local plans so that they provide more certainty over the type, scale and design of development permitted on different categories of land.
- Significantly decrease the time it takes for developments to go through the planning system.
- Replacing the existing systems for funding affordable housing and infrastructure from development with a new, more predictable and more transparent levy.
- Reforming the framework for locally led development corporations to ensure local areas have access to appropriate delivery vehicles to support growth and regeneration

### ➤ How the Exeter Development Fund meets these objectives:

- Enables the local control over developments to meet the requirements of individual communities.
- Ensures the upfront provision of the infrastructure critical to supporting the high-quality homes and places that communities need. It is vital that new occupants of homes and wider communities get the infrastructure they need, historically an area where sufficient funding is lacking and as such communities are drastically under served.
- Enables the city to build and ensure there is a mix of high-quality mixed tenure homes that are available and affordable to people that need them.
- Being locally controlled, the Fund enhances public participation and engagement to ensure that all residents can have a say over developments and are a fundamental part of the local decision-making process.

## Environment Bill

**“My Government will invest in new green industries to create jobs, while protecting the environment... Legislation will set binding environmental targets.”**

### ➤ Main elements of the Bill:

- Placing a duty on Ministers to ensure environmental considerations are central to policy development; setting legally-binding targets; producing a long-term environmental improvement plan; and setting up the independent Office for Environmental Protection.
- Extended producer responsibility, product labelling powers, introducing a consistent approach to recycling across local authorities in England, introducing a deposit return scheme for drinks containers, providing for more effective litter enforcement and provide the powers to introduce charges for single use plastic items.
- Improving air quality.
- Managing water sustainably.
- Protecting nature by mandating ‘biodiversity net gain’ in the planning system and through Local Nature Recovery Strategies.
- Putting forward amendments to reduce the harm from storm overflows to our rivers, waterways and coastlines and new duties on the Government to publish a plan to reduce sewage discharges from storm overflows.

### ➤ How the Exeter Development Fund meets these objectives:

- Designed to ensure the built environment provides homes, businesses and transport that are future proof and meet or exceed the requirement for Net Zero Carbon.
- Provides the scale with which to tackle ongoing issues with air quality in our cities by removing the drivers that adversely affect local pollution levels and, in turn, adverse health outcomes for residents.
- Ensures that any developments meet the required standard and will not become a retrofit cost obligation in future years.

## Procurement Bill

**“Laws will simplify procurement in the public sector.”**

### ➤ Main elements of the Bill:

- Enshrining in law the principles of public procurement such as: value for money, public benefit, transparency, integrity, fair treatment of suppliers and non-discrimination.

- Overhauling the complex and inflexible procurement procedures and replacing them with three simple, modern procedures. This will allow the public sector more scope to negotiate with potential suppliers to deliver innovative new solutions.
- Requiring buyers to have regard to the Government's strategic priorities for public procurement as set out in a new National Procurement Policy Statement.
- Introducing procurement processes that allow contracting authorities to buy at pace, for serious situations that are declared a crisis, with strengthened safeguards for transparency.
- Establishing a single data platform for supplier registration that ensures suppliers only have to submit their data once to qualify for any public sector procurement.

#### **How the Exeter Development Fund meets these objectives:**

- By ensuring all procurement is managed through the vehicle of the Fund it ensures that social value within the procurement process is effectively managed and can be consolidated across suppliers to obtain far greater value.
- A centralised, agile procurement process enables the Fund to reduce the costs and delays traditionally associated with procurement.
- Through the agreed defined principles of the Fund it will be paramount to support local businesses, SME's and innovators. The scale of the fund enables a move away from the more traditional procurement approach which focuses on contract value and experience, and can be flexible on trialling start ups and smaller suppliers who often lose out in a traditional procurement process.

## 1.6.2 Levelling Up White Paper

The Government announced its intention in the Queen's Speech to introduce a Levelling Up White Paper later in 2021.

The White Paper will build on actions the Government is already taking to level up across the UK and will set out "bold new policy interventions to improve livelihoods and opportunities in all parts of the UK".

The Levelling Up White Paper presents an opportunity to reset the relationship between central and local government and put councils at the heart of delivering the Government's ambitious programme to improve opportunities in all parts of the country.

#### **The main elements of the proposals around levelling up are:**

- The Government will bring forward a Levelling Up White Paper later this year, building on actions the Government is already taking to level up across the UK.
- This will set out bold new policy interventions to improve livelihoods and opportunities in all parts of the UK. It looks to improve living standards, grow the private sector, improve health, education and policing, strengthen communities and local leadership and restoring pride in place.
- It defines levelling up in terms of creating good jobs, skills and productivity in places that have seen economic decline and enabling more people to grasp the opportunities of Brexit and get on in life without feeling they have to leave their local area.

#### **How the Exeter Development Fund meets these objectives:**

- Meets the objectives of improving living standards, growing the private sector, improving health, strengthening communities and local leaderships and restoring pride in place.
- The scale and ambition of the Fund bring resources closer to communities and as such it will provide a legacy of benefits to the residents of Exeter and the surrounding areas, attracting talent and maximising economic growth for the area.

### 1.6.3 Climate Change, Net Zero and COP26

The UK was the first major economy to enshrine a net zero target in law, legislating to end its contribution to climate change by 2050. Ambitious policy action has already seen the UK achieve record clean growth in the last three decades and a series of further policy announcements are due to increase progress towards the UK's Net Zero 2050 goal.

#### The main elements are:

- Legislation to set Carbon Budget six at the level recommended by the Climate Change Committee.
- A Ten Point Plan for a green industrial revolution which will mobilise £12 billion of investment and create thousands of highly-skilled green jobs.
- The Energy White Paper which sets out the transformation of the UK's energy system.
- The Industrial Decarbonisation Strategy which sets out an ambitious blueprint to deliver the world's first low-carbon industrial sector.
- Forthcoming sector strategies, including Heat and Buildings, the Transport Decarbonisation Plan, and the comprehensive Net Zero Strategy.
- The UK hosting the COP26 negotiations in November.

#### How the Exeter Development Fund meets these objectives:

- The Fund ensures a step-change in the built environment. It ensures that all development is designed and built to meet the ambitions of Net Zero and will not become a retrofit burden in the future.
- Net zero can only be achieved through a fundamental change in our built environment to ensure we build net zero homes and businesses, minimise the need to travel, provide high quality active travel networks and create vibrant inclusive communities.

### 1.6.4 Alignment with Central Government objectives

#### Build Back Better: HM Treasury Plan for Growth

 The last few decades have seen increased prosperity in London and the South East, but without commensurate improvements in the rest of the UK. The primary objective of this government is to change that, ensuring no region is left behind as we achieve greater economic prosperity.

Our cities will be the engines for this growth, and our long-term vision is for every region and nation to have at least one internationally competitive city, driving the prosperity of the surrounding region and propelling forward the national economy. Our towns are crucial too - we will ensure that they are places that people are proud to live and raise their families, with good schools, vibrant high streets, and access to jobs that give everyone a fair chance to achieve their full potential.

Our plan to build back better takes a transformational approach, tackling long-term problems to deliver growth that creates high-quality jobs across the UK and makes the most of the strengths of the Union. We must retain our guiding focus on achieving the people's priorities: levelling up the whole of the UK, supporting our transition to net zero, and supporting our vision for Global Britain."

Build Back Better: HM Treasury Plan for Growth



There are three core pillars of growth that form the HM Treasury plan for growth. These relate to the Exeter Development Fund as follows:

## Infrastructure

**“Support investment through the new UK Infrastructure Bank which will ‘crowd-in’ private investment to accelerate our progress to net zero, helping to level up the UK. This will invest in local authority and private sector infrastructure projects, as well as providing an advisory function to help with the development and delivery of projects.”**

The Fund is an exemplar example of how significant investment in infrastructure on this scale can deliver truly transformational place-making, accelerate progress to net zero and deliver on local economic growth and prosperity.

## Skills

**“Support productivity growth through high-quality skills and training: transforming Further Education through additional investment and reforming technical education to align the post-16 technical education system with employer demand.**

**Introduce the Lifetime Skills Guarantee to enable lifelong learning through free fully funded Level 3 courses, rolling out employer-led skills bootcamps, and introducing the Lifelong Loan Entitlement.**

**Continue to focus on the quality of apprenticeships and take steps to improve the apprenticeship system for employers, through enabling the transfer of unspent levy funds and allowing employers to front load apprenticeship training.”**

The scale of the Fund and its existing partnerships with further education providers (University of Exeter and Exeter College) mean it is ideally positioned to provide the opportunities for the development of the highly skilled candidates required to meet the delivery demands over the lifetime of the project.

The Fund creates new markets and economies in development, modern methods of construction, green tech and the future of planning, all within the Exeter region. This market creation will offer large numbers of high-quality apprenticeships and skilled employment roles necessary for delivery of the project. This will ensure that Exeter and the surrounding region sees the benefits of upskilling, high opportunities for employment and the subsequent economic benefits brought through the provision of these higher paid and higher skilled roles.

## Innovation

**“Support and incentivise the development of the creative ideas and technologies that will shape the UK’s future high-growth, sustainable and secure economy.**

**Support access to finance to help unleash innovation, including through reforms to address disincentives for pension funds to invest in high-growth companies, continued government support for start ups and scale ups through programmes such as British Patient Capital, and a new £375 million Future Fund: Breakthrough product to address the scale up gap for our most innovative businesses.**

**Develop the regulatory system in a way that supports innovation.**

**Attract the brightest and best people, boosting growth and driving the international competitiveness of the UK’s high-growth, innovative businesses.**

Support our small and medium-sized enterprises (SMEs) to grow through two new schemes to boost productivity: Help to Grow: Management, a new management training offer, and Help to Grow: Digital, a new scheme to help 100,000 SMEs save time and money by adopting productivity-enhancing software, transforming the way they do business.”

The Fund is an innovative flagship financing model, designed to be replicable and cascade support for innovation throughout its supply chain and delivery partnerships. The scale of the Fund is such that it can enable businesses to flourish that historically find it difficult to enter the market through a more traditional procurement approach.

The Fund will work with SMEs and startups to ensure that support is made available in a “living lab” environment to fully explore the boundaries of the possible, with an understanding that accepts a level of failure as the risk associated with the rewards of true innovation.

### 1.6.5 The Ten Point Plan for a Green Industrial Revolution: Department for Business, Energy & Industrial Strategy

“ As the world looks to recover from the impact of coronavirus on our lives, livelihoods and economies, we have the chance to build back better: to invest in making the UK a global leader in green technologies.

If we apply the same zeal and ingenuity to stopping climate change as we have to tackling coronavirus, we can do so while transforming our economy, delivering jobs and growth across the country.

Our Ten Point Plan sets the firm foundations to do just that. The plan brings together ambitious policies and significant new public investment, while seeking to mobilise private investment.

#### BEIS Ten Point Plan for a Green Industrial Revolution ”

	BEIS Ten Point Plan for a Green Industrial Revolution	Ambition Supported by The Fund
<b>Point 1</b>	Advancing offshore wind	x
<b>Point 2</b>	Driving the growth of low carbon hydrogen	x
<b>Point 3</b>	Delivering new and advanced nuclear power	x
<b>Point 4</b>	Accelerating the shift to zero emission vehicles	✓
<b>Point 5</b>	Green public transport, cycling and walking	✓
<b>Point 6</b>	Jet zero and green ships	x
<b>Point 7</b>	Greener building	✓
<b>Point 8</b>	Investing in carbon capture, usage and storage	x
<b>Point 9</b>	Protecting our natural environment	✓
<b>Point 10</b>	Green finance and innovation	✓

Table 1.2 • BEIS Ten Point Plan

### ➤ **Point 4: Accelerating the shift to zero emission vehicles**

The Fund's development principles will mean that there will be a default assumption of no private vehicle parking and car free neighbourhoods. This space will be dedicated to public realm and active travel infrastructure.

E-mobility solutions will be in the form of electric car clubs, already widely recognised and used in Exeter. This shifts the momentum of change by removing the obligation of decision making away from private car owners. By offering a cost effective, zero emissions mobility solution included within their community it presents the solution as an integral part of the housing provision.

### ➤ **Point 5: Green public transport, cycling and walking**

As development under the Fund structure will all be on under-utilised brownfield land, within the city boundaries its vital to incorporate the infrastructure and facilities that are now widely recognised as paramount to increasing the uptake of active travel.

By ensuring this is delivered at scale and strategically, as opposed to being delivered piecemeal, we can prioritise these modes of transport, ensure even the most vulnerable in society feel safe and confident to participate.

When active travel is the first choice for short journeys everyone benefits. There has been a wealth of research that show the benefits of active travel to mental and physical health, increases in community participation and feelings of belonging, improved wellbeing, improvements in air quality and even increases to individual productivity.

### ➤ **Point 7: Greener building**

As Exeter City Council have declared a climate emergency and have set the target at net zero by 2030, it is vital to ensure that all new developments in the city are designed to support this aspiration and actively contribute to eliminating carbon emissions.

We know the necessity of meeting net zero, and this can only be achieved through a radical change in our built environment. The Fund places this requirement front and centre of its development principles and ensure that the focus on longer term energy efficiency and societal benefits won't be over promised and under delivered, as we currently see with existing large scale development models.

The Fund's development principles ensure that it only builds high quality homes and businesses that focus primarily on energy efficiency and occupancy comfort all year round. This ensures that energy usage for heating is minimal, if required at all. ECC has already been delivery Passivhaus social housing through its wholly owned development company Exeter City Living (see Appendix XX).

By reducing the energy consumption of residential properties, we also reduce the burden of fuel poverty on the most vulnerable in society. This is often a major factor in family and personal debt and homelessness, which leads to societal inequality, poor health outcomes and deprivation.

Urban densification, as proposed by the Fund, locates new communities in areas where better use can be made of existing infrastructure and services. This reduces the pressure on local authorities to provide additional facilities and helps ensure that maximum value is derived from those already in operation.

### **Point 9: Protecting our natural environment**

As the pressure for new housing increases in the UK we see significant numbers of greenfield developments and urban sprawl around our cities. Although this creates much needed housing stock, it erodes natural habitat and existing farmland and can result in a hollowing out of city centres as high streets struggle post Covid.

Although brownfield developments are traditionally less viable, due to land preparation and decontamination costs, they can provide the key to creating truly sustainable communities. By redeveloping these under used sites we can repurpose land in a way that creates a host of benefits for the communities they serve.

This can have a direct effect by removing contaminants and pollutants that may remain as a result of past uses but also restoring or removing deteriorating buildings all of which can pose a health and safety risk to those who live and work nearby.

The redevelopment of brownfield sites also provides the opportunity to revive older urban communities and the surrounding areas through the redesign and enhancement of the urban landscape. This can also support the wider regeneration of city by creating economic growth and improving the desirability of specific areas, without encroaching on existing areas of natural capital.

Fundamental to this though is to ensure that the redevelopment doesn't create a legacy burden for the future to meet local and national net zero carbon targets and the challenges we already face from climate change in areas like flooding and significant seasonal temperature variations.

### **Point 10: Green finance and innovation**

Solving the UK housing and climate crisis requires a finance first approach. Unless the funding is available to support identified interventions, they are highly unlikely to be delivered within required timeframes, if at all.

Clearly reliance on governments grants and existing funding sources provides vital support here, but this is not a sustainable long-term solution that can be provided to all the areas that need it, and on an ongoing basis.

