

## **STRATEGIC SCRUTINY COMMITTEE**

Date: Thursday 17 November 2022

Time: 5.30 pm

Venue: Rennes Room, Civic Centre, Paris Street, Exeter

Members are invited to attend the above meeting.

If you have an enquiry regarding any items on this agenda, please contact Sharon Sissons, Democratic Services Officer (Committees) on 01392 265115.

Entry to the Civic Centre can be gained through the rear entrance, located at the back of the Customer Service Centre, Paris Street.

### *Membership -*

Councillors Hannaford (Chair), Leadbetter (Deputy Chair), Allcock, Asvachin, Atkinson, Branston, Harvey, Jobson, Knott, Mitchell, K, Moore, J, Oliver, Read and Vizard

## **Agenda**

### **1 Apologies**

### **2 Minutes**

(Pages 5 -  
14)

To approve and sign the minutes of the Strategic Scrutiny Committee held on 29 September 2022.

### **3 Declaration 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 - Exclusion of Press and Public**

It is considered that the Committee would be unlikely to exclude the press and public during the consideration of the items on this agenda, but if it should wish to do so, then the following resolution should be passed:

"**RESOLVED** that, under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the particular item(s) of business on the grounds that it (they) involve the likely disclosure of exempt information as defined in the relevant paragraph(s) of Part 1, of Schedule 12A of the Act."

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

Details of questions should be notified to the Corporate Manager Democratic and Civic Support via the [committee.services@exeter.gov.uk](mailto:committee.services@exeter.gov.uk) email by 10.00am at least three working days prior to the meeting. For this meeting any questions must be submitted by 10.00am on Monday 14 November 2022.

For details about how to speak at Committee, please click the following link - <https://exeter.gov.uk/council-and-democracy/councillors-and-meetings/public-speaking-at-meetings/overview/>

## 6 **Questions from Members of the Council Under Standing Order No.20**

To receive questions from Members of the Council to the relevant Portfolio Holders for this Scrutiny Committee. The Portfolio Holders reporting to this Scrutiny Committee are:-

Councillor Bialyk -	Leader
Councillor Morse -	Portfolio Holder City Development and Planning
Councillor Parkhouse	Portfolio Holder Leisure & Physical Activity
Councillor Wood -	Portfolio Holder Climate Change
Councillor Wright -	Portfolio Holder Arts, Culture, and Corporate Services

Advance questions from Members relating to the Portfolio Holders above should be notified to the Corporate Manager Democratic and Civic Support.

## 7 **Portfolio Holder Report**

Councillor Laura Wright (Deputy Leader and Portfolio Holder Arts, Culture, and Corporate Services) to present a report on her Portfolio.

## 8 **Commercialisation**

(Pages 15  
- 28)

To consider the report of the Director Net Zero and City Management.

## 9 **Forward Plan of Business**

(Pages 29  
- 32)

Please see for noting a link to the schedule of future business proposed for the Council which can be viewed on the Council's web site - <https://exeter.gov.uk/council-and-democracy/councillors-and-meetings/forward-plan-of-executive-decisions/>

Should Members wish to raise issues in respect of future business please notify Sharon Sissons in advance of the meeting.

### **Date of Next Meeting**

The next scheduled meeting of the Strategic Scrutiny Committee will be held on **Thursday 19 January 2023** at 5.30 pm in the Civic Centre.

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## STRATEGIC SCRUTINY COMMITTEE

29 September 2022

### Present:

Councillor Rob Hannaford (Chair)

Councillors Leadbetter, Allcock, Asvachin, Branston, Harvey, Jobson, Knott, Mitchell, K, Read and Vizard

### Apologies:

Councillors Moore, J and Oliver

### Also present:

Service Lead - Net Zero, Commercialisation, Skills, Business and City Centre, Net Zero Project Manager and Democratic Services Officer (SLS)

### In attendance:

Councillor Philip Bialyk	- Leader
Councillor Duncan Wood	- Portfolio Holder Climate Change
Councillor Josie Parkhouse	- Portfolio Holder Leisure & Physical Activity
Councillor Barbara Denning	- Portfolio Holder Customer Services & Council Housing
Councillor Diana Moore	- Attending Under Standing Order 20
Councillor Amy Sparling	- Attending Under Standing Order 20
Dr Daniel Lash	- University of Exeter

## **14 Minutes**

The minutes of the meeting held on 16 June 2022 were taken as read, approved and signed by the Chair as correct.

A Member sought clarity in relation to the proposal for a Standing Overview Group to be convened to scrutinise and tackle the challenges of the climate emergency, which warranted an appropriate mechanism. The Chair responded and advised that he would raise this matter at a forthcoming meeting of the Governance Review Board.

## **15 Declaration of Interest**

No declarations of interest were made by Members.

## **16 Questions from the Public Under Standing Order No.19**

No questions from Members of the public were received.

