

EXECUTIVE

Monday 28 February 2022

Present:

Councillor Bialyk (Chair)

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

Apologies:

Councillors Leadbetter and K.Mitchell as opposition Leaders

Also present:

Chief Executive & Growth Director, Deputy Chief Executive, Director Corporate Services, Director of Culture, Leisure and Tourism, Corporate Manager Democratic and Civic Support, Service Lead Legal Services, Service Lead - Net Zero, Commercialisation, Skills, Business and City Centre, Active & Healthy People Programme Lead, Assistant Service Lead – Local Plan, Democratic Services Team Leader and Democratic Services Officer (HB)

33

MINUTES

The minutes of the meeting held on 8 February 2022, were taken as read, approved and signed by the Chair as a correct record.

34

DECLARATIONS OF INTEREST

Members declared the following interests:-

- Councillor Wood - Minute. 38 - non pecuniary interest.

35

QUESTIONS FROM THE PUBLIC UNDER STANDING ORDER NO. 19

No questions from members of the public were received.

36

URGENT ITEM- SITUATION IN UKRAINE

The Leader raised an urgent item on the current situation in Ukraine.

The Leader, Councillor Bialyk, highlighted he was proud of his Ukrainian heritage and expressed his horror at the Russian Government's invasion of Ukraine. He raised an urgent item relating to the City's on-going relationship with its Russian twinned city of Yaroslavl.

He stated that, bearing in mind the friendship and good relationships the city had enjoyed with the people in Yaroslavl, the actions of the Russian Government could not be condoned and, as such, he would be putting forward the following motion for consideration by the Extraordinary meeting of Council on 10 March 2022:-

(1) That Exeter stands in solidarity with the people of Ukraine and the Council agrees to immediately suspend its civic relationship with Yaroslavl;

(2) That it be noted that the Leader of the Council will write to Vadym Prystaiko, the Ukrainian Ambassador to the United Kingdom offering the City's support for the people of Ukraine in these difficult times;

(3) That it be noted that the Leader of the Council has written to the Home Secretary advising her that Exeter has always been a City which welcomes refugees from all over the world in their hour of need, and it would support the acceptance of Ukrainian refugees and urges the UK Government to consider an urgent review into the criteria to be applied to those Ukrainian citizens who are seeking asylum in the UK;

(4) That appropriate arrangements be made, in cooperation with Inclusive Exeter, to extend and engage support for the Ukrainian community in Exeter.

37

URGENT DECISION – EXETER CITY COUNCIL’S RESPONSE TO THE DEVON CLIMATE CITIZENS ASSEMBLY

The Executive noted the urgent matter of the response from Exeter City Council to the Devon Climate Emergency team, which had sought Member feedback to provide a response from Exeter City Council to the Devon Climate Assembly by the 27 January 2022. In accordance with the Council’s Constitution, it had been discussed with the Leader, the Portfolio Holder for Net Zero Exeter 2030 and the Chair of the Strategic Scrutiny Committee.

Councillor D. Moore, as an opposition leader, spoke on this item, and agreed that the climate assemble was an important piece of work and hoped that the Council would refer to the work to help inform decisions. She enquired on what the view of the Place Board was on the recommendations of the Devon Climate Assembly and how they would respond to this work.

Councillor Moore sought further clarification on the retrofit programme and that following Council on 22 February, it was being worked on. She referred to question 3 of the response and asked if the Portfolio Holder for Council Housing Development and Services could clarify the standard to which the Council houses were being retrofitted, as it wasn’t to Passivhaus standard, as was clarified at the meetings of the Council Housing and Development Advisory Board.

The Leader, in responding, stated that the letter was a collective and independent response from Exeter City Council Members and officers, as partners of the Devon Climate Emergency, and was not the response of the Place Board. He undertook to ensure a separate response would be made to Councillor Moore on the other points she had raised.

The Portfolio Holder for Net Zero Exeter 2030, confirmed that the letter was the City Council response to the resolutions of the Devon Climate Assembly. Because of the timing of the request and the deadline for a response, it had not been possible to report the request through the timetabled schedule of meetings, and had been treated as an urgent matter.

She further explained that there were some organisations that sit on the Devon Climate Emergency who are represented on the Place Board, who would have had the opportunity to respond to the Devon Climate Emergency team on behalf of their own organisations.

RESOLVED that the urgent matter be noted.

38

PINHOE COMMUNITY HUB BUSINESS PROPOSAL

Councillor Wood declared a non-pecuniary interest and left the meeting during consideration of the following item.