Innovation in the source of the funding is vital to create a structure that can perpetuate, deliver for the longer term and be replicable to support areas to deliver for themselves the changes they have identified.

## **1.6.6 Department for Levelling Up, Housing and Communities (DLUHC) Priority Outcomes**

The Department for Levelling Up, Housing and Communities (DLUHC) published its Outcome Delivery Plan: 2021 to 2022 on the 15 July 2021. This superseded the previous 2019 DLUHC objectives. Review and analysis of these of these can be found in Appendix XX.

This Section provides a comprehensive review of the alignment of the Fund's outcomes and objectives with DLUHC's priority outcomes.

	DLUHC Priority Outcomes	Ambition Supported by The Fund
1	Raise productivity and empower places so that everyone across the country can benefit from levelling up (cross-cutting outcome with BEIS, DfE, DfT, DWP, DCMS, Defra and DIT as contributing departments)	✓
2	More, better quality, safer, greener and more affordable homes	✓
3	End rough sleeping through more effective prevention and crisis intervention services, and reduce homelessness by enabling local authorities to fully meet their statutory duties (cross-cutting outcome with DfE, DHSC, DWP, HO and MoJ as contributing departments)	✓
4	A sustainable and resilient local government sector that delivers priority services and empowers communities	✓

Table 1.3 • DHULC Priority Outcomes

### ➤ How the Exeter Development Fund meets these objectives:

#### 1. Raise productivity and empower places so that everyone across the country can benefit from levelling up (cross-cutting outcome with BEIS, DfE, DfT, DWP, DCMS, Defra and DIT as contributing departments)

The Fund aims to drive economic recovery and growth through delivering a pipeline of mixed-use communities, all firmly under the stewardship of the public sector. These new communities will be delivered at pace, and cross cutting multiple government departments, with the ambition to provide an exemplar, holistic delivery model, with the necessary social infrastructure baked in as a fundamental element of design.

The delivery of these high-quality developments will require support from multiple government departments but will ensure a 'Better Exeter Dividend' is generated that raises overall productivity and empowers local businesses, communities as well as benefiting the wider economic area.

Delivering good quality and safe social homes with the right services from landlords is paramount to levelling up communities and tackling social exclusion. The Fund aims to provide an exemplar standard of housing, ensuring residents feel valued and take pride in their homes and communities.

Cities need to take action to address unfair segregation and promote integrated and socially cohesive communities. As an example of how this could work in practice, affordable housing delivered under the Fund structure is not segregated from, or of a lower standard, than that delivered for market rent.

Through combined and targeted government support we raise the profile of Exeter and the surrounding area, as a vibrant, inclusive and sustainable place to live and work.

Currently Exeter retains fewer university graduates than typically seen in other areas with world class university providers.

By demonstrating the commitment to delivering the aspirational work, live & leisure requirements we know graduate seek once leaving university we can ensure Exeter retains and benefits from those it currently supports in their learning, further enhancing economic productivity.

## 2. More, better quality, safer, greener and more affordable homes

Creating additional high quality housing stock is vital to all areas of the UK. Although the private sector is able to deliver significant volumes of houses, these often do not meet the needs and aspirations of local areas.

The demand for good quality, low-cost affordable housing is often not a priority objective for developers, and development sites are predominantly selected for profit rather than to enhance existing or create new communities, or to maximise societal benefits.

This gives cities the challenge of supporting local authorities and the wider public sector to deliver housing in a way that meets local objectives and provides housing for the benefit of residents and society, instead of for short term developer profits.

The Fund aims to deliver significant volumes of houses, at private sector pace, but ensuring these meet aspirational standards and not just minimum legal requirements. Through a focus on longer term societal benefit realised through exemplar design, net zero sustainability objectives and high-quality construction, the Fund ensures delivery of desirable housing that also delivers on local and national objectives.

In addition to this, by decoupling profits, bonuses and individual reward from the process of development, as we see in the Fund structure, the motivation to reduce costs at the expense of safety, quality and services is removed. The design principles of the Fund will ensure that safety and sustainability are paramount.

It is vital to establish design principles and guidance for new homes and places that puts communities and community involvement at their heart, with a focus on creating inclusive and accessible places and quality design.

## 3. End rough sleeping through more effective prevention and crisis intervention services, and reduce homelessness by enabling local authorities to fully meet their statutory duties.

Figures released by the Government suggest Exeter is among the top 25 places in England with the highest numbers of homeless people on its streets. DLUHC have published statistics which detail the number of rough sleepers in local authority areas on a single night in autumn in 2019.

Homelessness is a complex issue that requires a multifaceted approach to tackle it. A report published by Crisis in 2018, which can be found in Appendix XX details that the most effective way to tackle homelessness is to stop it happening in the first place through faster intervention and an increase in the supply of social housing. Preventing homelessness is not only more cost effective – but more importantly, it is the right thing to do.

To support this, we need to ensure increased delivery of mainstream accommodation in ordinary communities in the form of social housing. The report found that this equates to 100,500 new social homes nationally each year for the next 15 years to meet the needs of homeless people and people on low incomes – including those at risk of homelessness.

We also need to reduce the pressure on peoples lives caused by high housing costs by providing economically viable rental options, which protect individuals and families from issues like fuel poverty.

The principles of the Fund support these crucial findings by delivery high volumes of social housing, which are built to standards widely recognised to not burden residents with increased living costs.

By increasing the stock of social housing, we can ensure those at risk of homelessness can quickly be moved to suitable and permanent accommodation, but also ensuring that the Fund, acting as landlord, is able to provide the compassionate and high quality service needed to ensure residents are supported to stay in the accommodation provided.

#### 4. A sustainable and resilient local government sector that delivers priority services and empowers communities

Community engagement is a vital part of the work to develop the Fund. It is through the voices of residents we can effectively provide the high-quality housing and associated infrastructure and services that are required in any local area.

As the Fund will take best practice from across all housing provider services, and will be professionally run and outcomes focused, it is possible to ensure that residents have a say in how developments are designed, and services are delivered to shape the structures required to fully support residents in their new homes.

It is widely recognised that development and regeneration can aid economic growth through provision of improved employment opportunities and also bring in income via local business rates. This is the aim of the Government's Towns Fund programme, although its impact is limited to those areas successful in receipt of this funding. The Fund aims to optimise public sector assets to provide a secure ongoing revenue stream to support vital public services, alongside the provision of sustainable new mixed-use communities.

Changes seen as a direct result of the pandemic to work patterns and retail habits can also be capitalised on by freeing up prime town centre land currently given over to car parking. Bold action is needed to reduce the dominance of cars in our cities, and by repurposing this land councils can benefit from not only the revenue because of the development, but the other wider societal benefits like improved air quality and an increase in more sustainable forms of travel.

We've now seen what can be possible regarding a change in the way we live and work, and the contribution that can be made towards reducing carbon emissions through reducing travel. Now is the ideal time to encourage and build on these changes, while creating a resilient funding stream to support services for the public sector in the future.

### 1.6.7 DLUHC: Building Beautiful Places

The former Secretary of State of the then Ministry of Housing, Communities & Local Government (2019 - 2021), Rt Hon Robert Jenrick MP, has recently announced a range of measures that, taken together, will revolutionise the planning industry to enshrine quality, beauty and sustainability in the heart of local decision-making across the country from city centres to rural villages. They will help promote community spirit, improve physical and mental wellbeing and help the environment.

The measures will improve communities' infrastructure, champion neighbourhood design and support walking and cycling to boost health and wellbeing.

The government has announced:

- The National Model Design Code - a toolkit to enable every council and community to create their own local design requirement. Guidance is provided across all aspects of new development including tree-lined streets, sustainable drainage and design to support walking and cycling.
- Updated planning framework published which will place greater emphasis on beauty, place-making, the environment, sustainable development and underlines the importance of local design codes.
- The Office for Place which will drive up design standards, testing and piloting the National Model Design Code with more than 20 local councils and communities.
- The Advisory Board, made up of industry experts and chaired by Nicholas Boys Smith, which will advise on the work of the Office for Place and options for a potential independent body.

Greater emphasis than ever before will now be placed on quality and design in the planning system. Local communities will be fully involved in how they want new developments to look and feel, with a much greater emphasis on environmental sustainability.

The changes to the National Planning Policy Framework set an expectation that good quality design should be approved, while poor quality should be rejected and includes an environmental commitment to ensure that all streets are lined with trees.

These measures mean the word “beauty” will be specifically included in planning rules for the first time since the system was created in 1947 – echoing an era when a greater emphasis was placed on delivering attractive buildings for people that installed a sense of local pride.



Today I have set out the Government’s vision for a planning system that make beautiful, sustainable and life-enhancing design a necessity, rather than a luxury.

Our revised National Planning Policy Framework will ensure that communities are more meaningfully engaged in how new development happens, that local authorities are given greater confidence in turning down schemes which do not meet locally set standards.

This is about putting communities – not developers – in the driving seat to ensure good quality design is the norm, and the return to a sense of stewardship – to building greener, enduringly popular homes and places that stand the test of time in every sense.



**Rt Hon Robert Jenrick MP** • Housing Secretary, 2019 – 2021



#### How the Exeter Development Fund meets these objectives:

Exeter City Futures welcomes this announcement as it aims to enshrine in the planning process many of the objectives of the Fund. A focus on delivering high quality, people centric and truly sustainable homes and businesses, through championing community engagement and exemplar design.

It is widely understood that the current model of volume house building is not delivering on many of the critical requirements of residents. There is a bridge that must be built that enables volume delivery to meet the housing crisis, whilst also delivering on other fundamental criteria to deliver healthy, happy communities where people want to live and work, and that also meet the sustainability requirement required to tackle the climate crisis.

By maintaining control of developments within the public sector, we can ensure the stewardship of our future communities, and create urban developments that meet local requirements in every sense.

The Fund model also aims to capture the wider societal benefits of sustainable and beautiful design within site viability assessments. The Fund’s objectives also target a reduction in the running costs of public services, all delivered over the long term through happier, healthier, more economically prosperous, and inclusive communities.

## 1.6.7 Other Relevant Research

### Net Zero Transport: The role of spatial planning & place-based solutions Royal Town Planning Institute (RTPI) Research Paper – Published January 2021

The Royal Town Planning Institute (RTPI) in conjunction with LDA Design, City Science and Vectors carried out research to explore how different places can achieve an 80% reduction in surface transport emissions by 2030, as part of a pathway to net zero 2050. The full report can be found in Appendix XX. This research undertaken in this report starts from the premise that there is a clear relationship between spatial planning and carbon, and that only a place-based approach can deliver net zero transport emissions and be a catalyst for better place-making to deliver healthier, happier, more resilient communities. These objectives are critical to good planning, linking the imperative to reduce transport emissions with wider objectives related to decarbonisation, housing growth and nature recovery. This approach calls for measures that first focus on the role of place in reducing trips, before considering how to increase the proportion of the remaining trips that are taken by active, public and shared forms of transport. This basic hierarchy is summarised in the 'Sustainable Accessibility and Mobility (SAM) Framework', a tool created by Vectors to help planners and designers prioritise interventions in the following order:

- Substitute Trips: Replace the need to travel beyond your community
- Shift Modes: For longer trips, use active, public and shared forms of transport
- Switch Fuels: For any trips that must be made by car, ensure the vehicle is zero emission

This research identified a potential pathway to an 80% reduction in surface transport emissions by 2030. The pathway is hierarchical, following the approach summarised in Chapter 2. The first step assumes that all new development is planned, designed and delivered in a way that achieves net zero transport emissions, and ideally to be 'negative carbon' by helping to reduce transport emissions at a wider scale. The following steps then reflect the three categories of the SAM Framework, with the carbon impact of interventions modelled sequentially.

Step 2 prioritises interventions that reduce the overall need to travel, while Step 3 shifts modes away from private vehicles and towards walking, cycling and public transport, while also enhancing the provision of traditional public transport. Step 4 covers the switch away from Internal Combustion Engines (ICEs) towards zero carbon fuels such as electricity and hydrogen.

It is important to note that this final step plays an important role in decarbonisation but will not reduce trips and energy consumption or deliver place-benefits for people and communities. Therefore, planning needs to focus on keeping private trips to a minimum and providing alternative modes for trips that need to be made.

This will ensure that private road-based transport is only used for residual trips that genuinely cannot be removed or undertaken by other modes, following the necessary investment in place and infrastructure. As there is a decade to achieve the 80% target, all steps along the pathway need to be taken at the same time in order to make the necessary reductions.

#### **How the Exeter Development Fund supports this research:**

The Fund would enable simultaneous delivery of all these required steps as they are inherent in the Liveable Exeter designs and aspirations. The model also ensures that delivery of the necessary active travel infrastructure is fully integrated across multiple land parcels and sites, vital to creating a safe, connected and user-friendly city-wide network, something very difficult to achieve efficiently through more traditional piecemeal delivery.

As many of the sites involve the redevelopment of existing car parking within the city, effectively removing or reducing their operational availability in sequence as sites are brought forward, this further supports the reduction of the dominance of cars and a switch to more sustainable modes of transport, while ensuring an ongoing income stream to the public sector for the underlying land asset.

## 1.7 The Project

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### 1.7.1 Stakeholders and Engagement Process

The key stakeholders in this business case are:

#### Central Government

- OPE
- Homes England
- DLUHC
- DfT
- DBEIS
- Network Rail

#### Local and Regional Public Sector and ECF Board Members

- Exeter City Council
- Devon County Council
- Royal Devon and Exeter NHS Foundation Trust
- Exeter College
- University of Exeter
- East Devon District Council
- Police and Fire Services

#### Exeter Business Community and SMEs

- Exeter City Living Limited
- SME developer, planning and construction industry
- Stagecoach
- Great Western Railways
- Green-tech and E-mobility markets

#### Investment Markets

- Legal and General
- Barings Bank
- M&G

#### Citizens Assemblies

During the course of this work, ECF has engaged with its stakeholders on both a scheduled and reactive basis to ensure alignment of objectives and practical applications of the Fund concept.

Feedback is referenced and incorporated into results and scenario analyses in later Sections of the business case. A schedule of formal workshops, data capture sessions, research conversations and ongoing update and feedback meetings is listed in Appendix XX.

Exeter City Futures (ECF) curated, published and delivered the Net Zero Exeter Plan to Exeter City Council in April 2020. This was made possible for ECF due to four years invested in developing relationships with city leaders, businesses, community organisations, politicians and residents and forming the Plan through a city-wide collaborative effort.

Following ECF's launch in 2016 responses from the public were requested in a Have Your Say programme which captured insights into the problems facing the city. The key insights of this engagement work can be found in Appendix XX.

ECF then developed its Community Engagement Model and Community Challenge plan. This was subsequently implemented and the finding of this lengthy engagement work helped to define the 12 goals residents identified as the key priorities to tackle in Exeter, this plan can be found in Appendix XX. The 12 goals was the foundation for the development of the Net Zero Exeter Plan 2030.

Locally, the city already has an engaged community of residents and businesses who are aggregating skills and expertise to contribute towards an intervention. Through recent successful work done by the City Council and collaborations with Exeter City Futures and University of Exeter, the city is building data aware communities, driving planning and procurement policy reform and engaging citizens in the generation of sustainable innovative solutions to the challenges we face.