## **17 Questions from Members of the Council Under Standing Order No.20**

In accordance with Standing Order No.20, the following questions were submitted by Councillors Sparling and Diana Moore in relation to the Portfolio of Councillor Wood.

The questions were circulated to Members of the Committee. The responses of the Portfolio Holders are set out in italics below:-

**Question from Councillor Sparling to the Portfolio Holder for Climate Change – Councillor Wood**

1. Following the announcement of Investment Zones by the Chancellor of the Exchequer last week, please can the leader confirm what their response to the Treasury will be and can we be assured that it will not include a request to relax planning regulations within Exeter, minimising the need for planning applications?

*The Leader advised that this matter was being viewed as a matter of urgency. The Upper Tier authorities (including Devon County Council) have received a letter inviting them to work with districts and partners to bring Investment Zones forward, in addition to the 38 announced in the mini-budget. There is further information on the web at [Investment Zones in England - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/investment-zones-announced)*

*At the moment there was no identified process, but Devon County Council had requested that the City Council identify any sites that could potentially be included in such a proposal. Officers were exploring how an investment zone could support the long term viability of sites including those identified as part of Liveable Exeter. He was mindful of the possible deregulation in planning and certainly did not want to surrender any powers.*

Councillor Sparling asked a supplementary question regarding the opportunities for strengthening planning regulations through this investment.

*The Leader advised that the Council always consulted on planning changes, but they were not always presented to Committee. The appropriate response would be made in respect of the Investment Zones.*

**Questions from Councillor Diana Moore to the Leader - Councillor Bialyk**

1. How many planning performance agreements does the Council have in place? Of these, and in principle for any future agreements, what proportion of the costs of such agreement are/will be funded by the developer?

*The City Council used Planning Performance Agreements (PPA's) as a project management tool to agree timescales, actions and resources for handling large scale and complex planning applications. Government guidance encouraged the use of PPAs which could be particularly useful in setting out an efficient and transparent process for determining this type of planning application. The Government also encouraged joint working between applicant's and the local planning authority in this way, which could also help to bring together other parties such as statutory consultees.*

*In accordance with Government guidance, the City Council would make the existence and content of these PPA's publicly available on its website, so that the agreed process and timescales were transparent. Any PPA's included on the website had been agreed voluntarily prior to any application being submitted, and provide a focus for pre-application discussions about the issues that would need to be addressed. In most cases the documents had been redacted to remove personal data and sensitive commercial information, including the proportion of any costs of such agreement to be funded by the applicant/developer. Currently the City Council had one live PPA relating to land*

*at Water Lane and made between the City Council and Cildara (Exeter) Group. A redacted version would be uploaded shortly.*

*Councillor Moore sought further clarification on the response which had been about the principle and proportion of the contribution in general that developers make towards additional services offered by the Planning Department.*

*The Leader stated that commercial information including the proportion of any costs of such agreements to be funded by the application were not included. Further information would be obtained from the Director City Development.*

2. What are the outputs and outcomes against which the success of secondments of two senior management team members to Exeter City Futures will be assessed?

*The fundamental challenge facing all cities to get to Net Zero was clearly one of leadership, it was a goal that requires funding and resources and a range of policy issues that transcended any single organisation. An important outcome for myself as Leader was to continue the work of cross institutional collaboration. As someone who had contributed so much time working with fellow Devon leaders on various initiatives designed to secure funding from government, the Leader said he could testify to how challenging it can be to simply keep everyone on board and working together. The second ingredient of success was to get a degree of clarity about the potential to secure in the medium to longer term, the resources for supporting the Net Zero work. The Council did not have the funding and there was little confidence from Government that funding or policy would be forthcoming to support the ambition of a 2030 goal.*

*Exeter City Futures was attempting to build capability and willingness to pursue actions and programmes designed to achieve a net zero future in the absence of statutory requirements to do so. The two senior members of staff were working with other organisations and private sector companies to explore ways of addressing the net zero challenge in the absence of funding or other resources. However, the City Council could not make decisions in the key sectors that required the investment, whether it be transport or buildings and would require a number of parties to consent to innovation. The Leader said he would take stock at the end of the secondment of the appetite to explore opportunities.*

*Over the coming weeks a number of workshops would be held to explore options for transport, battery charging infrastructure, and district heating. He expected the two Directors to advocate for change, to support those businesses looking for support from the city council. He also expected them to test different approaches but equally was mindful that innovation required people to be given a supportive environment to try new things. If principal parties declined to attend events or decline to commit resources to the task, that would give him something to think about at the end of the secondment. He had asked the staff to work with the College on green construction and to support collaboration in pursuance of a pipeline of retrofit work. This work contrasted with the work on the Council's own housing stock where the funding and resources were provided by the Housing Revenue Account (HRA) and where no additional levers were required. At the end of this period, the Leader said he would take a view on whether a community interest company (CIC) as a vehicle to support collaboration was sufficient for the task.*

*There were specific targets associated with programmes such as the Change Makers programme and the City Fund, but more broadly he thought it was*

*appropriate to remind Members that we are attempting to do what no other city had done, and the Council had very modest resources to deploy to the task.*

Councillor Moore asked a supplementary question about the Director roles which had been focusing on the Exeter Development Fund and the Liveable Exeter sites, and sought clarity on the proportion of their time focused on achieving Net Zero.