The Executive received the report which informed Members of the work that had been undertaken to date by the local community regarding the future development of the Pinhoe Community Hub. The Council had provided funding support to the Pinhoe Community Hub Trustees for a feasibility study, which was presented at the meeting.

Officers would continue to work with the Trustees to enhance the business case and develop a robust capital investment portfolio, which would be reviewed for potential funding resources before a subsequent recommendation to Executive and Council, to support the project.

At present the capital build was projected at £2 million with a request for Council resources of £1.3 million from CIL and Section 106 funds towards the project. Members were advised that the proposals included a new library, a community café, a self-sufficient business hub and work spaces and changing rooms for the adjacent playing fields.

Particular reference was made to an updated annual infrastructure funding statement and to work on a Community Infrastructure Levy funding programme, which would set out financial commitments to future infrastructure projects and would be presented to the Executive later in 2022.

In the absence of Councillor Leadbetter, the following questions were read out:-

- In consideration of the External Auditor's Findings and Recommendations as presented to Audit & Governance Committee 25.11.20 re Pinhoe Hub would the City Council be able to assist with ongoing support if ongoing running costs monies could not be raised from other sources; and
- Were there any future proposals for the existing library site?

The Leader in responding, highlighted that he would seek clarification from Councillor Leadbetter on the points raised and a response would be provided.

Councillor D. Moore, as an opposition leader, spoke on this item and welcomed the work of the community and trustees and acknowledged that a community hub was important for the area and raised several issues:-

- Clarification was sought on ensuring that the building would be built to the highest environmental standards in construction and operation, and achieve a recognised low carbon standard for its construction to meet the Councils climate target and ensure that the community wasn't left with any expensive liability.
- Clarification was sought on the lease arrangements, which should be clear to ensure funders could commit to substantial funding;
- The Community Grants Panel determined how the neighbourhood portion of the community infrastructure funded a range of projects for communities. There had been concern that the process for any recommendation being returned to the Executive and Council for determination circumvented the agreed grants process. The Annual Infrastructure Funding Statement also made reference to smaller projects being funded from the neighbourhood proportion of CIL. Why had the Community Hub not followed the same process?

- Would the Leader agree for any recommendation around CIL would follow the Councils' agreed grants process for the allocation of CIL monies, rather than return to the Executive.

The Leader responded that the report sought approval for Officers to continue working with Pinhoe Trustees to develop the business case. This would involve the future approach to its' environmental impact, establishing a lease and setting up the necessary governance. The Leader confirmed that any recommendations would be taken to the Executive and Council.

The Portfolio Holder for City Management stated that the project had been developed in response to concerns over the loss of library facilities which had expanded to encompass the development of other services and that some £750,000 had been raised by the Trustees themselves.

The Portfolio Holder for Communities and Culture agreed that a new facility was needed for residents and supported the work of the business case. She confirmed that the Council funding had not come from the 15% of CIL monies relating to community grants but from the remaining balance of 85%.

RECOMMENDED that Council:-

- (1) note the contents of the Business Case; and
- (2) authorise officers to work with the community group to assess the viability of the business case, noting that any recommendation around CIL would return to Executive and Council for determination.

39

ANNUAL INFRASTRUCTURE FUNDING STATEMENT 2021

The Executive received the report on the Annual Infrastructure Funding Statement for 2021, which had been published on the Council website in December 2021, as required by the Community Infrastructure Levy Regulations, providing Members with information relating to funding from the Community Infrastructure Levy (CIL) as well as Section 106 monies. The report further outlined a series of projects which could benefit from future Community Infrastructure funding.

Councillor D. Moore, as an opposition leader, spoke on this item, raising the following matters:-

- clarification was sought on what was meant by sustainable transport measures for a number of projects and whether it is for walking, cycling and/or road building and, if the latter, how would road building or road widening contribute to improving air quality and reducing carbon emissions; and
- how would CIL monies be used towards projects if the brief for the review of CIL suggests that Liveable Exeter sites are zero rated.

The Leader undertook to provide answers to the issues raised.

Members welcomed the information in the report.

RESOLVED that the content and publication of the Annual Infrastructure Statement for 2021 be noted.

40

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 - EXCLUSION OF PRESS AND PUBLIC

In accordance with Regulation 5, Paragraph 5, Part 2 of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 concerning the procedures prior to private meetings, the details of the representations received had been included on the agenda with the statement of response to the representations.