Recognition of the opportunity is also shared in the business community: prior to the commencement of this work, the City Council and Exeter City Futures (ECF) presented at, and jointly facilitated a major event within the planning, professional services, developer and infrastructure industries in Exeter, many of whom are part of the ECF Partner Network.

The event canvassed solutions for transformational change in Exeter over the next two decades and revealed, with unanimous consensus, the need for a finance first solution with genuine place-making as its objective and underpinned by innovation, data analytics and planning reform.

## 1.7.2 High Level Strategic Options

Prior to the options appraisal work in business case over the course of 2017 and 2018, ECF and its local stakeholders carried out some strategic workshops, looking at options for meeting the city's challenges to financing developments in a way that tackles the transport, housing and place-making aspirations the citizens have been asking for.

These options formed the high-level strategic options for consideration in the longlist in this business case:

### Do nothing

If the city does nothing to address the private sector agenda and conflicting congestion and affordable housing needs, the challenges described in [Section 2.3](#) will remain.

Additionally, sites will continue to be picked off by the private sector and development will continue anyway. This will see further congestion, further pressure on affordable housing and further silo development profit leaving the city. The city cannot control its own destiny if it does not intervene in some way.

## ➤ Sell land

Selling land will recognise a capital receipt, with which the city can potentially reinvest to generate revenue elsewhere. However, this strategy results in a loss of land value uplift and development profits, loss of strategy/control over a site and, hence, loss of control of the outcomes associated with development. In effect, selling land is the same as doing nothing in terms of realising the vision for the city.

## ➤ Joint-venture with the private sector

Joint ventures with the private sector are a good way of bringing in the finance and expertise. However, the public perception of these types of vehicles is under strain given the perceived loss of control. This perception is no fallacy.

While a joint-venture can be owned 50/50 between public and private sector in equity terms, the reality is that the 50% private sector partner typically brings all of the additional development debt finance and much of the development strategy and logistics. This results in, ultimately, implicit private sector control of the development and invariably social outcomes suffer. Only with its own complete control can the public sector guarantee delivery of its outcomes.

## ➤ DevCo

The development company recently incorporated in Exeter, owned and controlled by the council, is an excellent way of delivering outcomes required by the city, particularly given its work to date in modernising the HRA stock.

However, a single development company delivering piecemeal projects in the hundreds of units does not tackle the forward ambition of the 12,000 houses that are required in the city, nor does it deliver on the big infrastructure transformation required for the city to ease congestion and achieve Net Zero.

Access to funding via prudential borrowing is limited to both financial criteria and the speed at which applications can be written and submitted. Recognising this, a DevCo will only meet the challenges so far.

## ➤ City Development Fund

The city can pool its existing and, potentially, sub-optimally commercialised assets into a fund, against which it can borrow significant sums for comprehensive infrastructure development at scale and acting with the agility of the private sector.

Critically, this strategy ensures that the city retains ownership and control of both its assets and the development strategy, thereby controlling the outcomes. This takes the positive principles of a DevCo model and allows it to scale up its ambition.

Following this broad option analysis the working group explored the detailed mechanics of an 'Exeter Development Fund' further and sought approval from both the Council Executive and Corporate Services Scrutiny Committee to lead the project.

This approval was successful, resulting in the mandate to carry out outline modelling during 2018, apply for funding from OPE and then to engage with advisors to carry out detailed modelling and business case work.

### 1.7.3 Initial Scope and High-Level Benefits of the Fund

The results of the further exploration exercise into the mechanics and detail of the Fund follow in this Section:

- Exeter City's public sector stakeholder institutions incorporate a new entity whose purpose is to finance and manage the program of investments that bridge the infrastructure gap and deliver on the city's wider strategic plan
- The Fund's projects will potentially range from standard housing development projects through to providing innovative mobility solutions and renewable energy programs
- The Fund is capitalised by existing, forward looking, cross-departmental public sector infrastructure budgets and the city shareholder's property asset base and hence obtains debt finance from a variety of sources, including an anchor financier in the shape of a long-term bond issued to, say, a pension fund. The bond uses the property asset base as security for the bond investor.
- The Fund then provides a single source of finance, developer services and project management to procure and deliver the pipeline of development projects within the city
- The Fund uses the profits from the healthier schemes to finance and deliver projects with less traditional profit profiles and projects of higher social benefit (rather than relying on planning to force the private sector to deliver them)
- The projects that deliver on the city's wider strategic plan and social impact in the short term achieve effective place-making for Exeter and hence create a more stable and investible city in the longer term
- The Fund is also able to deliver using its 'at scale' protection to prove the concept and marketability of atypical developments, such as car-free housing developments, thereby attracting other developers into future schemes.

### 1.7.4 Exeter Deal, Exeter Assets

Exeter City has a wide range of property assets across various public sector institutions (The city council alone owns c.£300-400 million of land and property). While not all the city's assets are immediately suitable for commitment into a development fund, for example heritage, in-use assets such as the city museum, a focused property rationalisation exercise reveals the potential locked into these sites and demonstrate optimal routes to capital raising using the strength of the value and revenue streams attached to the pooled base.

A fund, with a single point of financing and delivery represents a bold, innovative solution to the challenges outlined earlier in this Section. It carries with it a fresh approach to risk, planning, management and funding, and with the city's complete pipeline of developments succeeding through a single aperture we would expect to see significantly reduced project top and tail costs, little or no refinancing costs needed and reduced professional fees relative to the quantum overall construction activity. This ultimately leads to greater returns for the Fund.

Elsewhere and more broadly, a city development fund represents a holistic approach, one that views Exeter's infrastructure investment needs as a single, self-supporting program. In this way, individual projects can cross pollinate, allowing greater social impact while ensuring the overall fund position is profitable. From a planning perspective, it also means the City Council can have more of a say in future projects, and be tougher on controlling planning outcomes that ultimately create different outcomes and drive towards the wider strategic plan.

### 1.7.5 Constraints, Limitations and Dependencies

The concept design under testing in the business case assumes a large and complex undertaking that reshapes the approach to city development and infrastructure.

It assumes a delivery vehicle with cross-public sector ownership and access to private sector agility, risk and reward. It assumes greatly increased levels of development activity in Exeter than has gone before and assumes an innate programme of skills development within the city to deliver it.

With these assumptions, many constraints and limitations exist and around which the preferred way forward is designed.

## Viability Gaps

A step change in outcomes for future development in cities typically requires a step change in costs. Equally, many strategic sites within Exeter or any other city are not viable as development opportunities due to high enabling costs (these sites risk becoming trapped assets without viability gap funding). To maintain commercial sustainability, the Fund model can tolerate viability gaps up to a point.

## Public Sector Capital Funding

The announcements from government in [Section 6](#) point to a significant and long-lasting change to Government's approach to carbon neutrality, housing, transport energy and infrastructure. This requires significant investment to achieve. However, where that investment is made is predicated on the right case being built and the existence of enough funding for the purpose required.

## Development Capability

Exeter currently does not have the building capacity nor development capability to deliver the ambitious growth plans. The city needs to attract the right scale and quality of developer partners to help deliver the vision and to develop its own in-house (Fund) skills. The Fund needs to link directly to the city's key learning centres (Exeter College and University) and the Science Park, such as through the Skills Escalator Programme.

## Collaboration and Mix of Agendas across Public Sector Institutions

With potential shareholders/partners of the Fund being across differing parts of local, regional and central government, the Fund will be limited to the margins of conflicting agendas within those organisations. The Fund relies on successful working between the city's public sector stakeholders to ensure there is equitable representation on strategy, design, governance and risk/reward exposure.

## Legal and Governance

Exploratory work is carried out in Section XX in the Commercial Case to assess the legal frameworks needed to manage a portfolio of asset transfer of this nature, with asset movements in and out of the individual public sector institutions. Issues such as powers to invest/divest, state aid, CPO, accounting treatments, borrowing limits/ratios, tax and overall governance structure all require consultation, with draft heads of terms produced for approval.

## Local Stakeholder Support

- **Exeter City Council;** ECC is the driving force behind the city's transformational programme and is the key partner to Exeter City Futures in its role as the innovation and sustainable finance enabler. The Council is already exploring strategic sites across the city to develop sustainable urban villages through a new vehicle. The Fund's approach seeks to collaborate and build on that work to deliver a truly scaled solution.

- **The University of Exeter;** with a new Innovation, Impact and Business team, the university is ambitious in its plans for regional economic transformation, and recognises the strength in delivering the City's vision in partnership with the City Council and ECF. The University is also establishing a new Institute for Data Science, and is a partner in SetSquared, recognised last year as the number one University-Business incubator in the world, and in which the Fund would look to invest and draw solutions to the Net Zero urbanisation challenges in Exeter.
- **Royal Devon and Exeter NHS Trust;** The health agenda is at the heart of the benefits within the programme. The Trust is currently considering its own site development plan including decisions around land disposal, housing, retail and car parking, it recognises the need for innovative input on design solutions and potential financing models that can deliver a Net Zero outcome.
- **Exeter College;** Recently rated as the number one FE College in the Country by FE Week, the College and the University have submitted an Expression of Interest to bid for an Institute of Technology, specialising in Data Science and data Analytics. Along with upcoming data apprenticeships planned at ECF, the College is integral to the key innovation and data themes and part of building the support for the collaborative, innovative approach required.
- **Devon County and District Councils;** DCC has provided political support for the Fund concept, recognising the changes needed to the built environment in the city as the first step to, for example, decarbonising rural transport links. Additionally, with plans for more devolved asset management in the next two decades, the Councils in the Greater Exeter area are key partners in the joined up approach recognised as required.
- **Exeter City Futures Partner Network;** the ECF partner network, comprised of city-wide professional services and infrastructure firms, is already mobilised, having signed declarations of support for the programme, pledged expertise, attended strategic planning events and shared critical data sets for analysis in feasibility project work.

## 1.7.6 High level Strategic Risks

As options for the design of the Fund are analysed in this business case, the risk register (see Appendix XX and Section 2.6 in the Economic Case) has been used extensively to sift long list options and score short list options. The risk register covers the probability and impact of detailed risks relating to all options, from the status quo 'do nothing' through to maximum impact options, and discusses proposed mitigating factors and their impact on risk.

The high level strategic risks, against which the long list of initial options is considered are as follows:

### Risk 1: Funding Risk

The Fund represents a bold and innovative approach to teaming government capital with private sector finance. In a post-PFI, post-Brexit UK, a tried and tested long term model for infrastructure spend has yet to replace incumbent approaches from the previous two decades. A risk exists that the Fund concept does not provide government with enough comfort to allocate its infrastructure budgets in this way. Equally and as a result, without government intervention for a project of this scale the risk exposure to private sector lenders may be too high for their involvement at the scale required.

- **Mitigation:** The project team has an active and open engagement process with government, with regular progress meetings with Homes England and other government departments. Discussions are underway already as to which sites within the broader programme can be allocated to a first tranche of funding and potential project for initial flagship sites.

## Risk 2: Skills and capacity

The development, infrastructure and housebuilding markets are all under strain. Building standards are changing rapidly alongside development of new technologies to meet those standards in carbon, modern methods of construction, project management and procurement. Coupled with rapid increases in demand for housing in the UK, a dearth of talent and capacity exists that risks rendering the Fund's ambitions undeliverable at the quality, pace and scale required for success.

- **Mitigation:** The project team has opened discussions with SME, carbon, spatial and innovative developers with an interest in the Fund concept. ECF has had open engagement with that market as well as Green-tech suppliers such as Co Cars to supply E-mobility solutions to developments and the associated data. Additionally, with ECF's board comprising the University of Exeter and Exeter College, the project has a direct line into the education and skills agenda in the region.

## Risk 3: Local support and agendas

Cities operate with multiple public sector institutions that represent the varied and complex agendas of the inhabitants. From NHS Trusts to Universities to the Council, local public sector organisations experience some attrition between individual agendas as their approaches to carbon, commerciality, placemaking and human resources reach differing levels of maturity. To that end, the Fund's structure, which assumes a relatively seamless approach to divesting assets into a separate vehicle for development, albeit owned and controlled by the public sector, risks exposing further attrition between institutional agendas. Methods of procurement differ, appetites for control and risk differ and approaches to investments outside of core functions differ. The Fund risks failure through an inability to collaborate at the top level.

- **Mitigation:** The city already has a successful collaborative governance structure in ECF, with many examples of successful collaborations both financially and operationally on the Net Zero agenda. Equally, the city has backed the Fund concept design in submitting a bid for and winning funding for the next phase of the project under the Fund concept. In July 2021, £840k was awarded by DLUHC to ECF to progress the Fund to its next stage on behalf of the city.

## **REPORT TO EXECUTIVE**

Date of Meeting: 11 January 2022

## **REPORT TO COUNCIL**

Date of Meeting: 22 February 2022

Report of: Director Finance

Title: 2022/23 Budget Strategy and Medium Term Financial Plan

### **Is this a Key Decision?**

No

### **Is this an Executive or Council Function?**

Council

### **1. What is the report about?**

1.1 To provide a strategic overview of the budgetary position for the 2022/23 financial year and beyond including an indication of the likely level of available resources and the known demand for resources and the proposals to ensure that a balanced budget is achieved.

### **2. Recommendations:**

2.1 It is recommended that the contents of the report are noted and that the proposals to establish a balanced revenue budget and capital programme are approved.

### **3. Reasons for the recommendation:**

3.1 The Council is required to set a balanced budget and Council Tax prior to the start of the financial year.

### **4. What are the resource implications including non financial resources?**

4.1 The Council has a Medium Term Financial Plan that contains proposals to ensure it is balanced next year. However, there continues to be significant uncertainty over the ability of the Council to deliver its income targets next year, particularly in respect of car parks. Therefore, an amount has been set aside in an earmarked reserve to protect the Council's financial position.

4.2 The rest of the Medium Term Financial Plan continues to be dominated by the impact of the proposed Business Rates reset and the ending of the New Homes Bonus, which will have a significant and damaging effect on the Council's finances. The Council will require £6.6 million of savings to balance the budget in the medium term, with £4 million required in 2023-24 if the reset finally materialises.

## **5. Section 151 Officer comments:**

5.1 Whilst the settlement this year has provided more income than expected, the Government has reaffirmed its intention to complete work on the fair funding review and to reset the business rates. Therefore, the benefit is only temporary, with the Government making clear (for the second year running) that the distribution of the additional money will be changed when the new funding formula is introduced.

5.2 The Government have for the first time suggested that there will be some transitional arrangements in place, however it is not yet clear as to whether they will extend to the business rates reset or merely cover changes to the funding formula.

5.3 In order to maintain financial discipline and prepare for the reductions required, Council can no longer merely approve additional expenditure without identifying what will be cut to fund it. This is essential as Officers and Members continue to identify ways to address the gap in funding early in the year.

## **6. What are the legal aspects?**

6.1 As part of the budget and the Council Tax fixing process, the Council is required by the Local Government Finance Act 1992 to make various specific calculations and decisions:-

- (a) it must calculate its budget requirement in accordance with Section 32 of the Act;
- (b) it must calculate the City Council element of the Council Tax - first for Band D and then for all bands - in accordance with Sections 33 to 36;
- (c) it must set the overall Council Tax for each band in accordance with Section 30.

## **7. Monitoring Officer's comments:**

Section 25 of the Local Government Act 2003 requires the S.151 officer to report on the adequacy of the Council's financial resource.