*The Leader was aware that the Directors' contribution far exceeded the usual working week. He did expect them to deliver the various projects that the Council wanted to do and referred to the commitment already made by them. Already this week he had attended an event with them, organised by Exeter City Futures for businesses from around the city. He said those businesses were inspired by what the Council were trying to do and were very supportive. He referred to the determination of this Council to work towards achieving Net Zero 2030 with those partners in Exeter.*

3. What is the cost to the Council of these secondments? How much is Exeter City Futures contributing to the costs of these secondments? Have any council budgets been associated with these ECF seconded roles and how much are these?

*Council had approved up to two days of the Chief Executive & Growth Director and up to three days of another Directors' time. The maximum cost of the secondments would be £112,000 for 12 months. However in practice the two Directors did not work on a fixed number of hours in support of the work of Exeter City Futures. The work flowed across the week and the Directors worked to ensure the business of the City Council was maintained. The nature of the work of the Directors was that they did not work standard hours, but work consistently well beyond their contracted hours as the work necessitates. Exeter City Futures was not contributing to these secondments, the time of the officers was Exeter City Council's contribution in what was undertaken. The budget for this work was agreed by Council last year and there was no work that was not being done as a consequence of their secondment.*

## 18 **Portfolio Holder Reports**

Councillor Bialyk as Leader and Councillor Wood as Portfolio Holder for Climate Change reported on their respective areas of their Portfolios, which detailed the Council's published priorities, major ongoing programmes of work, issues impacting delivery, financial performance and budget requirements and potential changes being considered.

Councillor Bialyk, Leader presented his report and the following responses were given:-

- a review of the charging schedule for Community Infrastructure Levy (CIL) had to be evidential based and tested by an Inspector. The proposals will be presented to the Executive. There is expected to be a revised charge for Purpose Built Student Accommodation (PBSA) and Co-Living.
- he had asked the Portfolio Holder Communities and Homelessness Prevention to make a comment on the cost of living crisis at the forthcoming Executive of the challenges ahead and the impact on families and people in and around Exeter. As a local authority, the City Council needed to be as ready as possible to support people where and how ever was possible.



Councillor Wood as Portfolio Holder for Climate Change presented his report and responded to the request that rather than just lay over at St James Park, that the Barnstaple train return to Pinhoe and take passengers back to Central Station before carrying on its journey. Councillor Wood thanked the Member and advised that the County Councillor Lead Member for Transport had been made aware of this suggestion and the Leader had also offered to follow it up.

The following responses were also given to Members' comments:-

- he would seek further information on the Council's role on the Community Energy Project Pilot and on any links between that and Exeter College's retrofit skills project.
- training for the Carbon Literacy Programme was being rolled out for Members and officers shortly.
- Net Zero challenges were being faced by many local authorities, but Exeter City Council were one of the few looking to resolve the huge task ahead, including working with businesses and residents who would be asked to make a lifestyle change when many were already facing financial difficulties. Two of the Council's Directors, with the cooperation of Exeter City Futures, were working to facilitate the partnerships needed to drive this forward with very little funding. Meeting an earlier timeline of 2030 meant fewer of the legislative advantages were likely to be available in advance of the Government's 2050 climate change deadline.

The Portfolio Holders' reports were noted.

#### 19 **Working Towards Net Zero - Exeter City Council's Corporate Carbon Footprint Report and Carbon Reduction Action Plan**

The Net Zero Project Manager presented a report on the work of the Net Zero team which would both assess the Council's potential to achieve its commitment for its own corporate activities to be Net Zero 2030 and to deliver the City Council Carbon Reduction Plan, which was attached to the report.

The Net Zero Project Manager introduced Dr Daniel Lash, Senior Research Fellow, Centre for Energy and the Environment from the University of Exeter who also attended the meeting to present the Council's Corporate Carbon Footprint report - 'Achieving Net Zero' which had been commissioned by the City Council offering an analysis of the Council's own corporate operations and estate and associated greenhouse gas (GHG) emissions. This had been a huge undertaking where Dr Lash and his colleagues had met with officers from each service throughout the Council including Housing, Corporate Property, Procurement and Fleet Services to discuss their operations. The report also set out the challenges including financial constraints and staff capacity, and had helped to inform the Council's Corporate Carbon Reduction Plan. The Plan included a number of potential actions and also offered the opportunity to track and measure activity across of the services as well as information included in the City Council's Net Zero Risk Register.

Dr Lash advised that the commission had offered the opportunity to look at what Net Zero meant in terms of Exeter City Council's own carbon footprint by 2030 and outlined the main themes of the report. (A copy of the presentation was attached to the minutes.) The approach was taken to update the Council's carbon footprint from the assessment made in 2018/19 and assess the potential to reduce these emissions across seven sectors including:-

- non-domestic buildings

- council owned housing
- transport,
- procurement,
- F(fluorinated) gases,
- waste,
- renewable energy and
- land use change/afforestation.