The reason for the exemptions was that it was in the public interest to maintain the confidentiality of the company's business plan and business case respectively and the recommendation that minutes 42 and 43 be taken under Part 2 be maintained.

Councillor D. Moore, as an opposition leader, made a representation, objecting to the recommendation to move into Part II, excluding the press and public for minutes 42 and 43. She stated that the items related to proposed development by a residential property company for which Exeter City Council, as the local planning authority and prospective owner of that residential property company, may grant itself planning permission and, as such, the discussion should not be held privately.

The Director Corporate Services advised that neither report related to planning permission. The first report (Minute. 42) was a business plan and the second report (Minute. 43) was a business case and both contained information relating to the financial or business affairs of the respective companies and that the recommendation to move to Part II was legally acceptable.

The recommendation to move into Part II for the following three items was moved and seconded and carried unanimously.

RESOLVED that under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items on the grounds that they involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1, Schedule 12A of the Act.

41

HAMLIN GARDENS HOUSING SCHEME

The Executive received the report on the Hamlin Gardens Housing scheme. The Report provided an overview of the previously approved budget in October 2019 of £4m for this Scheme as well as the procurement and budget challenges that had occurred since the approval of the budget.

Particular reference was made to circumstances arising since the initial budget approval related to the impact of both of Brexit and the Covid Pandemic on materials availability and costs, skills shortages in the industry. This, coupled with a buoyant market, mean that the latest procurement exercise conducted in October 2021 concluded that it was no longer possible to deliver the scheme for the approved budget allocation.

Members were reminded that they had previously agreed a sum of £3m to be used to realise development opportunities and it was proposed that £1.3m of this be used to increase the budget available to develop the Hamlin Gardens site.

It was confirmed that the revised costed Scheme was still assessed as being financially viable.

RECOMMENDED that Council:-

- (1) note the procurement and budget issues that had arisen in implementing the previously agreed decision on the development of the Hamlin Gardens site; and
- (2) approve an increase in the approved budget by £1.3 million to £5.3 million to allow the Council to enter into a construction contract with the chosen main contractor.

42

EXETER CITY LIVING BUSINESS PLAN 2022-23

The Director Corporate Services declared an interest as a Director of Exeter City Living and the Exeter City Group and left the meeting during consideration of the following item.

The Executive received the report on the Exeter City Living Business Plan 2022-23, which sought the City Council's Shareholder approval to move into an ambitious delivery phase, with over 426 new homes in the development of nine Exeter City Living sites and a further 150 - 250 new homes on four Housing Revenue Account Sites. The vision and plans for the coming years would require a substantial funding commitment to enable the opportunity for Exeter City Council to lead a Net Zero urban regeneration in the central area of the city and provide much needed housing, while protecting the green ridge line of the city from development.

The Chief Executive & Growth Director explained that the report provided a timeline for the delivery of new homes and explained the background to developing the Business Plan for Exeter City Living, and the failure in the market to deliver homes in the central areas of the city. The company had been established to address a range of factors, including raising the quality of development especially in the context of environmental performance, design quality and place shaping objectives. Many developers had focussed on Purpose Built Student Accommodation in central areas.

The Exeter City Living would set a standard for a Net Zero or Passivhaus approach, accessibility and sustainability. The Business Plan was necessary as a financial model to ensure that ECL would be profitable and successful going forward. There were financial challenges ahead and the report provided a timescale for delivery of the developments.

The Chief Executive & Growth Director referred to assistance through the Brownfield Land Release Fund and the bid to the One Public Estate Funding. He set out the proposed scenario for developing five sites already identified in terms of mix of properties. All developments, and the mix within each, would be subject to planning permission.

During the discussion the following points were raised:-

- there would be a difficulty competing with other companies but there would be focus on delivering the Council's key objectives;
- all developments would be subject to planning permission; and
- there was a focus on timely developments around the challenges related to the sensitivity of the identified sites.

The Leader endorsed the business case and recognised the challenges and work to deliver the vision for sustainable and Net Zero homes for the city.