The Monitoring Officers comments are intended to assist all members of the Council in consideration of the complex legal background to their budgetary and Council Tax decisions and in particular to set out the legal factors and requirements which Members of the City Council need to consider in reaching decisions on the budget and Council Tax.

In coming to a decision in relation to the revenue budget and the council tax, the City Council and Councillors have the following legal duties:

- a. To act in accordance with their statutory duties and responsibilities;
- b. To act reasonably; and
- c. To have careful regard to their fiduciary duty to its rate payers and Council tax payers.

The City Council has a clear legal duty to set a balanced budget. A resolution not to set a Council tax would be unlawful so would be a resolution to set a Council tax which deliberately did not balance the budget.

When making a decision, councillors are reminded of the obligation to act reasonably and in accordance with the principals set down in the *Wednesbury* case. This means that councillors are required to take into account all relevant considerations and ignore any irrelevant considerations. Put simply, it would be unlawful for the Council to come to a view which is unreasonable in the sense that it is so irrational that no reasonable authority could have reached it.

The meaning of fiduciary duty is more difficult to define but can be summarised as a duty to conduct administration in a business-like manner with reasonable care, skill and caution and with due regards to the council's rate payers. When discharging their fiduciary duties councillors will need to consider the following:

- a. Prudent use of the council's resources, including the raising of income and the control of expenditure;
- b. Financial prudence both long and short term;
- c. Striking a fair balance between the interest of the council tax payers on the one hand and the community interest and adequate and efficient services on the other hand; and
- d. Acting in good faith with a view to complying with statutory duties and exercising its statutory powers for the benefit of the community.

### **Restriction on voting**

Members' attention is drawn to the provisions of S.106 of the Local Government Finance Act 1992 which applies to members where:

- a. they are present at a meeting of full Council, the Executive or Committee and at the time of the meeting an amount of Council tax and has remained unpaid for at least 2 months and
- b. Any budget or Council tax calculation or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

In these circumstances, any such members shall at the meeting and as soon as practical after its commencement disclose the fact that S.106 applies to them and shall not vote on any question concerning budget setting.

Failure to comply with these requirements is a criminal offence unless such member can prove that they did not know S.106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at that meeting.

## **8. Report details:**

### **8.1 Local Government Provisional Finance Settlement 2022-23**

#### *8.1.1 1 year Settlement*

The Government confirmed in the Spending Review that the changes proposed to the Business Rates Retention scheme were being delayed for a further year and that a 1 year settlement would follow.

The provisional settlement for 2022/23 was announced in December and the figures in the Medium Term Financial Plan have been updated. The Lower Tier Services Grant has

been included again and Exeter has received £0.185 million. In addition a new, one-off, Services Grant has also been introduced and Exeter has been awarded £0.285m, which includes the funding to offset the increase in National Insurance contributions as part of the introduction of the new Health & Social Care Levy.

#### 8.1.2 *New Homes Bonus*

The Government have indicated that whilst New Homes Bonus will be payable again this year, like last year, the 2022-23 element of the allocation will be for one year only and there will be no payment in respect of the 2020-21 or 2021-22 allocation. This gives an award of approximately £1.362 million for 2022/23. A new proposal to replace New Homes Bonus is expected to be announced in the New Year.

### 8.2 **Business Rates**

8.2.1 The Government have further delayed the implementation of the Business Rates retention reform and the review of the formula that underpins it. This has meant that the reset, expected originally in 2021/22 has been put back another year at least. This is positive news for Exeter as we benefit from being significantly above our baseline needs. The review is now expected to be implemented in 2023/24, and will have a further significant, negative impact on our resources, as set out in section 8.5

### 8.3 **Council Tax**

8.3.1 The medium term financial plan is based upon an assumption that under the council tax referendum threshold, Shire District councils will be allowed increases of less than 2% or up to and including £5, whichever is higher. Exeter's budget strategy for next year assumes that Council Tax will increase by £5, which, along with the estimated surplus on the collection fund of £10,442 and increase in the taxbase will raise an extra £163,733.

### 8.4 **Other Budgetary Assumptions**

8.4.1 An overall allowance of £623,960 has been set aside for inflation. The inflationary increases allowed in the budget are:

Pay Award	1.5%
Pay – Increments	0.5%
Electricity	7.4%
Gas	4.8%
Oil	13.0%
Water	0.0%
Insurance	5.0%
Rates	2.5%
Fuel	3.0%
General Inflation	0.0%
Income (excluding Car Parks)	3.0%
Pay Award	1.5%

8.4.2 General inflation has again been held at zero; however where there are contracts in place, inflation at around RPI has been added. The pay award for 2021-22 has not been agreed, let alone 2022-23. An estimate of 2% has been included within budgets in respect of 2021-22 and 1.5% for 2022-23.

8.4.3 Interest is based on the existing loans that have been taken out. This reflects the small increase in interest rates, which do not impact on the long term loans in place.

### 8.5 Likely Revenue Resources 2021/22 to 2025/26

8.5.1 The resources set out below demonstrate the significant reduction expected when Business Rates is reset. The Government have however, indicated that there will be some transitional protection; however, it is not yet clear as to whether this will apply to the reset or the wider fair funding review only.

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
RSG*	602	855	543	552	563
Council Tax	6,252	6,416	6,649	6,918	7,181
Business Rates	6,464	7,850	4,279	4,378	4,461
<b>Resources</b>	<b>13,318</b>	<b>15,121</b>	<b>11,471</b>	<b>11,848</b>	<b>12,205</b>
Increase/(decrease)		1,803	(3,650)	377	357
Annual % change		13.5%	(24.1%)	3.3%	3.0%

\* Including Lower tier and services grant where applicable

## 8.6 Additional Spending Pressures

8.6.1 Additional Spending Pressures over the period are set out in Appendix 1 and total:

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Additional Pressures	2,092	1,658	(699)	100	(46)

## 8.7 Revenue Savings and Other Budgetary Reductions

8.7.1 The updated Medium Term Financial Plan (MTFP) is set out in Appendix 2. The MTFP has identified a gap in resources from 2022/23. The reduction required by 2024-25 totals £6.6 million or 49.3% of the net budget of the Council. This reduction is in addition to the savings already identified and set out below:-

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Savings identified	(172)	(957)	0	0	0

## 8.8 General Fund Capital Programme

8.8.1 Attached at Appendix 3 is the proposed General Fund Capital Programme for the next three years. This reflects the substantial condition survey results and uses up the Council's capital resources. Any further additions to this programme will require compensating reductions in revenue expenditure to cover the additional cost to the General Fund.

	2022/23	2023/24	2024/25	Future
	£'000	£'000	£'000	£'000
New Bids	275	200	0	0
Pre-approved	46,144	6,641	7,300	904
<b>Total</b>	<b>46,419</b>	<b>6,842</b>	<b>7,300</b>	<b>904</b>

## 8.9 Risk Assessment

8.9.1 It has already been mentioned above in this report that our financial forecasts are based on a number of assumptions including the level of inflation, interest rates, income levels, support from the government and general prevailing economic conditions. The main risks to the Council's financial position are as follows:

- The continued response to the Covid-19 pandemic means that there is still uncertainty around income levels for the Council. This will affect not only sales, fees and charges, but potentially business rates and Council tax income as well; and
- The Governments review of the future funding formula for Local Government, including a business rates rest, coupled with the potential loss of New Homes Bonus, leaves a significant gap in funding over the Medium Term Financial Plan. The overall impact of both streams of funding stopping in the next four years would require reductions of around £6.6 million.

Although the Council faces risks from the assumptions and uncertainties outlined above these have been mitigated by the following:

- Adopting a prudent approach to financial forecasting which involves obtaining information from external professional sources;
- Continuous monitoring and review of the key factors together with regular reports to Members on any key issues;
- Regular budget monitoring meetings with budget managers to ensure that budget pressures are identified at the earliest opportunity;
- The adoption of robust financial management arrangements including option appraisal, risk assessment and financial monitoring; and
- Retaining a prudent level of reserves and balances.

## **9. How does the decision contribute to the Council's Corporate Plan?**

9.1 This is the strategic overview of the financial position of the Council.

## **10. What risks are there and how can they be reduced?**

10.1 The risks relate to failing to set a balanced Council budget and are mitigated by regular reporting to the Strategic Management Board and Members.

## **11. Equality Act 2010 (The Act)**

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because the report sets out the MTFP for the whole Council.

## **12. Carbon Footprint (Environmental) Implications:**

12.1 There are no direct carbon/environmental impacts arising from the recommendations.

## **13. Are there any other options?**

13.1 Not applicable.

**Director Finance, Dave Hodgson**

Author: Director Finance, Dave Hodgson

## **Local Government (Access to Information) Act 1972 (as amended)**

Background papers used in compiling this report:-

None

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## SERVICE PRESSURES

	2022/23	2023/24	2024/25	2025/26
	£000's	£000's	£000's	£000's
<b><u>Unavoidable or Already Committed from Previous Years</u></b>				
Living Wage	25	25	25	25
Housing Benefit Admin grant reduction	60	60	60	60
Pension Backfunding	51			
New NI Levy	156			
New Waste project	484			
Fleet maintenance	74	19	60	
	<b>850</b>	<b>104</b>	<b>145</b>	<b>85</b>
<b><u>New Revenue Bids - Recurring</u></b>				
Ad hoc security - Customer access	2			
Democratic Services - Team Leader posts	7			
HR BP (Leisure)	25			
Strata Contract increase	100			
Core Audit fee	26			
Removal of Corporate fees	9			
Net Zero budget (funded from earmarked reserve)	181			(181)
Dredging Canal	25			
	<b>375</b>	<b>0</b>	<b>0</b>	<b>(181)</b>
<b><u>New Revenue Bids - Non Recurring</u></b>				
Removal of Footbridge	(129)			
Local Plan	(40)	(60)	(85)	
Kerbside recycling	(176)			
Bridge Maintenance	(75)			
Wonford feasibility study	750	(750)		
Anti social behaviour Officer (2 years)	20	(10)	(10)	
Safety equipment - CEO	33	(33)		
	<b>383</b>	<b>(853)</b>	<b>(95)</b>	<b>0</b>
<b><u>Revenue Costs Arising from New Capital Bids</u></b>				
Unsupported Borrowing Costs of Capital - Repayment of Loan	50	50	50	50
	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>
<b>TOTAL</b>	<b>1,658</b>	<b>(699)</b>	<b>100</b>	<b>(46)</b>

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## MEDIUM TERM REVENUE PLAN (2020/21 - 2025/26)

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	
<b>Resources</b>							
Revenue Support Grant	371	602	855	543	552	563	
Business Rates Income (assumed by Government)	4,130	4,130	4,130	4,279	4,378	4,461	
Business Rates growth	117	593	1,567	0	0	0	
Business Rates pooling / pilot benefit	0	0	0	0	0	0	
NNDR Deficit to Cover	0	(16,776)	(8,681)	(324)	0	0	
Section 31 Grant	21,038	10,098	2,153	0	0	0	
Excess S31 to earmarked Reserve	(17,424)	8,419	8,681	324	0	0	
Covid 19 Support	1,822	761	0	0	0	0	
SFC Compensation	4,343	440					
CIL income	1,073	1,416	1,185	1,185	1,185	1,185	
New Homes Bonus	2,490	1,941	1,362	0	0	0	
Council Tax	6,149	6,252	6,416	6,649	6,918	7,181	
<b>Likely resources</b>	<b>24,109</b>	<b>17,876</b>	<b>17,668</b>	<b>12,656</b>	<b>13,033</b>	<b>13,390</b>	
<b>Expenditure</b>							
<b>Service expenditure</b>							
Committee expenditure base budget	12,697	13,309	16,046	17,371	13,172	11,172	
Inflation	470	817	624	500	500	500	
Potential increase in service costs	2,343	2,092	1,658	(699)	100	(46)	
Budgeted reductions	(2,201)	(172)					
	13,309	16,046	18,328	17,172	13,772	11,626	
Supplementary Budgets	1,599	5,143					
Net Interest	475	565	300	279	305	235	
Forecast Committee movements	3,015	386					
RCCO	17	0	0	0	0	0	
Repayment of debt	979	965	1,783	2,015	2,083	2,117	
Additional repayment of debt	(604)	(664)	(1,480)	(1,656)	0	0	
	18,790	22,441	18,931	17,810	16,160	13,978	
<b>Other funding</b>							
Contribution to/ (from) earmarked reserves	6,478	(4,001)	(262)	(751)	(196)	(650)	
Contribution to/ (from) balances - Other	(1,159)	(564)	(44)	(403)	(331)	62	
	5,319	(4,565)	(306)	(1,154)	(527)	(588)	
<b>Further reductions required</b>				<b>(4,000)</b>	<b>(2,600)</b>		<b>(6,600)</b>
<b>Potential reductions identified</b>			<b>(957)</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Net Budget</b>	<b>24,109</b>	<b>17,876</b>	<b>17,668</b>	<b>12,656</b>	<b>13,033</b>	<b>13,390</b>	
							<b>(6,600)</b>

Opening General Fund Balance	5,856	4,697	4,133	4,089	3,686	3,355
Closing General Fund Balance	4,697	4,133	4,089	3,686	3,355	3,417
Balance as a percentage of budget	19.5%	23.1%	23.1%	29.1%	25.7%	25.5%

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**GENERAL FUND - CAPITAL PROGRAMME 2022/23 AND FUTURE YEARS**

SCHEMES	NEW BID	2022/23	2023/24	2024/25	Future Years	What the scheme is trying to achieve
		£	£	£	£	

**Chief Executive & Growth Director**

Customer Contact Platform		157,840				Contribution to Strata led projects
Annual Contribution to Strata		53,910	53,910	53,910	53,910	
Financial Management	#		200,000			
PTSN Replacement	#	40,000				
ECC Civic Centre HFX Door Access Replacement	#	100,000				
System Upgrade Cost - 2012 Server Replacement	#	35,940				
GIS Cloud Migration	#	3,590				
Datacentre Relocation		35,940				
<b>TOTAL</b>		<b>427,220</b>	<b>253,910</b>	<b>53,910</b>	<b>53,910</b>	

**Net Zero Exeter and City Management**

Parks Infrastructure		141,880				To ensure public safety in parks and open spaces. Works include resurfacing parking areas and repairs to steps, railings and gates.
Ash Die Back Tree Replacement		150,480	25,000			Tree Removal & Replacement
Cemetery Fields Play Area		146,830				To provide adequate and safe access to graves. Works include improvements to path and road layout and surfacing improvements and provision of suitable parking.
Play Areas		278,200	218,600	225,000		Supply & Installation of new play equipment at multiple play areas across the city to replace old, end of life equipment. Cost includes 2 potential full redesigns where all equipment is old and the site could provide better play value and more accessible play in areas of multiple indices of deprivation (Lakeside Avenue & Chestnut Avenue)
Outdoor Leisure Facilities - Newcourt		121,270				To provide facilities at Newcourt
Repair Canal Bank at M5		26,890				To re-strengthen and raise canal banks at this known vulnerable location.
Bowling Green Marshes Coastal Defence Scheme		500,000	160,000	160,000		To repair the coastal defences to retain the level of protection to the freshwater marshes. The scheme is entirely funded by the Environment Agency.