Dr Lash responded to Members' questions:-

- in terms of the time anticipated for an offset of carbon by St Sidwell's Point, (SSP) the carbon emissions were an estimate based on the cost of the actual building which had been built to a high Passivhaus specification. The reality would be quite different and a fairer comparison of the carbon emission was with the former Pyramids Leisure Centre which had been a facility at the end of its operational life. The Net Zero Project Manager added that SSP included additional monitoring and would be measured as a separate piece of work.
- with regard to Scope 3 emission, data collection was challenging and most contracts would only run for a specific period of time. In terms of referencing the quality of the data most suppliers would adhere to a regulatory regime regulation and would have their own carbon footprint to consider. Looking at simple spend factors was not enough and should include life style emissions to ensure a smart decision. It was hoped that suppliers would start to collate that information. His colleague, Peter Lefort from the University, was leading a consortium of public sector and other organisations who were looking at Scope 3 emissions. The Service Lead Net Zero & Business added that a review of an accreditation scheme called Green Accord and was working with the Council's Procurement Team to encourage an increased take up of the scheme. This would also have the added benefit of improving the level of data held on local businesses and the Council's carbon emissions.
- the average price for installing a heat pump would depend on each building, but it was anticipated to be in the region of £5,000 to £10,000 depending on the size of the property with any preliminary works an additional cost. Heat pumps did not perform well in poorly insulated dwellings.
- there were issues for the energy grid accommodating more charging points for electrical vehicles, with either street charging points or private off street charging on individual driveways to flatten the load on the infrastructure by charging in off peak hours. Wholesale movement towards electric vehicles and heat pumps would put pressure on the grid, but potentially local energy generation through solar panels would help manage this.
- the main focus of the Government's overarching projections and focus of the production was on electrical vehicles, however if that changed other options such as hydrogen or methane could be considered.
- hypothetically, land offered carbon savings with the planting of more trees, but in the case of the City Council, the 25% of planting on Council land would only offer an offset of 7% of the residual carbon.
- the Carbon Action Plan offered an example of tree planting in the Valley Park but would require a detailed business case and no budget had been identified.
- the figure of building carbon neutral homes in the report was the number of City Council properties and would become part of the Council's footprint rather than all of the homes identified in the Local Plan. The Member who raised this considered that a clarification should be made.
- the reference in paragraph 8.3 of the report, on future opportunities for Non Domestic photovoltaic (PV) generation from using a site as part on the University's campus would be checked. The Net Zero Project Manager would

clarify the detail, as the projection was hypothetical and she advised the site was owned by the City Council and used by the Devon Wildlife Trust.

- a Member's suggestion of harnessing hydro power from the River Exe would only offer a relatively small amount of power. It was not included in the Carbon Reduction Plan as a number of factors including land ownership as well as a high cost for a relatively small yield were barriers.
- the Net Zero Project Manager explained the Carbon Reduction Plan did not currently include timings for implementation of any proposals, but offered the opportunity to select proposals or tasks based on the available resources and technology. The final column of the action plan did include an update on projects that were being delivered. She also advised that the Net Zero team had contributed to the discussions as part of the preparations for the Exeter Local Plan. It was anticipated that the team would continue to provide more feedback as the consultation progressed.

Members made a number of comments including:-

- the importance of having another opportunity to discuss all of the Council's plans, strategies and policies in relation to climate change in one place;
- the Carbon Reduction Plan offered a good starting point for any future discussions and there was an acknowledgement of the good work already taking place which was all progress towards reaching the Net Zero 2030 deadline, and
- St Sidwell's Point (SSP) enjoyed a number of net benefits from the Passivhaus specification and had enabled the closure of an older leisure centre which had become expensive to maintain.

The Service Lead Net Zero & Business advised that the management of car parking was now in her team, and offered an oversight of the balance to be struck between achieving Net Zero 2030 and retaining the level from income car parking to deliver wider City Council services. She responded to a Member's enquiry over the scope for charging points for electric bikes in the city's car parks. She added that they were looking at options to install additional charging points in the Council's car parking network to help improve that option in more densely populated areas of the city.

The Chair thanked the Net Zero team and Dr Lash for an informative presentation and he looked forward to a further update in six months' time.