RECOMMENDED that Council:-

- (1) approve the 2022-23 Exeter City Living Business Plan, and commit to funding and expenditures as outlined in the plan and include the provision to recruit in accordance with the Business Plan based on a committed development pipeline;
- (2) agree to the principle to dispose of the sites identified in Appendix A of the Business Plan to achieve the objectives of the City Council, namely, building homes, and to authorise the City Surveyor, in consultation with the Leader of the City Council, to enter into negotiations to sell the sites identified in Appendix A of the Business Plan;
- (3) agree to strive to achieve a timely and efficient process of site disposal in support of the Business Plan in accordance with the 'Sale Methodology' outlined in Appendix B of the Business Plan, and to standardise option agreements for the sites outlined in Appendix C of the Business Plan. The timeline for the development programme demonstrates the importance of timetables being met in order to comply with funding agreements and the implications of construction inflation;
- (4) note for clarity, that the Developments outlined in the Appendices are over and above Clifton Hill and Vaughan Road (The Gardens, Whipton) which Exeter City Living are already committed to deliver in line with their 2020-2021 Business Plan;
- (5) note that, in relation to the Housing Revenue Account new build and asset remodelling projects, Exeter City Living will be the developer of choice and given opportunity of first refusal;
- (6) note that, Exeter City Living will pioneer the transition to a Net Zero future delivering Passivhaus standards or a Net Zero standards as the default position (unless otherwise instructed by the Shareholders on specific sites), demonstrating climate resilience and delivering healthy buildings, with low or zero car parking provision, depending on location and access to facilities; and
- (7) note for clarity, that the Business Plan does not include an assumption that Exeter City Living will act as a property management company for the purposes of built to rent accommodation, and any such requirement may require a change in the scope of the management agreement and a refresh of the Business Plan.

A BUSINESS CASE FOR THE CREATION OF A RESIDENTIAL PROPERTY COMPANY

The Director Corporate Services declared an interest as a Director of Exeter City Living and the Exeter City Group and left the meeting during consideration of the following item.

The Executive received the report which related to a business case supporting the operation of a Residential Property Company (Exeter City Homes) under the Exeter City Group (ECG) to further the aims of Exeter City Council in relation to housing and the environment. The report appendices provided legal and financial advice to address the feasibility of making the Residential Property Company operational and whether any of the initial advice or legislation had changed that would impact on the original advice provided.

The purpose of setting up the Residential Property Company Exeter was City Homes was rooted in the provision of greater social benefits around housing, quality of accommodation and a fair tenancy basis. It is also seen as an opportunity to raise the game across the housing sector in Exeter.

The Business Case, which accompanied the report, provided the Council with a framework of structured thinking and assurance that the establishment of a Residential Property Company aligned with Exeter City Council's strategy and addressed legal and tax implications. A number of scenarios had been modelled and demonstrated a viable business that would generate a profit for the company. But the advice was that a two company structure, i.e. Exeter City Living and Exeter City Homes, would not be necessary, and there were significant advantages with Exeter City Living also carrying out a property management function, and this was the approach being recommended to Members.

The Business Case had been modelled using a mix of sites and number of units, setting out potential risks and mitigation measures and to help determine whether it would be appropriate to proceed with the Residential Property Company. If the business case is approved a business plan would need to be developed using real project costs and actual incomes to demonstrate viability before it is entered into.

Councillor D. Moore, as an opposition leader, spoke on this item, stating that excellent work had been made to develop Council houses to sustainable standards, but expressed concern that, notwithstanding the intention to provide affordable homes, the rentals offered could still be beyond the reach of some. She further enquired on the impact of the proposal for Brownfield developments in relation to Government guidance on affordable homes.

The Leader in responding, requested detailed questions be submitted to him, to help inform the debate on the item at the Extraordinary Council meeting.

The Chief Executive & Growth Director stated that the Housing Needs Assessment being prepared for the Greater Exeter area would identify the demand for affordable forms of tenure. This would inform the planning process and that planning applications would be presented to the Planning Committee as the decision maker on the appropriateness of the mix of units proposed for individual developments.

Members welcomed the report and were pleased that the means for delivering built to rent and environmentally friendly properties was moving forward.

RECOMMENDED that Council:-

- (1) approve the Business Case and support the operation of a property management function and that a single company structure (Exeter City Living) be the vehicle for delivery, rather than Exeter City Homes being made operational;
- (2) agree to the production of a Business Plan outlining the objectives, planned activities, deliverables, performance management framework and forecast financial performance for the property management function, using the financial model developed with actual projects costs and actual incomes to demonstrate that the venture would be feasible, viable and profitable, before it is entered into; and
- (3) agree to the review and amendment of the original Management Agreement between any involved subsidiary company and the Council as the shareholder

of the parent company Exeter City Group, to permit Exeter City Living to exercise the function of a property management company, with the proposed amendments brought back to Council.

(The meeting commenced at 5.30 pm and closed at 6.56 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 Extraordinary Council on 10 March 2022.

DRAFT