SCHEMES	NEW BID	2022/23	2023/24	2024/25	Future Years	What the scheme is trying to achieve
		£	£	£	£	
Topsham Flood Prevention Scheme		800,000				To provide flood gates and barriers to reduce tidal flooding and water surging along property frontages
Pinhoe Playing Field Upgrades		44,530				Improvements to the pitch at Station Road to overcome seasonal problems with drainage and waterlogging.
Cricklepit Bridge		153,750				Full Repair (specification dependent upon PI Report findings) & redecoration. Last full paint coat was 15 years ago and is due for renewal
Trews Weir refurb		961,850				Stabilise and refurbish damaged weir
District Street Lighting		262,150	163,950	168,750		Complete stock replacement of aging lighting columns to drop-down type and to LED lamps over 5 year programme.
Piazza Terracina				157,500		Repaving and landscaping Terracina, with new service points to improve suitability for events. Could include spaces for street food and pop-up stalls similar to Guildhall. Potential income from stalls and events which would help to offset some of the costs
Exeter Ship Canal M5 viaduct		164,500				Raise and widen approximately 250m length of canal bank in the vicinity of the M5 crossing. Reinforce with geotextile (terram / enkamat or similar) to reduce future erosion.
Exeter Quay Cellars cliff face		400,800				Undertake full geotechnical investigations to determine the continuity of materials along cliff & determine the seasonal variation of the water table, plus monitoring further movement. Likely that each archway may need to be provided with rock anchors and water proof lining.
Exhibition Way Bridge		210,960				Full Repair (specification dependent upon PI Report findings) & redecoration
Yaroslavl Bridge		77,250				Full Repair (specification dependent upon PI Report findings) & redecoration, including redecking and replacement of handrail. Last full paint coat was 15 years ago and is due for renewal
Leypark Road Footbridge		210,960				Full Repair (specification dependent upon PI Report findings) & redecoration
Paul Street Car Park Bridge & Ramp		21,220	87,440			Full Repair (specification dependent upon PI Report findings) & redecoration
King William Footbridge		21,220	87,440			Full Repair (specification dependent upon PI Report findings) & redecoration
Farm Hill Retaining Walls (23 no.)		53,050	218,600	281,250		Stabilising works and other remedial actions (specification dependent upon PI Report findings)
Mallison Bridge		1,037,750				Replace bridge as per prepared Design, creating new public boardwalk and raised platform alongside quay walls
Riverside Walls at Quay		528,950				Underpinning or sheet piling existing Quay walls. Potential opportunity to deliver alongside Trews Weir
Bonhay Rd/Andlaw House Footpath		42,440				Remedial works to replace existing gabion baskets or shore up existing gabion baskets - plus resurfacing of path with tarmac
St James' Weir & Ducks Marsh Meadow banks		209,840	1,093,000			Following the collapse of St James Weir, works are required to protect Council owned public open space from erosion and further loss. This cost is a likely maximum as other contributions will be sought.
Canal Basin, Topsham Quay, Countess Wear		188,500				To provide purpose-built concrete craning pads

SCHEMES	NEW BID	2022/23	2023/24	2024/25	Future Years	What the scheme is trying to achieve
		£	£	£	£	
Double Locks Access Road & paths			43,720			Repair & resurface roadway
Heavitree Paddling Pools		418,150				Redesign and rebuild Paddling Pools, add new Splash Pad & replace dated Plant & Plant-Room. Expand and replace play area with a designed site
Taddiford Brook @ New North Road / Taddiford Road		10,300	43,720			Delivery of flood scheme comprising flood storage areas in Taddiford Brook valley. ECC will contribute approximately £50k of the funding towards this with the rest being provided by the EA, DCC and University
Flowepot Skate-park		10,750				To supply & install 8 no. 380 watt Philips BVP651 Clearflood Large T25 DX60 LED floodlight luminaires complete with internal drivers, commission and Certificate. Commission a contractor to remove all graffiti on site, and install CCTV for enforcement and deterrent against graffiti
Landfill Gas Extraction Systems @ Clifton Hill & Mincinglake Valley Park (Public Realm & Environmental Health)		53,050	601,150			Significant upgrade or replacement of all three extraction systems.
Mincinglake Valley Park Reed Beds & Pipe Inlet		147,600				Re-lining of the lagoon to minimise leaks, coupled with design and construction of new debris screens to minimise blockage risks.
Exeter Ship Canal - Bottleneck & Bird Hide		116,400				Top-up and reinforce approximately 200m length of canal bank and reinforce.
Exeter Ship Canal - Green Tip to Salmonpool		51,500				To re-surface the path.
Northernhay & Rougemont Gardens				168,750		Footpath improvements including resurfacing, replacement of handrails and fencing, repairs to retaining walls, refurbish bandstand. Improve electrical and water supplies for events, plus realignment of gates for easier events access
Longbrook Street wall behind 30-38				56,250		Localised repairs and strengthening of masonry wall
Okehampton Street & Parr Street Car Parks			54,650			Completely resurface both Car Parks and re-line Parking Spaces
Exwick Cemetery			21,860			Fill potholes and fit grates to open gullies. Carry out resurfacing to a number of localised areas to eliminate trip hazards
Higher Cemetery			21,860			Fill potholes, fill ruts in soft ground, eradicate trip hazards, raise sunken gullies/manhole covers and carry out resurfacing to a number of localised areas
Budlake Road			109,300			Remedial works to highways including resurfacing and drainage improvements. Possibility of DCC adopting the highway if brought up to standard., and this would then take away a future maintenance burden.
Exeter Ship Canal - Swans Nest Car Park				56,250		To re-surface car park with asphalt, re-line car park spaces
Salmonpool Swingbridge / Clapperbrook Lane	#	30,000				Contribution to scheme to improve accessibility and visibility for cyclists coming out of the new station.
Repairs to Turf Lock Pier Head		63,500	27,330	140,620		Construction of new sheet piled wall around the pierhead
Repair to Walls at Farm Hill		54,900				To ensure stability and integrity of structures.

SCHEMES	NEW BID	2022/23	2023/24	2024/25	Future Years	What the scheme is trying to achieve
		£	£	£	£	
Bank Repairs & Stabilisation to Watercourses		20,000				To ensure stability and integrity of watercourses at Pinhoe, Monkerton and Northbrook to prevent bank slips/blockages that could result in localised flooding in populated areas.
Waste Infrastructure		463,300				To reduce on-street presentation of domestic and commercial rubbish. Infrastructure to consist of communal domestic waste collection points in selected streets, 'Recycle on the Go' bins in the city centre and communal trade waste facilities.
Disabled Facility Grants		800,000	800,000	800,000	800,000	To meet the legal duty to pay grants to enable disabled people to remain in their homes.
Energy Saving Projects	#	65,000				The ERDF project comprises the development and implementation of a ground mounted solar farm co-located with energy storage technology and a smart grid control system connected directly to the grid at the Water Lane site.
Capitalised Staff Costs		50,000	50,000	50,000	50,000	To provide for the cost of certain Council employees, which will be directly involved in the construction or acquisition of assets and qualify as capital expenditure, including engineers and surveyors.
<b>TOTAL</b>		<b>9,109,720</b>	<b>3,827,620</b>	<b>2,264,370</b>	<b>850,000</b>	
<b>City Development, Housing &amp; Supporting People</b>						
Rough Sleepers Accommodation Programme Property Acquisition		1,890,000				To purchase self contained properties from the open market. This will be funded from S106 contributions and from a grant from Homes England
<b>TOTAL</b>		<b>1,890,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Communications, Culture and Leisure Facilities</b>						
Riverside Sports Hall Roof		1,500,000				To replace the roof structure at the Riverside Leisure Centre
<b>TOTAL</b>		<b>1,500,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Finance</b>						
Loan to Exeter City Living		15,641,560				To provide a loan to Exeter City Living
Pinces Gatehouse Roof repairs		15,000				
Beacon Heath Martial Arts & Boxing Club - New Roof		14,650				
Mary Arches MSCP		3,427,430				
Guildhall MSCP		0	1,014,340	1,160,040		
Cathedral & Quay MSCP		3,496,800				
Harlequins MSCP		16,510		352,930		
John Lewis MSCP		0		2,709,760		

SCHEMES	NEW BID	2022/23	2023/24	2024/25	Future Years	What the scheme is trying to achieve
		£	£	£	£	
Princesshay 2 MSCP		2,384,310				Current Corporate Property Maintenance Requirements
Princesshay 3 MSCP		0	567,580	649,110		
Leighton Terrace & KW St MSCP		606,660	1,071,350			
Civic Centre Phase 3 Roof Rep		230,000				
City Wall		343,520				
Backlog Maintenance		4,934,830				
Guildhall roof replacement		514,190				
RAMM - roof replacement		938,530				
Commercial Property Ancillary Accommodation flat roof recovering		124,640				
Bradninch Place - additional actions to enable potential asset transfer including heating system, roof access and removal of the BMS system. These works are in addition to the condition survey backlog of £598,000		242,350				
Wat Tyler House - resolving ongoing water ingress with new rainwater system		235,270				
Verney House - roof access and rainwater drainage improvements. Potential for mitigation if asset transferred for residential development opportunity		121,000				
Commercial Properties - capital improvements to enable ongoing income (compliance with EPC legislation)		204,700	107,000	110,130		
<b>TOTAL</b>		<b>33,491,950</b>	<b>2,760,270</b>	<b>4,981,970</b>	<b>0</b>	
<b>GENERAL FUND SERVICES TOTAL</b>		<b>46,418,890</b>	<b>6,841,800</b>	<b>7,300,250</b>	<b>903,910</b>	
<b>New Bids</b>		<b>274,530</b>	<b>200,000</b>	<b>0</b>	<b>0</b>	
<b>Pre-Approved</b>		<b>46,144,360</b>	<b>6,641,800</b>	<b>7,300,250</b>	<b>903,910</b>	
<b>TOTAL CAPITAL PROGRAMME</b>		<b>46,418,890</b>	<b>6,841,800</b>	<b>7,300,250</b>	<b>903,910</b>	

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## **REPORT TO EXECUTIVE**

Date of Meeting: 11 January 2022

Report of: Director Finance

Title: Council Taxbase and NNDR 1 2022/23

### **Is this a Key Decision?**

No

### **Is this an Executive or Council Function?**

Executive

#### **1. What is the report about?**

1.1 To set the 2022/23 Council Tax base in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012.

1.2 To seek approval that the Council's estimate of Business Rate Income (NNDR1) for the next financial year is delegated to the Director Finance.

#### **2. Recommendations:**

2.1 In accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amount calculated by Exeter City Council as its tax base for the year 2022/23 shall be 37,666.

2.2 That the section 151 Officer is delegated responsibility to approve the Council's NNDR1 return by 31 January 2022.

#### **3. Reasons for the recommendation:**

3.1 To ensure that the Council meets its statutory deadline for notifying Precepting Authorities and the Government by 31 January 2022.

#### **4. What are the resource implications including non financial resources?**

4.1 Both the Council Taxbase and the NNDR1 provide key information used to calculate the overall resources available to the Council, Government and Preceptors in the following financial year.

#### **5. Section 151 Officer comments:**

5.1 Approval of the report is a statutory requirement in respect of the Taxbase. There is an increase of 289 Band D equivalent properties compared to the 2021/22 Taxbase. This is in line with expectations in the medium term financial plan.

#### **6. What are the legal aspects?**

The requirement to set the Council Tax base is set out in the Local Authorities (Calculation of Tax Base) (England) Regulations 2012.

In coming to decisions in relation to the revenue budget and the Council Tax the City Council and Councillors have the following legal duties, namely:-

- (a) The Council must act in accordance with its statutory duties and responsibilities;
- (b) The Council must act reasonably; and
- (c) The Council must not act in breach of its fiduciary duty to its ratepayers and Council Tax payers.

## **7. Monitoring Officer's comments:**

7.1 Members should be aware of the provisions of Section 106 of the Local Government Finance Act 1992 applies to this report where members are present at a meeting of the Council, the Executive or a Committee and at the time of the meeting an amount of council tax is payable by them and has remained unpaid for at least two months.

In these circumstances, any such members shall at the meeting and as soon practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter.

It should be noted that such members are not debarred from speaking on these matters.

Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

## **8. Report details:**

### **8.1 BACKGROUND**

8.1.1 In accordance with the requirements of the Local Government Finance Act, 1992, Exeter City Council as a billing authority will be issuing Council Tax bills to occupiers of property in March 2022, effective from 1 April.

8.1.2 As a first step to calculating the Council Tax itself, the City Council is required by legislation to determine a tax base by the 31 January for the following financial year.

8.1.3 Based on a valuation list received from the Valuation Officer, the calculation, in simple terms, involves three steps, namely:

- i. the determination of the number of chargeable dwellings;
- ii. an assessment of disregards, premiums and discounts, and
- iii. the equivalent number of band D properties and a collection rate.

8.1.4 The calculation of the Taxbase includes the impact of the Council Tax Support Scheme, which significantly reduces the Council's income from Council Tax. In order to reflect the increased risk of non-recovery, which may result from the move to Local Council Tax Support, the Collection Rate has been reduced to 97% from 98% since introduction.

## 8.2 COUNCIL TAX BASE FOR 2022/23

8.2.1 The Council Tax Base for Exeter is set out in table 8.1 and in Appendix A. It is estimated that the equivalent number of Band D properties (Gross taxbase) for 2022/23 (including the reduction in dwellings owing to the Council Tax Support Scheme) will be 38,831 an increase of 298 over 2021/22.

8.2.2 To this figure the estimated collection rate of 97% for the year is applied, which results in a net Council Tax base of 37,666, an increase of 289 over the 2021/22 figure of 37,377.

**Table 8.1 – Taxbase 2022/23**

<b>Taxbase</b>	<b>2022/23 Gross Taxbase</b>	<b>2022/23 Net Taxbase (97%)</b>
Taxbase to be used in calculating the council tax for 2021/22	<b>38,831</b>	<b>37,666</b>

## 8.3 BUSINESS RATES RETENTION

8.3.1 Under the new Business Rates Retention funding, the Council has to provide MHCLG with an estimate of its Business Rate Income for the forthcoming year. However due to the changes in the funding and the local/central share, MHCLG require the estimate (completed on a NNDR1 form) to be compiled and formally submitted by January 31st. The Council must also share this information with Devon County Council and Devon and Somerset Fire and Rescue Service who are also affected.

8.3.2 MHCLG have stated that, in their view, the decision to approve the NNDR1 can be delegated to the section 151 Officer and this report seeks approval for such delegation as the figures have not yet been calculated (The Council requires an annual software update in order to calculate the NNDR1 form).

## 9. How does the decision contribute to the Council's Corporate Plan?

The approval of the Taxbase enables the Council to calculate the budget available for the following financial year.

## 10. What risks are there and how can they be reduced?

10.1 Not applicable.

## 11. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because the report determines the taxbase for the whole City.

## **12. Carbon Footprint (Environmental) Implications:**

No direct carbon/environmental impacts arising from the recommendations.

## **13. Are there any other options?**

Not applicable.