Strategic Scrutiny Committee noted the following:-

- (1) Corporate Carbon Footprint report, and Members acknowledged the detailed analysis and improved data provided on previous year's reports, but also the challenge to improve data capture across the whole organisation. The projections reinforce the measures required across all Council activities, and that organisationally achieving Net Zero in such a short timeframe is extremely challenging;
- (2) acknowledged the scale of the challenge set out in the Carbon Footprint Report and combination of aggressive carbon reduction measures included in the projections which will require a step change in Council policy, activity, and capacity;
- (3) acknowledged the importance of the Carbon Reduction Plan, work already in progress, and service wide commitment required to deliver net zero, with a dedicated team to lead on activity. Equally, the need to undertake an annual

- assessment of the Council's GHG emissions to monitor, identify change and evaluate actions needed to deliver net zero, and
- (4) that to achieve Net Zero by 2030 will require an increase in capacity, financial investment and operational resource, both internally and from government at a national level.. Whilst the carbon footprint provides accurate carbon reduction measures, the precise amount of resource needed is currently unquantifiable. This will require a detailed investment plan based on costed proposals.

## 20 **Progress Report Shared Prosperity Fund - Update**

The Service Lead for Net Zero & Business presented the first of an update on the Shared Prosperity Fund to Strategic Scrutiny Committee, which she would continue to update every six months. The report set out progress made in developing a three year investment plan to release Exeter's UK Shared Prosperity Fund (UKSPF) allocation. A breakdown of the £1,403,877 sum to be allocated to Exeter had been submitted to the Department of Levelling Up Housing & Communities (DLUHC) on their online portal by the deadline of 1 August 2022 with confirmation of the allocation was currently awaited. The investment plan had been developed around three themes of Communities and Place, Supporting Local Business and People and Skills with consultation with the city's business network to identify the interventions. The report highlighted the challenges faced and also opportunities in developing interventions for Exeter. Additional guidance had been received from DLUHC including procurement, subsidy control and monitoring and evaluation. Discussions were taking place with City Council colleagues in finance, legal, procurement and executive support to ensure they were working within the new and updated guidance.

The following responses were made to Members:-

- in terms of businesses delivering interventions, it was intended that an open tender would be issued to the business community to commission local companies to deliver business support and people and skills interventions.
- the people and skills element of the plan would come in year three in April 2024 with time to put together a programme of works to support people into work, including those with a disability. She noted the Member's comment on widening to people with special and additional needs and of an example of such support through a hub in Honiton. It was important to identify ways to offer such support which was likely to be on a one to one basis. There was the opportunity to do something very specific in Exeter.
- in speaking to the business organisations in the city such as the Chamber, InExeter, the Federation of Small Business and the Job Centre, since the advent of Covid, the cost of living crisis and the way people live their daily lives there had been a shift to more people taking on additional second jobs. The tight labour market offered opportunities for individuals to be more selective in accepting new jobs.

The Service Lead Net Zero & Business would follow up a matter raised at Strategic Scrutiny Committee earlier in the year relating to the future of the Job Centre in Clarendon House and circulate an update on the front and back office provision to Members.

Strategic Scrutiny Committee noted and supported the following:-

- (1) progress made in developing an Investment Plan, to support Building Pride in Place and Increasing Life Chances in Exeter; and

- (2) the Service Lead for Net Zero & Business would provide an update to Strategic Scrutiny every six months on the delivery and management of UKSPF, the next report being in March 2023.

## 21 **Scrutiny Programme Board Annual Report**

Councillor Vizard, as a member of the Scrutiny Programme Board presented the report which offered an annual update in respect of the Scrutiny work achieved during the municipal year 2021 – 2022 which was attached to the report.

The Annual Scrutiny Report provided the Scrutiny Committees with an opportunity to:-

- monitor the progress of the Scrutiny function and process at Exeter City Council;
- comment upon the progress and direction of Scrutiny over the past year and into the future;
- ensure that the Scrutiny Committees were kept up to date on the Task and Finish Groups and what they have achieved;
- and offer an illustration of how effective Scrutiny can contribute towards an accountable, transparent and democratic process.

Strategic Scrutiny Committee noted the Annual Scrutiny Report 2021-2022 which would be presented to Executive to note and to recommend to Council to approve.

## 22 **Forward Plan of Business**

Members noted the Forward Plan.

The meeting commenced at 5.30 pm and closed at 7.50 pm

Chair

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## **REPORT TO STRATEGIC SCRUTINY**

Date of Meeting: 17 November 2022

Report of: Director Net Zero Exeter & City Management

Title: Commercialisation

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

No

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

Executive

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

1.1 To update members on work undertaken within the Net Zero & Business service, under the umbrella of commercialisation.

### **2. Recommendations:**

2.1 For members to debate and note work undertaken and planned within Commercialisation that supports the One Exeter programme, as well as the City Council's Medium Term Financial Plan.

2.2 To adjust activity to support services to increase income, rather than activity that requires borrowing – 'invest to save' – to deliver commercialisation.

2.3 Going forward, update Strategic Scrutiny every six months, from November 2022 onwards.

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

3.1 To make members aware of projects the Commercial Manager has been working on, as well projects that are planned going forward.

3.2 To make members aware of the current financial constraints in delivering commercial activity.

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

4.1 Due to current interest rates, some projects have been put on hold, as they are not commercially viable to progress with.

4.2 Commercial projects need to be met within existing budgets and personnel resources, no additional financial resources are required. This does require officers from across the City Council to work with the Commercial Manager on delivering commercial activity, a challenge when officers are working at capacity.

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

5.1 Members will note the progress made. However, there are challenges, with higher interest rates making business cases much more difficult to achieve viability.

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

6.1 None identified.

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

7.1 This report is for information and therefore raises no issues for the Monitoring Officer.

## **8. Background**

8.1 The City Council has been undertaking commercial activity for approximately three and half years. The role of the Commercial Manager was introduced 1 April 2019, on a fixed term contract of 24 months, which was extended for a further 24 months until 31 March 2023.

8.2 The work of the Commercial Manager is guided by the City Council's adopted Commercial Strategy: <https://exeter.gov.uk/council-and-democracy/council-information/strategies-policies-and-plans/corporate-plans-and-strategies/> with services marketed under the umbrella of Exeter City Services – as a brand and marketing tool to raise the awareness of income generating City Council services.

8.3 Due to many businesses in Exeter putting operations on hold during the pandemic, the Commercial Manager post was furloughed for a period of time. As a result, a number of projects were delayed.

8.4 In returning to work after Furlough, the Commercial Manager assessed commercial opportunities and the focus of work temporarily changed to work within the Net Zero & City Management Department. In particular, commercial waste, as there was spare capacity within commercial waste to deliver additional external contracts to support income generation to address their income shortfall.

8.5 During 2021 commercial activity was reviewed by the City Council's Audit team, with recommendations for change, with many of the recommendations being adopted to improve service delivery, including:

- Review and update the Commercialisation Strategy, which is now live on the City Council's website (link above)
- Both Legal and Finance are involved in discussions at project inception, to avoid any delays and wasted time, in pursuing an opportunity that isn't viable

8.6 Below is a table of commercial income that has been secured during the period the Commercial Manager has been in post.



	<b>Company</b>	<b>Activity</b>	<b>Annual income</b>	<b>Duration</b>	<b>Start Date</b>
1	Company A	Disposal of waste & recycling	£250,000	3 + 2 years	September 2019
2	Company B	Scrubbing services and steam cleaning at managed sites	£12,000	Ongoing	
3	Exeter City Council	Voids are now cleared by the term contractor and is not paid as overtime – overtime saving	£5,000 (savings)	Ongoing	Summer 2019
4	Exeter City Council	Pilot to develop Waste Management Permit for events held on City Council owned land	£38,986	One off	2021
5	Various construction companies	Sponsorship for Lego exhibition, held at RAMM	£20,000 (one off)	On-off	Exhibition 2022
6	Company A	Disposal of waste & recycling	£tbc	Contract renewed 2 + 6 years	September 2022
7	Company C	Disposal of waste & recycling	£40,000	8 years	October 2022
8	Company D	Disposal of waste & recycling	£70,000	7 years	April 2023

8.7 A significant amount of work was undertaken to secure the renewal of the contract for Company A. The original contract is worth approx. £250,000 per annum and been recently extended for up to 8 years, with a double digit % increase in income.

8.8 Over the previous two years, the Commercial Manager had been negotiating on a number of significant commercial waste and recycling contracts, valued at £884,000 gross and £447,800 net. For a number of external reasons, these contracts were won by other waste companies.

## 9. Current Commercial Projects

9.1 A number of commercial projects are ongoing which are listed within Appendix 1, which will be expanded on at Strategic Committee. Some of these commercial projects are on hold, due to officer sickness or current economic conditions.

9.2 Some commercial projects require the City Council to borrow funds to deliver activity – invest to save. Due to the current high level of interest rates, some projects are not commercially viable to progress with. Once interest rates reduce, these projects will be re-assessed to determine if they are commercially viable. The cost to buy raw materials is also affecting the commercial viability of some projects.

9.3 To highlight, due to current economic conditions, commercialisation is very challenging to deliver. This may improve over time at interest rates reduce, but at present, it's very challenging with projects not delivering a return to the City Council.

9.4 To support income generation a new brand and website was designed to promote income generating services under the umbrella of Exeter City Services. The launch of Exeter City Services was temporarily put on hold, as officers were pivoted to work on supporting business rates during the pandemic in distributing covid business grants. Discussions have started with Strata Service Solutions Ltd to build and launch a website promoting income generating City Council services, under the umbrella of Exeter City Services. This will have a positive effect in raising the awareness of income generating services to the wider business community.

## **10. Next Steps**

10.1 The Commercial Manager will be working through commercial projects listed within Appendix 1, to increase income to support the City Council's Medium Term Financial Plan and the One Exeter programme.

10.2 Commercial projects listed within Appendix 1 will be prioritised to work towards delivering commercial income through the One Exeter programme £50,000 for 2024/25 and £350,000 for 2025/26. Some projects will deliver income earlier, with the One Exeter team being informed of progress.

10.3 The team are working with Strata Service Solutions Ltd and the City Council's marketing team to launch a new website - Exeter City Services. The purpose of the website is to bring chargeable City Council services (suitable for business) under one umbrella to promote what we offer, to enable us to cross-sell and upsell services.