**Director Finance, Dave Hodgson**

Author: Director Finance, Dave Hodgson

## **Local Government (Access to Information) Act 1972 (as amended)**

Background papers used in compiling this report:-

None

Contact for enquires:  
Democratic Services (Committees)  
Room 4.36  
01392 265275

**EXETER CITY COUNCIL**  
**2022/23 TAX BASE**

	<b>BAND</b>	<b>TOTAL</b>	<b>A relief</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
LINE 1	No. OF CHARGEABLE DWELLINGS	52,104	26	9,559	14,292	13,098	8,195	3,996	1,961	946	31
LINE 2	No. OF DISCOUNTS	-9,841	-15	-3,626	-3,118	-1,841	-785	-281	-122	-50	-3
LINE 3	No OF ADDITIONS (TECHNICAL CHANGES)	20	0	17	-2	-2	4	-1	1	3	0
LINE 4	WHOLE No. EQUIVALENT CHARGEABLE DWELLINGS	42,283	11	5,950	11,172	11,255	7,414	3,714	1,840	899	28
LINE 5	FRACTION TO APPLY TO ARRIVE AT BAND D EQUIVALENTS		5/9 ths	6/9 ths	7/9 ths	8/9 ths	1	11/9 ths	13/9 ths	15/9 ths	18/9 ths
<b>LINE 6</b>	<b>BAND D EQUIVALENTS (PER CTB1)</b>	<b>38,831</b>	<b>6</b>	<b>3,967</b>	<b>8,689</b>	<b>10,004</b>	<b>7,414</b>	<b>4,539</b>	<b>2,658</b>	<b>1,498</b>	<b>56</b>
	<b>TOTAL BAND D EQUIVALENTS</b>	<b>38,831</b>									
LINE 7	COLLECTION RATE	97.00%									
LINE 8	EXETER CITY COUNCIL TAX BASE	37,666									

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## REPORT TO EXECUTIVE

Date of Meeting: 11 January 2022

## REPORT TO COUNCIL

Date of Meeting: 22 February 2022

Report of: Director Finance

Title: Housing Rents and Service Charges 2022-23

### Is this a Key Decision?

No

### Is this an Executive or Council Function?

Council

### 1. What is the report about?

This report sets out the proposed changes to council dwelling rents, garage rents and service charges with effect from 1 April 2022.

### 2. Recommendations:

That Executive recommend that Council approves:

- (1) Rents of Council dwellings are increased by 4.1% from 1 April 2022;
- (2) Garage rents are increased by 4.1% from 1 April 2022; and
- (3) Service Charges are increased by 4.1%, with the exception of charges specified in paragraph 12.3, from 1 April 2022

### 3. Reasons for the recommendation:

In October 2017, the government announced its intention to set a long term rent policy in respect of annual rent increases on both social rent and affordable rent properties of up to CPI plus 1% from 2020, for a period of 5 years.

The policy on rents for social housing came into effect from 1 April 2020. The Council is permitted to apply the policy of increasing rents by CPI plus 1%, which equates to 4.1% for 2022/23.

Rents of garages and service charges fall outside the scope of the Government's rent policy. Authorities are expected to set reasonable and transparent charges which reflect the service being provided to tenants.

Officers fully appreciate the impact of Covid-19 on many households and the Customer Access service has worked to assist households in financial difficulty where possible, including the administering of government funds to support those households in need.

The council does, however need to consider that tenants have benefited from 4 years of 1% rent cuts per year for 2016/17, 2017/18, 2018/19 and 2019/20, which resulted in the Housing Revenue Account (HRA) losing £7.9m over the 4 year period, so our base-line rents were already lower than previously anticipated.

A lower than permitted increase will place a financial constraint on the HRA and will result in a lower base-line position for future year rents (resulting in lost rental income of over £7 million over 30 years if increased by 3.1% for 2022/23).

Significantly the costs of services and labour are already increasing above inflation and a reduced rent increase would lead to a reduction of service delivery. While officers acknowledge the impact a rent increase might have on some tenants, the impact on service delivery and long term investment plans would have a positive impact on projects which would assist tenants financially in other areas, for example such as retrofit, which will reduce energy bills for tenants.

Many tenants will have their rents met by Housing Benefit (HB) or Universal Credit (UC), so a lower rent increase will not necessarily benefit them. 30% of the council's tenants are on full HB, 10% on partial HB and 20% in receipt of UC.

#### **4. What are the resource implications including non financial resources**

The proposed changes in housing rents, garage rents and service charges are reflected in the proposed 2022/23 estimates for the Housing Revenue Account (HRA).

The current rent policy was intended to apply for five years from 2020, in order to allow landlords to plan ahead. The medium term financial plans for the Council's HRA therefore reflect assumptions for the annual uplift of property rents by CPI + 1%.

#### **5. Section 151 Officer comments:**

The report contains details of the Government rent policy. This will offer an uplift in the resources available to the HRA and it is a legal requirement to have regard to Government policy. Council will note the changes in other charges, which have been set following the same principle. Council should also note that rent arrears are continuing to rise for the reasons set out in the report.

CPI is higher than projected in the last medium term financial plan and this will result in higher than expected income for the HRA. Members will recall that last year CPI was lower than expected and therefore this increase will offset some of the negative impact from last year's lower than anticipated increase.

#### **6. What are the legal aspects?**

The Council, in setting its annual rents, is directed to have regards to the Government's policy on Rents for Social Housing 2018 which came into effect from 1 April 2020.

#### **7. Monitoring Officer's comments:**

This report raises no issues for the Monitoring Officer.

## **8. Report details:**

### **RENT SETTING BACKGROUND**

8.1 The underlying rent for each council property is based upon a national rent formula.

8.2 The rent formula was established to ensure that social rents take account of:

- The condition and location of a property – reflected in its value;
- Local earnings; and
- Property size (specifically, the number of bedrooms in a property)

8.3 The rent formula for each council dwelling is set, based upon January 1999 levels, and uplifted for inflation each year.

8.4 On 4 October 2017, DLUHC announced that increases to social housing rents will be limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020.

### **Social Rent Increases for 2022/23**

8.5 In accordance with the social rent policy which came into effect from 1 April 2020, rents will be increased by CPI + 1% (CPI is the official method of calculating inflation in the UK). For 2022/23 this will result in an average increase of £3.18 per week, over 52 weeks, per property.

8.6 Rents are collected over 48 weeks, resulting in an average increase of £3.44 per collection week for 2022/23.

8.7 On a typical 2 bedroom flat the weekly rent for 2022/23 will be £80.69 (over 52 weeks). For comparative purposes, the average weekly rents for a 2 bedroom flat in Exeter during 2021 are:

- £89.34 per week with a housing association
- £184.62 per week rented in the private sector

### **Rent arrears impact**

8.8 From April to October 2021 the rent arrears have increased from 3.42% to 4.70%. The factors affecting this increase can be identified as follows:

#### **8.9 Covid-19**

The Covid-19 pandemic continues to affect rent collection as the legal requirement to take further legal action to possession was paused for several months through 2020 and early 2021. All rent arrears cases are examined to ensure that vulnerability is not preventing payment and specifically assessing the impact that Covid-19 may have had on an individual's ability to pay.

Legal recovery action has now started again from August 2021 and preparation of court cases has re-started under the new court protocol, this in itself will have a positive impact going forward in increasing collection rates and lowering the rent arrears.

#### **8.10 Universal Credit**

There is a direct link to receiving direct rent arrears payments via an Alternative Payment Arrangement (APA), for tenants receiving Universal Credit. This direct mechanism is used wherever possible to maximise rent arrears recovery.

Universal Credit payment itself does have an impact on rent arrears because recipients have to wait for the first payment so arrears build up during this time. We may then have to apply for an APA and start to engage to reduce arrears. Past analysis has shown that tenants in receipt of Housing Benefit or Universal Credit make up the majority of rent arrears cases the council manages.

- 8.11 In light of the pressure on arrears, the proposed budget for rental income in 2022/23 has estimated similar levels of arrears in 2022/23. This assumes no improvement from the current year position but an anticipated improvement from 2023/24. As a guide, rent arrears were £695,174 as at 31 March 2021, in respect of current tenants.
- 8.12 New guidance was issued by MHCLG in November 2020 that set out arrangements for local authorities to apply to the Secretary of State for agreement to depart from the Government Rent Policy, if it would cause the authority 'unavoidable and serious financial difficulty'.

In considering whether the application of the Government Rent Policy would cause unavoidable and serious financial difficulty, the Secretary of State will expect to be provided with evidence that:

- the local authority's Housing Revenue Account (HRA) is at risk of a deficit in either the current or subsequent financial year
- complying with the requirements set out in the Rent Standard would jeopardise the local authority's ability to meet legal requirements/ obligations, including ensuring the health and safety of its residents
- all possible steps have been taken to avoid the need for an application to the Secretary of State, including reviewing services and commitments and taking action to minimise costs and curtailing non-essential commitments

It is not considered that there are grounds to depart from the Government's Rent Policy.

## **9. Affordable Rents for Newly Built Council Housing**

- 9.1 Affordable rent allows local authorities to set rents at levels that are typically higher than social rents, at up to 80% of local market rent inclusive of service charges. The intention behind this is to maximise returns and generate capacity for further investment in new affordable housing, allowing more people in housing need to have access to a good quality home at sub-market rent. Affordable rent is charged on new properties built to passivhaus standard, with the expectation that tenants would benefit from lower fuel bills.
- 9.2 For Exeter, this includes properties the Council has built at Knights Place, Rowan House, Silverberry Close, Barberry Close, Reed Walk and Chester Long Court, Antony Road, Bovemoors and Thornpark Rise. Affordable rents may also be increased by CPI + 1% in line with annual social rent rises.

## **10. Garage Rent Increase**

- 10.1 Rentals of non-dwellings, such as garages, are outside the scope of the Government's social rent policy. However annual increases to garage rents are generally kept in-line with rises in social rents.
- 10.2 Under self-financing local authorities are encouraged to review the rents of non-dwellings in order to ensure associated costs are fully recovered. Allowing for inflationary rises for employee costs and for general repair costs, a rise in line with rent charges is considered appropriate.
- 10.3 A 4.1% increase in garage rents and parking spaces is therefore proposed, in line with the permitted rises in social and affordable rents at CPI + 1%.

## **11. Service Charge Increase**

- 11.1 These charges cover services and facilities provided by the authority to tenants which are not covered by their rent. Service charges reflect additional services which may not be provided to every tenant, or which may be connected with communal facilities. Different tenants receive different types of service reflecting their housing circumstances.
- 11.2 Service charges are limited to covering the cost of providing the services. Government guidelines advised that authorities should endeavour to keep increases in-line with rent changes, at CPI + 1%, to help keep charges affordable. Increases above this may be made on rare occasions when an authority has increases in costs outside its control, such as increases in fuel costs.
- 11.3 It is proposed that service charges are increased by 4.1%, in line with rent rises, with the following exceptions:
- 0% increase in respect of the Older Persons' property service charge due to staffing post changes
  - 0% increase in water charges in respect of Magdalen Gardens in line with contract prices
  - 5% increase in fire alarm charges to reflect the increased cost of new contract for weekly fire alarm testing

## **12. How does the decision contribute to the Council's Corporate Plan?**

The Housing Revenue Account contributes to three key priorities, as set out in the Corporate Plan; providing value-for-money services, leading a well-run council and building great neighbourhoods.

## **13. What risks are there and how can they be reduced?**

- 13.1 The main risk to council dwelling rents relates to the COVID-19 pandemic and its impact on tenants' ability to pay.

13.2 The level of rent arrears is kept under review by the Payments and Collection Team. A provision has been made in 2022/23 for a similar arrears level to 2021/22. This assumes no recovery from current level of arrears during the next financial year. We would, however, expect recovery from the current year position over the next 12 to 24 months.

#### **14. Equality Act 2010 (The Act)**

14.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

14.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

14.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

14.4 An equality impact assessment accompanies this report in respect of the impact of the recommendations on people with protected characteristics as determined by the Act.

#### **15. Carbon Footprint (Environmental) Implications:**

No direct carbon/environmental impacts arising from the recommendations.

#### **16. Are there any other options?**

From 1 April 2020, social landlords may not increase rents by more than CPI + 1% in any year. This limit is a ceiling and landlords are able to apply a lower increase. However, any rent increases at less than CPI + 1% would have a significant impact on the HRA's financial position and resources available to invest in its stock.

**Director Finance, David Hodgson**

Author: Kayleigh Searle, Finance Manager - Corporate

#### **Local Government (Access to Information) Act 1972 (as amended)**

Background papers used in compiling this report:-

None

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## Equality Impact Assessment: *Housing Rents and Service Charges 2021-22*

The Equality Act 2010 includes a general duty which requires public authorities, in the exercise of their functions, to have due regard to the need to:

- **Eliminate discrimination**, harassment and victimisation and any other conduct that is prohibited by or under the Act.
- **Advance equality of opportunity** between people who share a relevant protected characteristic and people who do not share it.
- **Foster good relations** between people who share a relevant protected characteristic and those who do not

In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

Authorities which fail to carry out equality impact assessments risk making poor and unfair decisions which may discriminate against particular groups and worsen inequality.

<b>Committee name and date:</b>	<b>Report Title</b>	<b>Decisions being recommended:</b>	<b>People with protected characteristics potentially impacted by the decisions to be made:</b>
Executive Committee 11 <sup>th</sup> January 2022	Housing Rents and Service Charges 2022-23	That Executive recommend that Council approves:	See below

		<ul style="list-style-type: none"> <li>• Rents of Council dwellings are increased by 4.1% from 1 April 2022</li> <li>• Garage rents are increased by 4.1% from 1 April 2022</li> <li>• Service Charges are increased by 4.1%, with the exception of charges specified in paragraph 13.3, from 1 April 2022</li> </ul>	
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**Factors to consider in the assessment:** For each of the groups below, an assessment has been made on whether the proposed decision will have a **positive, negative or neutral impact**. This is must be noted in the table below alongside brief details of why this conclusion has been reached and notes of any mitigation proposed. Where the impact is negative, a **high, medium or low assessment** is given. The assessment rates the impact of the policy based on the current situation (i.e. disregarding any actions planned to be carried out in future).

**High impact** – a significant potential impact, risk of exposure, history of complaints, no mitigating measures in place etc.

**Medium impact** –some potential impact exists, some mitigating measures are in place, poor evidence

**Low impact** – almost no relevancy to the process, e.g. an area that is very much legislation led and where the Council has very little discretion

Protected characteristic/ area of interest	Positive or Negative Impact	High, Medium or Low Impact	Reason
<p><b>Race and ethnicity</b> (including Gypsies and Travellers; migrant workers; asylum seekers).</p>	<p><b>Neutral</b></p>		<p>Every year the Council reviews the rents and service charges that apply to its housing and garage stock. This is to take account of inflation and any other financial factors in order to ensure we have the income to deliver a high quality housing service to all tenants and garage renters.</p> <p>As a local authority we must observe government legislation and guidance when it comes to levying rents. The Council is permitted to apply the current policy of increasing rents by CPI plus 1%, which equates to 4.1% for 2022/23.</p> <p>Service Charges will be increased by 4.1%, with the exception of charges specified in paragraph 12.3, from 1 April 2022. Garage rents will be increased by 4.1% also.</p> <p>Increasing rent and service charges by the amounts specified will have a neutral effect on protected groups.</p> <p>It could be argued that because the proposed rent increase is 1% higher than the current rate of inflation (based on the September CPI rate) that the impact on all groups would be negative, albeit low. However, tenants have all benefitted from four year's rent cuts of 1% per year in the recent past. This increase will go a little way to redress that imbalance which cost ECC (and therefore deprived tenants of potential significant investment) around £7.9 million</p> <p>Not to increase rents by the maximum allowable will potentially damage the services we deliver (particularly our new build and retrofit plans which will ultimately cut energy bills and improve the</p>

			<p>local environment) and adversely affect the health and well-being of tenants.</p> <p>Again it could be argued that some people with protected characteristics have lower incomes than those without (or possibly no incomes at all apart from welfare benefits) and so would be adversely affected by rent rises. But the fact is that people with sufficiently low incomes will receive housing benefit or universal credit so will be largely insulated from any rent increases such as those proposed.</p> <p>Even with the proposed rent and service charge increases Exeter City Council rents are among the lowest in the city. For example, last year the average weekly rent for a two-bedroom property in the private sector was over £184. For Housing Associations it was over £89; while for Exeter City Council tenants the average rent was £77.51.</p>
<b>Disability:</b> as defined by the Equality Act – a person has a disability if they have a physical or mental impairment that has a substantial and long-term adverse impact on their ability to carry out normal day-to-day activities.	<b>Neutral</b>		See box 1 above
<b>Sex/Gender</b>	<b>Neutral</b>		See box 1 above
<b>Gender reassignment</b>	<b>Neutral</b>		See box 1 above
<b>Religion and belief</b> (includes no belief, some philosophical beliefs such as Buddhism and sects within religions).	<b>Neutral</b>		See box 1 above
<b>Sexual orientation</b> (including heterosexual, lesbian, gay, bisexual).	<b>Neutral</b>		See box 1 above
<b>Age</b> (children and young people aged 0-24; adults aged 25-50;	<b>Neutral</b>		See box 1 above

<p>younger older people aged 51-75/80; older people 81+; frail older people; people living with age related conditions. The age categories are for illustration only as overriding consideration should be given to needs).</p>			
<p><b>Pregnancy and maternity</b> including new and breast feeding mothers</p>	<p><b>Neutral</b></p>		<p>See box 1 above</p>
<p><b>Marriage and civil partnership status</b></p>	<p><b>Neutral</b></p>		<p>See box1 above</p>
<p><b><u>Actions identified that will mitigate any negative impacts and/or promote inclusion</u></b></p>			

**Officer:**  
**Date:**

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## REPORT TO EXECUTIVE

Date of Meeting: 11 January 2022

## REPORT TO COUNCIL

Date of Meeting: 22 February 2022

Report of: Bindu Arjoon, Deputy Chief Executive

Title: Local Council Tax Support scheme 2022-23

### Is this a Key Decision?

No

### Is this an Executive or Council Function?

Council

### 1. What is the report about?

This report seeks Member's agreement on the Local Council Tax Support (CTS) scheme for working age residents for 2022/23.

Members are required to agree working age scheme rules annually.

### 2. Recommendations:

That Executive agrees and RECOMMENDS to Council that the scheme in place for the current year continues for 2022-23 without substantive changes.

### 3. Reasons for the recommendation:

- 3.1 The effects of the pandemic are still being felt in the working age Council Tax Support caseload. Numbers and makeup of the cases have changed significantly and the situation remains somewhat unpredictable. This makes it an inappropriate time to look at making major changes to the support offered by the scheme.
- 3.2 Large numbers of new claims and volatile Universal Credit incomes greatly increased the work of administering CTS claims through 2020 and 2021. However this was managed well within the team without impacting on the quality of service delivered. Incoming volumes have stayed higher than pre-pandemic levels, but remain manageable.
- 3.3 The full advantages that can be gained from simplifying the scheme of Local Council Tax Support can only be achieved once the IT needed is made available by the supplier.
- 3.4 Any proposals to make major changes will need to be extensively modelled to understand the impact on vulnerable households. This involves significant resources which have not been available while dealing with the ongoing Covid-19 response.

#### **4. What are the resource implications including non-financial resources.**

Scheme costs for the working age group have increased by 21% since March 2020. This translates to around £58,000 for Exeter City Council and £528,000 for Devon County Council. The increase was driven by a rapid rise in Universal Credit cases at the start of the first lockdown – over 1.5 million new claims in just 5 weeks of March / April 2020. Exeter City Council's working age Council Tax Support claim volumes have reduced from their peak of 5073 in July 2020, but at 4763 remain above the March 2020 level of 4450.

#### **5. Section 151 Officer comments:**

There are no financial implications arising from the recommendation to adopt the proposed scheme for 2022-23. However, members should note the additional costs of the scheme as set out in section 4 above.

#### **6. What are the legal aspects?**

Paragraph 5 of Schedule 1B to the Local Government Finance Act 1992 requires billing authorities to adopt a Council Tax Support scheme each year, no later than 11 March.

#### **7. Monitoring Officer's comments:**

This report raises no issues for the Monitoring officer.

#### **8. Report details:**

8.1 Exeter City Council's local Council Tax Support scheme has been in place since national Council Tax Benefit was abolished in April 2013. Rules for pensioners are set nationally, leaving discretion for local rules for working age customers. The scheme agreed by Exeter City Council from April 2013 was based on the old Council Tax Benefit scheme with the following key changes:

- Maximum support limited to 80%
- The maximum level of capital a claimant could have before losing entitlement reduced from £16,000 to £6,000
- Introduction of an Exceptional Hardship policy to help in cases of extreme financial hardship ensuring that protection and support is given to those most in need.

This scheme remained unchanged between April 2013 and April 2017.

8.2 In April 2017, the Council introduced a number of changes to the scheme for working age customers. These changes were intended to align with changes introduced in nationally determined benefits such as Housing Benefit, Universal Credit, Employment and Support Allowance and Council Tax Support for pensioners. The changes introduced were:

1. Using a minimum income for self-employed earners after 1 year's self-employment
2. Reducing backdating to 1 month and allowing claims from newly liable customers
3. Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Support to 4 weeks
4. Removing the Work Related Activity Component in the calculation of the entitlement for new applicants
5. Removing entitlement to the Severe Disability Premium where another person is paid Universal Credit (Carers Element) for looking after them

6. Removing entitlement to the additional earnings disregard for Universal Credit customers in work
- 8.3 37% of households and 43% of expenditure for Council Tax Support is for pensioner cases. The scheme for pensioners is set by Central Government and the council therefore has no influence over the level of support given.
- 8.4 Members have previously agreed to consider moving to a simpler banded scheme of support due to:
- An expected reduction in administration funding;
  - To align with digital and self-service transformation;
  - To align the scheme with other Council Tax Discounts.
- 8.5 A simple banded scheme will be a major change requiring new scheme rules, new software and new processes. The work that officers will need do for consideration by Members will include full impact assessments and options for mitigations of any negative impact.
- 8.6 Since March 2020 there has been significant additional demand placed on the Revenues and Benefits & Welfare service areas to deliver Covid-19 response. This work is ongoing with over 2200 claims for the Test and Trace Support Payment scheme processed on behalf of Department for Health and Social Care since September 2020. We have also recently launched the Exeter Household Support Fund on behalf of Department for Work and Pensions and Devon County Council. This will run until the end of the financial year and has already generated over 150 claims in 10 days before promotion work begins. There therefore remains a lack of capacity to undertake the work required to properly consider and implement major changes.
- 8.7 Any simplified scheme, if it is not to be more expensive, will mean that some customers will receive a reduced level of support. At a time when household incomes are already under pressure, this would be a difficult ask of low income Council Tax payers, whatever mitigations were put in place.
- 8.8 Before introducing further suggestions for Members' consideration, more work needs to be done to understand the affordability of the current scheme which limits support to 80% of the full charge. The impact of small balances on collection rates should be considered as part of a decision on levels of support provided through the scheme. This work is made more complex while the impacts of Covid-19 on caseloads and household income is being felt.
- 8.9 The digital and administrative reasons for changing the scheme depend on moving the Local Council Tax Support scheme to a simpler IT platform. Currently this could only be done through changes to the Capita Revenues system. To date Capita have not developed this solution.

## **9. How does the decision contribute to the Council's Corporate Plan?**

The Council Tax Support scheme supports Exeter's communities and neighbourhoods by helping low income residents meet their Council Tax liability. The Exceptional Hardship policy strengthens this support by ensuring that the scheme rules do not cause inadvertent hardship in individual cases. During 2020/21 a total of 6468 payments

totalling £959,281 was paid through Exceptional Hardship. This included a one-off grant from MHCLG of £934.439 for COVID-19 hardship.

## **10. What risks are there and how can they be reduced?**

The current scheme of Local Council Tax Support is well known and understood. Retaining it in the current form presents little risk.

## **11. Equality Act 2010 (The Act)**

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because the proposal is not to change the scheme, therefore protections already built into the scheme still apply. An Equality Impact Assessment accompanies this report and Members are requested to have read this assessment.

## **12. Carbon Footprint (Environmental) Implications:**

No direct carbon/environmental impacts arising from the recommendations.

## **13. Are there any other options?**

Changes can be made to the local scheme of support annually from 01 April, agreed by Council by 11 March. Proposed changes must be subject to a public consultation before adoption. Failure to agree a new scheme results in the retention of the current scheme by default.

**Deputy Chief Executive, Bindu Arjoon**

Author: Chris Buckman, Benefits & Welfare Lead

## **Local Government (Access to Information) Act 1972 (as amended)**

Background papers used in compiling this report:-

None

Contact for enquires:

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## Equality Impact Assessment: *Local Council Tax Support scheme 2022-23*

The Equality Act 2010 includes a general duty which requires public authorities, in the exercise of their functions, to have due regard to the need to:

- **Eliminate discrimination**, harassment and victimisation and any other conduct that is prohibited by or under the Act.
- **Advance equality of opportunity** between people who share a relevant protected characteristic and people who do not share it.
- **Foster good relations** between people who share a relevant protected characteristic and those who do not

In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

Authorities which fail to carry out equality impact assessments risk making poor and unfair decisions which may discriminate against particular groups and worsen inequality.

<b>Committee name and date:</b>	<b>Report Title</b>	<b>Decisions being recommended:</b>	<b>People with protected characteristics potentially impacted by the decisions to be made:</b>
Executive 11 January 2022	Local Council Tax Support scheme 2022-23	Maintain current scheme of support for next financial year.	Neutral – Exeter’s Local Council Tax Support Scheme is based on the previous Council Tax Benefit scheme in order to include the protections that existed in that national scheme of support, which was in place for many years prior

Committee name and date:	Report Title	Decisions being recommended:	People with protected characteristics potentially impacted by the decisions to be made:
			to 2013. No change to current scheme is proposed, therefore little impact is expected on any individuals with protected characteristics.

**Factors to consider in the assessment:** For each of the groups below, an assessment has been made on whether the proposed decision will have a **positive, negative or neutral impact**. This must be noted in the table below alongside brief details of why this conclusion has been reached and notes of any mitigation proposed. Where the impact is negative, a **high, medium or low assessment** is given. The assessment rates the impact of the policy based on the current situation (i.e. disregarding any actions planned to be carried out in future).

**High impact** – a significant potential impact, risk of exposure, history of complaints, no mitigating measures in place etc.

**Medium impact** – some potential impact exists, some mitigating measures are in place, poor evidence

**Low impact** – almost no relevancy to the process, e.g. an area that is very much legislation led and where the Council has very little discretion

Protected characteristic/ area of interest	Positive or Negative Impact	High, Medium or Low Impact	Reason
Race and ethnicity (including Gypsies and Travellers; migrant workers; asylum seekers).	Neutral	N/A	No differential treatment in the scheme rules. Access to the support is through standard ECC routes – generally via the website or over the phone. Scheme of support is long established and well understood by groups who work with and advise customers of different races or ethnicity who may find accessing support more difficult.
Disability: as defined by the Equality Act – a person has a disability if they have a physical or mental impairment	Neutral	N/A	The scheme includes additional amounts for disability based on entitlement to nationally administered benefits. This recognises the additional pressures that disabled customers or their families may

Protected characteristic/ area of interest	Positive or Negative Impact	High, Medium or Low Impact	Reason
that has a substantial and long-term adverse impact on their ability to carry out normal day-to-day activities.			have on their expenditure and their increased barriers to increasing their income.
<b>Sex/Gender</b>	Neutral	N/A	63% of working age claimants are recorded as female. Only 52% of claims from a couple are made in the name of a female claimant, however 94% of single parent claimants are female. The scheme rules do not distinguish on gender, however there are clearly a greater number of women subject to the local scheme rules.
<b>Gender reassignment</b>	Neutral	N/A	Details not recorded – gender reassignment status is not a relevant characteristic under the scheme rules. Claimant and partner gender are recorded as reported by the claimant and supported by verification of official documents and records.
<b>Religion and belief</b> (includes no belief, some philosophical beliefs such as Buddhism and sects within religions).	Neutral	N/A	No differential treatment in the scheme rules. Access to the support is through standard ECC routes – generally via the website or over the phone. Scheme of support is long established and well understood by groups who work with and advise customers of different religions or beliefs who may find accessing support more difficult.
<b>Sexual orientation</b> (including heterosexual, lesbian, gay, bisexual).	Neutral	N/A	Details not recorded – sexual orientation is not a relevant characteristic under the scheme rules. Same sex couples are recognised in the same way as heterosexual couples.
<b>Age</b> (children and young people aged 0-24; adults aged 25-50; younger older people aged 51-75/80; older people 81+; frail older people; people living with age related conditions. The age categories are for illustration only as overriding consideration should be given to needs).	Neutral	N/A	Council Tax Support offers help with the cost of Council Tax to low income households. Nobody under 18 can have a liability for Council Tax or therefore claim Council Tax Support. The scheme for pension age customers is set by Central government and not part of the Local Council Tax Support scheme that is the subject of this decision. Single young people under the age of 25 with no children and not receiving Universal Credit could receive a lower award than those aged 25 or over. This reflects the lower benefit rates that they receive in the national benefit scheme. In practice there are no customers in this situation.

<b>Protected characteristic/ area of interest</b>	<b>Positive or Negative Impact</b>	<b>High, Medium or Low Impact</b>	<b>Reason</b>
<b>Pregnancy and maternity</b> including new and breast feeding mothers	<b>Neutral</b>	<b>N/A</b>	<b>Status not relevant to scheme rules.</b>
<b>Marriage and civil partnership status</b>	<b>Neutral</b>	<b>N/A</b>	<b>Co-habiting couples are treated the same under the scheme rules regardless of their marriage or civil partnership status.</b>

**Actions identified that will mitigate any negative impacts and/or promote inclusion**

**N/A – proposal is to retain current scheme rules which will have no impact on current situation.**

**Officer: Chris Buckman**

**Date: 22<sup>nd</sup> November 2021**

## REPORT TO EXECUTIVE

Date of Meeting: 11<sup>th</sup> January 2022

Report of: Deputy Chief Executive

Title: Housing Ombudsman Complaint Handling Code: Self-Assessment

### Is this a Key Decision?

No

### Is this an Executive or Council Function?

Executive

#### 1. What is the report about?

In 2020 the Housing Ombudsman published their Complaint Handling Code [The Housing Ombudsman's Complaint Handling Code \(housing-ombudsman.org.uk\)](https://www.housing-ombudsman.org.uk) setting out good practice that will allow landlords to respond to complaints effectively and fairly. As part of the Code member landlords must complete regular self-assessments in order to benchmark against the Code's requirements and identify areas where a landlord can make improvements.