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

11.1 Commercial activity supports the City Council's newly adopted Corporate Plan programme of:

- Net zero carbon city
- A balanced budget
- Value-for-money services

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

12.1 The work of the Commercial Manager will be reviewed early 2023, to monitor progress, the work programme and outputs delivered (new additional income).

12.2 On all new contracts the service lead for legal and finance are included in negotiations to ensure a smooth process for signing contracts that achieve new income.

12.3 A report on commercialisation will be brought to Strategic Scrutiny every 6 months, with the next being May 2023 (or as close to, depending on committee dates).

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

13.1 In recommending this report, no potential impact has been identified on people with protected characteristics as determined by the Act and is for information only.

13.2 The report sets out a programme of work for the whole Council. Any new commercial projects would be brought to Executive with a supporting EQIA.

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

14.1 The Commercial Manager has focused activity on winning and securing new waste and recycling contracts, with carbon reductions to those businesses, which supports the delivery of the Exeter Net Zero 2030 Plan.

14.2 Going forward, projects led by the Commercial Manager will support services in delivering new income streams, but also looking at ways to reduce City Council and city wide carbon emissions.

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

15.1 There is the option not to continue with this post and activity, and leave commercialisation to individual service areas. This deemed the least effective option, as service areas are stretched with delivering existing services.

15.2 There is the option of not renewing the role for the current post holder and to commission a specialist in the most profitable areas of income – waste & recycling – on a set fee or commission basis.

Director: Director Net Zero Exeter & City Management

Author: Service Lead Net Zero & Business

### **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 265115

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<b><i>Waste &amp; Recycling</i></b>	<b>Income</b>
Tender for new waste and recycling contracts with NHS Services, to include doctors, dentists, pharmacies, opticians and small regional hospitals	£ -
Develop tender for the waste & recycling contracts for major organisations located in Exeter	£ -
City Council to run a Waste and Environmental conference	£ -
Roll out of collection commercial food Waste	£ -
Develop proposal for the disposal of clinical waste within Exeter	£ -
<b><i>Funeral Provision Exeter</i></b>	
Build new Columbarium within Higher Cemetery	£ -
Investigate options of the City Council undertaking weddings and funerals, staff undertake Celebrant Training.	£ -
<b><i>Parks and Open Spaces</i></b>	
Develop proposition for paid for Garden Services to residents in Exeter	£ -
Develop proposition for Grounds Maintenance for commercial businesses in Exeter	£ -
Review licence for events to be held on City Council owned land	£ -
<b><i>Corporate Property</i></b>	
Research options of bringing forward meanwhile uses on land owned by the City Council to support innovation and business start-ups	£ -

Investigate letting out underused City Council occupied buildings	£	-
Alternative uses for chapels at Higher Cemetery	£	-
<b><i>Net Zero</i></b>		
Research options of providing green energy from City Council owned solar to local businesses	£	-
Research options of installing additional solar on City Council owned assets	£	-
Develop Electric Vehicle Strategy for assets owned by the City Council	£	-
Review and launch of Green Accord	£	-
<b><i>Environmental Health</i></b>		
Promotion of Pest Control to existing City Council commercial customers	£	-
Review training courses ran by Environmental Health to be bookable and delivered online	£	-
Review and develop Home Call	£	-
<b><i>Port Authority</i></b>		
Research options of introducing licences for users of the River & Canal	£	-
Options of introducing additional residential moorings along the canal	£	-
Develop commercial opportunities for the river and canal	£	-
<b><i>Marketing &amp; Communications</i></b>		

Launch of Exeter City Services website	£ -
Marketing campaign for Exeter City Services	£ -
<b><i>Other</i></b>	
Research options of a city lottery to support specific services, such as culture, art, open spaces & net zero	£ -
Options of sharing services with other local authorities	£ -
Research options of introducing a fee for City Council services that are currently free of charge to access	£ -
Develop a propositions to introduce a post to develop and write bids for external funding	£ -
Research options of rolling out a city centre wifi	£ -
Review Exeter Car Park Strategy	£ -
Investigate options of increasing income from City Council car parks, such as urban hubs (last mile delivery, parcel pick up)	£ -
	£ 1,970,500

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## Equality Impact Assessment: Commercialisation

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.