The Council Housing and Development Advisory Board reviewed the self-assessment on 16th November 2021, the Board did not identify any issues or request any amendments to be made and noted that the self-assessment will be presented to the Executive. Therefore, we are asking members to review and consider our self-assessment.

#### 2. Recommendations:

That the Executive note the report.

#### 3. Reasons for the recommendation:

The Code must be reported to Board/elected members in order to ensure transparency.

#### 4. What are the resource implications including non-financial resources?

There are no additional resource implications at this stage

#### 5. Section 151 Officer Comments:

There are no financial implications contained within this report.

#### 6. What are the legal aspects?

None identified

#### 7. Monitoring Officer's comments:

This report raises no issues for the Monitoring Officer.

## **8. Report details:**

The self-assessment promotes transparency and compliance by comparing complaints procedure against the Housing Ombudsman Complaint Handling Code. The self-assessment requires a landlord to consider all the communication methods offered, consider accessibility of the service and to ensure feedback and service improvement mechanisms are in place so the complaints service has opportunity to be improved when improvements are identified.

## **9. How does the decision contribute to the Council's Corporate Plan?**

The self-assessment contributes to the Council's Corporate Plan by meeting the communities' aspirations, and assisting in having a well-run council whilst providing value-for-money services.

## **10. What risks are there and how can they be reduced?**

By following the Housing Ombudsman Complaint Handling Code and carrying out self-assessment, the level of risk in regards to the Housing Ombudsman issuing a negative determinations with the handling of complaints will be reduced considerably.

## **11. Equality Act 2010 (The Act)**

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal potential impact has been identified on people with protected characteristics as determined by the Act and an Equalities Impact Assessment has been included in the background papers for Member's attention.

## **12. Carbon Footprint (Environmental) Implications:**

No direct carbon/environmental impacts arising from the recommendations

### **13. Are there any other options?**

No

**Deputy Chief Executive, Bindu Arjoon**

Author: Vicky Labbett - Housing Policy Officer

### **Local Government (Access to Information) Act 1972 (as amended)**

Background papers used in compiling this report:-

None

Contact for enquires:  
Democratic Services (Committees)  
Room 4.36  
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Housing Ombudsman Complaint Handling Code:

Self-assessment form Exeter City Council

Compliance with the Complaint Handling Code

**1. Definition of a complaint**

Question	Yes	No
<p>Does the complaints process use the following definition of a complaint?</p> <p><i>An expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual resident or group of residents.</i></p> <p><u>Response:-</u></p> <p>The complaints policy was updated in 2020 following a corporate review and this definition was adopted.</p>	Yes	
<p>Does the policy have exclusions where a complaint will not be considered?</p> <p><u>Response:-</u></p> <ul style="list-style-type: none"> <li>• Service requests – e.g. reports of ASB</li> <li>• A complaint would not usually be considered 12 months after noticing the issue</li> <li>• A complaint may not be considered if it is a duplication of a previous complaint – but it could be escalated or referred to the Housing Ombudsman</li> </ul> <p>If the Council decides not to accept a complaint then a detailed explanation is provided setting out the reasons why the matter is not suitable for the complaints process.</p>	Yes	
<p>Are these exclusions reasonable and fair to residents?</p> <p>Evidence relied upon Yes, the exclusions have been reviewed by our acting tenant focus group in 2020.</p>		

**2. Accessibility**

Question	Yes	No
Are multiple accessibility routes available for residents to make a complaint?	Yes	

Question	Yes	No
<p><u>Response:-</u></p> <p>Tenants can access a complaint service via:</p> <ul style="list-style-type: none"> <li>• Phone</li> <li>• Letter</li> <li>• Email</li> <li>• Visiting the Council Office (suspended during lockdowns)</li> <li>• A home visit to capture a complaint (suspended during lockdowns)</li> <li>• Online form (the Council's website is compatible with accessibility facilities such as browse aloud)</li> <li>• Via our Facebook page</li> </ul>		
<p>Is the complaints policy and procedure available online?</p> <p><u>Response:-</u></p> <p>The policy is available online which includes procedure details about making a complaint.</p>	Yes	
<p>Do we have a reasonable adjustments policy?</p> <p><u>Response:-</u></p> <p>We do not have a standalone Reasonable Adjustment Policy but the Council's Equality Policy includes the points which would otherwise be covered in a separate policy.</p>	Yes	
<p>Do we regularly advise residents about our complaints process?</p> <p><u>Response:-</u></p> <p>The website includes information on how to raise a complaint. The latest annual report and previous newsletters all contain information about the complaints service.</p> <p><u>Action:-</u></p> <p>The next newsletter will include advice to residents on their right to access the Housing Ombudsman services, including the dispute resolution service.</p>	Yes	

### 3. Complaints team and process

Question	Yes	No
Is there a complaint officer or equivalent in post?	Yes	
Does the complaint officer have autonomy to resolve complaints?		No
<u>Response:-</u>		

Question	Yes	No
Complaints are passed to the appropriate Investigating Officer for investigation and resolution.		
Does the complaint officer have authority to compel engagement from other departments to resolve disputes?  <u>Response:-</u>  The Housing Business Support Officer has access to other departments and can escalate complaints up to the Corporate Manager who can also compel engagement.	Yes	
If there is a third stage to the complaints procedure are residents involved in the decision making?		No
Is any third stage optional for residents?  <u>Response:-</u>  We offer a 'local resolution level' which we call 'Feedback'. Customers do not have to use this service before accessing the complaints process.	NA	
Does the final stage response set out residents' right to refer the matter to the Housing Ombudsman Service?	Yes	
Do we keep a record of complaint correspondence including correspondence from the resident?  <u>Response:-</u>  Complaints are logged on the housing database (OpenHousing). A full record is kept of the complaint and the outcome(s) at each stage.	Yes	
At what stage are most complaints resolved?  <u>Response:-</u>  The vast majority of complaints (85%) are resolved at the Stage 1 of the process.		

#### 4. Communication

Question	Yes	No
Are residents kept informed and updated during the complaints process?  <u>Response:-</u>  The Investigating Officer (IO) can provide an update to the complainant about the investigation. In addition, the Housing Business Support Officer will provide an update if there are any delays anticipated and/or to discuss the complaint and provide any requested information.	Yes	

Question	Yes	No
<p>Are residents informed of the landlord's position and given a chance to respond and challenge any area of dispute before the final decision?</p> <p><u>Response:-</u></p> <p>Residents are informed of the Council's position at Stage 1 and can challenge the outcome of their complaint before escalating to Stage 2. If an alternative outcome is agreed at Stage 1, then we write to the resident issuing an 'additional response'</p>	Yes	
<p>Are all complaints acknowledged and logged within five days?</p> <p>Are residents advised of how to escalate at the end of each stage?</p> <p><u>Response:-</u></p> <p>Yes, this information is included in standard letters at both Stage 1 and 2.</p>	Yes	
<p>What proportion of complaints are resolved at stage one? 85%</p>		
<p>What proportion of complaints are resolved at stage two? 15%</p>		
<p>What proportion of complaint responses are sent within Code (10 days) timescales?</p> <p><u>Response:-</u></p> <p>The Council operates a 15 working day response timescale for Stage 1 and Stage 2 complaints across the organisation. The Housing Ombudsman recommends that Stage 1 complaints should be responded within 10 working days and Stage 2 within 20 working days. However, the Housing Ombudsman also understands that it is not always possible to operate a two tier complaint process within an organisation. As such, the Housing Ombudsman recommended timescales will not be adopted at this time.</p> <p>The Council's current timescale (15 working days):</p> <ul style="list-style-type: none"> <li>• Stage one – <b>87%</b> Stage one (with extension) - <b>100%</b></li> <li>• Stage two – <b>43%</b> Stage two (with extension) – <b>100%</b></li> </ul> <p>Figures taken from October 2020 – September 2021 – 39 Stage One complaints + 7 Stage Two complaints</p>		
<p>Where timescales have been extended did we have good reason?</p> <p><u>Response:-</u></p> <p>More investigation time was required due to staff availability issues and complex cases requiring additional investigation time, also, the</p>	Yes	

Question	Yes	No
<p>Covid-19 pandemic response workload was a major contributing factor during this time.</p> <p>The number of Responding Officers at Stage 2 has recently been increased from one person to three in order to increase staff capacity.</p>		
Where timescales have been extended did we keep the resident informed?	Yes	
<p>What proportion of complaints do we resolve to residents' satisfaction</p> <p><u>Response:-</u></p> <p>Feedback using the Housemark survey template has demonstrated an 89% satisfaction rate for complaint handling and 80% satisfaction rate for the outcome of their complaint.</p> <p><u>Action:-</u></p> <p>We will continue to promote the surveys and collect responses in different formats such as phone, mail and email</p>		

## 5. Cooperation with the Housing Ombudsman Service

Question	Yes	No
Were all requests for evidence responded to within 15 days?	Yes	
Initial requests were responded to within 15 working days.		
Where the timescale was extended did we keep the Ombudsman informed?	Yes	

## 6. Fairness in complaint handling

Question	Yes	No
Are residents able to complain via a representative throughout?	Yes	
<p><u>Response:-</u></p> <p>Protocols are in place to ensure GDPR compliance.</p>		
If advice was given, was this accurate and easy to understand?	Yes	
How many cases did we refuse to escalate?		
None		
What was the reason for the refusal?		
N/A		
Did we explain our decision to the resident?	N/A	

## 7. Outcomes and remedies

Question	Yes	No
<p>Where something has gone wrong are we taking appropriate steps to put things right?</p> <p><u>Response:-</u></p> <p>Complaint KPIs along with commentary are reported to the Housing Management Team on a monthly basis. This provides an opportunity to identify trends, learning opportunities and decide and implement any remedies.</p>	Yes	

## 8. Continuous learning and improvement

Question	Yes	No
<p>What improvements have we made as a result of learning from complaints?</p> <p><u>Response:-</u></p> <p>Internal processes:-</p> <ul style="list-style-type: none"> <li>Contractor appointment cancellations have been addressed, we were able to ensure staff could prevent further instances of appointment handling errors through vigorous monitoring.</li> <li>Following receipt of a damp and mould complaint, we have implemented a new damp and mould inspection service. This will speed up the treatment times and allow us to keep improved records of damp properties.</li> </ul> <p>Complaints process:-</p> <ul style="list-style-type: none"> <li>The stage in which complaints are logged is now decided within the department by the Housing Business Support Officer in order to ensure more accurate logging.</li> <li>The claims and compensation process is currently being reviewed.</li> </ul>		
<p>How do we share these lessons with:</p> <p>a) Residents?</p> <p>The full self-assessment will be published on the website.</p> <p>b) The board/governing body?</p> <p>The full self-assessment will be reported to the Council Housing &amp; Development Advisory Board. Any</p>		

Question	Yes	No
<p>outcomes/recommendations will be reported to the Council's Executive Committee.</p> <p>c) In the Annual Report?</p> <p>Details of the self-assessment will be included in the Annual Report.</p>		
<p>Has the Code made a difference to how we respond to complaints?</p> <p><u>Response:-</u></p> <p>In 2020 we amended our Stage 1 response letter to reflect the Ombudsman's complaint response template</p>	Yes	
<p>What changes have we made?</p> <p><u>Implemented changes:-</u></p> <ul style="list-style-type: none"> <li>• Complaint webpages have been updated</li> <li>• Response letters have been updated to reflect the Ombudsman's new templates</li> <li>• The Housing Business Support Officer now logs all complaints for the department to ensure more accurate results</li> <li>• The number of Responding Officers at Stage 2 has increased from one to three</li> <li>• Reports of damp and mould now follow a new path of action</li> <li>• The issue of contractor appointment cancelling has been addressed</li> </ul>		

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## Equality Impact Assessment: *Housing Ombudsman self-assessment*

The Equality Act 2010 includes a general duty which requires public authorities, in the exercise of their functions, to have due regard to the need to:

- **Eliminate discrimination**, harassment and victimisation and any other conduct that is prohibited by or under the Act.
- **Advance equality of opportunity** between people who share a relevant protected characteristic and people who do not share it.
- **Foster good relations** between people who share a relevant protected characteristic and those who do not

In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

Authorities which fail to carry out equality impact assessments risk making poor and unfair decisions which may discriminate against particular groups and worsen inequality.

<b>Committee name and date:</b>	<b>Report Title</b>	<b>Decisions being recommended:</b>	<b>People with protected characteristics potentially impacted by the decisions to be made:</b>
Executive Committee  11 <sup>th</sup> January 2022	Housing Ombudsman self-assessment	Approval of report	Positive impact mainly as the self-assessment requires us to confirm that we will work with Support Workers/nominated persons of a complainant

**Factors to consider in the assessment:** For each of the groups below, an assessment has been made on whether the proposed

decision will have a **positive, negative or neutral impact**. This is must be noted in the table below alongside brief details of why this conclusion has been reached and notes of any mitigation proposed. Where the impact is negative, a **high, medium or low assessment** is given. The assessment rates the impact of the policy based on the current situation (i.e. disregarding any actions planned to be carried out in future).

**High impact** – a significant potential impact, risk of exposure, history of complaints, no mitigating measures in place etc.

**Medium impact** –some potential impact exists, some mitigating measures are in place, poor evidence

**Low impact** – almost no relevancy to the process, e.g. an area that is very much legislation led and where the Council has very little discretion

Protected characteristic/ area of interest	Positive or Negative Impact	High, Medium or Low Impact	Reason
<b>Race and ethnicity</b> (including Gypsies and Travellers; migrant workers; asylum seekers).	NA		
<b>Disability:</b> as defined by the Equality Act – a person has a disability if they have a physical or mental impairment that has a substantial and long-term adverse impact on their ability to carry out normal day-to-day activities.	Positive	Medium	The self-assessment demonstrates that we will work with Support Workers or nominated person(s) the complainant appoints in order ensure accessibility of the service as well as making any other reasonable adjustments where required.
<b>Sex/Gender</b>	NA		
<b>Gender reassignment</b>	NA		
<b>Religion and belief</b> (includes no belief, some philosophical beliefs such as Buddhism and sects within religions).	NA		
<b>Sexual orientation</b> (including heterosexual, lesbian, gay, bisexual).	NA		
<b>Age</b> (children and young people aged 0-24; adults aged 25-50; younger older people aged 51-75/80; older people 81+; frail older people; people	Positive	Medium	The results of the self-assessment promotes complaint reporting by various methods including the corporate website and the social media housing account. This will help ensure the service is accessible to 'harder to reach' groups which often includes younger people.

Protected characteristic/ area of interest	Positive or Negative Impact	High, Medium or Low Impact	Reason
living with age related conditions. The age categories are for illustration only as overriding consideration should be given to needs).			
<b>Pregnancy and maternity</b> including new and breast feeding mothers	NA		
<b>Marriage and civil partnership status</b>	NA		

**Actions identified that will mitigate any negative impacts and/or promote inclusion**

The self-assessment promotes accessibility of the complaint service by promoting principals set out by the Housing Ombudsman. These include, that our complaints service is widely advertised through communication articles with residents, complaints are reportable via as many communication methods as possible and processes are in place to ensure Support Workers and nominated persons can advocate on behalf of a complainant.

**Officer: Vicky Labbett**

**Date: 29<sup>th</sup> November 2021**

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