Committee name and date:	Report Title	Decisions being recommended:	People with protected characteristics potentially impacted by the decisions to be made:
Strategic Scrutiny – 17 November 2022	Commercialisation	<p>For members to debate and note work already undertaken within Commercialisation that supports the One Exeter programme, as well as the City Council's Medium Term Financial Plan.</p> <p>To adjust activity to support services to increase income, rather than activity that requires borrowing- 'invest to save' – to deliver commercialisation. This is due to the current interest rate levels.</p> <p>Going forward, update Strategic Scrutiny every six months from November 2022 onwards.</p>	At present none, an EQIA will be developed for each new commercial activity

**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
<b>Race and ethnicity</b> (including Gypsies and Travellers; migrant workers; asylum seekers).	N/A	N/A	No impact, as an update on commercial activity
<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.	N/A	N/A	No impact, as an update on commercial activity
<b>Sex/Gender</b>	N/A	N/A	No impact, as an update on commercial activity
<b>Gender reassignment</b>	N/A	N/A	No impact, as an update on commercial activity
<b>Religion and belief</b> (includes no belief, some philosophical beliefs such as Buddhism and sects within religions).	N/A	N/A	No impact, as an update on commercial activity
<b>Sexual orientation</b> (including heterosexual, lesbian, gay, bisexual).	N/A	N/A	No impact, as an update on commercial activity
<b>Age</b> (children and young people aged 0-24; adults aged 25-50; younger older people aged 51-75/80; older	N/A	N/A	No impact, as an update on commercial activity

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).			
<b>Pregnancy and maternity</b> including new and breast feeding mothers	N/A	N/A	No impact, as an update on commercial activity
<b>Marriage and civil partnership status</b>	N/A	N/A	No impact, as an update on commercial activity
<b><u>Actions identified that will mitigate any negative impacts and/or promote inclusion</u></b> <ul style="list-style-type: none"> <li>• When a business case is being developed for a commercial project, an EQIA will be developed. Both documents are presented to SMB for consideration, in-line with the Commercial Strategy.</li> </ul>			

**Officer:** Victoria Hatfield

**Date:** 22 October 2022

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## **WORK PLAN FOR SCRUTINY ITEMS 2022 -2023**

*November Update*

<b>Item</b>	<b>Scrutiny Committee</b>	<b>Director</b>	<b>Portfolio Holder</b>	<b>Submitted by</b>	<b>Date Approved by Scrutiny Programme Board</b>	<b>Date Signed off</b>
<b>NOVEMBER/DECEMBER 2022</b>						
Portfolio Holders Report (Cllr Wright)	Strategic 17 November 2022			Timetabled report		
Commercialisation	Strategic 17 November 2022	Director Net Zero Exeter & City Management (DB)Service Lead Net Zero & Business (VH)				
Portfolio Holders Report (Cllr Pearce)	Customer Focus 1 December 2022			Timetabled report		
Tackling the Ecological Emergency Update	Customer Focus 1 December 2022	Director Net Zero Exeter & City Management (DB)	Portfolio Holder Climate Change (Cllr Wood)	Progressive Group (proforma)	September 2021	
Homelessness Task and Finish Group – Update	Customer Focus 1 December 2022	Deputy Chief Executive (BA)	Portfolio Holder for Communities and Homeless Prevention (Cllr Pearce)	Cllr Denning (proforma)	September 2021	

Item	Scrutiny Committee	Director	Portfolio Holder	Submitted by	Date Approved by Scrutiny Programme Board	Date Signed off
<b>JANUARY 2023</b>						
Portfolio Holders Report (Cllr Parkhouse)	Strategic 19 January 2023			Timetabled report		
St. Sidwell's Point/Active Leisure	Strategic 19 January 2023	Director Comms Culture & Leisure Facilities (JPH)	Portfolio Holder Leisure Services and Physical Activity(Cllr Parkhouse)	St Sidwells Point - Cllrs K. Mitchell M. Mitchell, Cllr D. Moore J. Moore and Sparling ( <i>Active Exeter Budget work stream discussions November 21</i> )	July/September 2021	
Portfolio Holders Report (Cllr Ghusain)	Customer Focus 2 February 2023			Timetabled report		
Food Waste Collection	Customer Focus 2 February 2023	Director Net Zero Exeter & City Management (DB)	Portfolio Holder Recycling, Waste Management and Waterways (Cllr Williams)	Annual report		
Budget	Combined Strategic Scrutiny and Customer Focus Scrutiny 9 February	Director Finance (DH)	Leader	Annual Report		
<b>MARCH 2023</b>						
Portfolio Holders Report (Cllr Morse)	Strategic 16 March 2023			Timetabled report		

Item	Scrutiny Committee	Director	Portfolio Holder	Submitted by	Date Approved by Scrutiny Programme Board	Date Signed off
Working Towards Net Zero - Exeter City Council's Corporate Carbon Footprint Report and Carbon Reduction Action Plan	Strategic 16 March 2023	Director Net Zero Exeter & City Management (DB)Service Lead Net Zero & Business (VH)	Portfolio Holder Climate Change (Cllr Wood)	Report half yearly		
Progress Report Shared Prosperity Fund - Update	Strategic 16 March 2023	Director Net Zero Exeter & City Management (DB)Service Lead Net Zero & Business (VH)	Portfolio Holder Climate Change (Cllr Wood)	Report half yearly		
The Exeter Local Plan – Community Engagement	Strategic 16 March 2023	Director of City Development (IC)	Portfolio Holder for City development (Cllr Morse)	Director of City Development		
Commercialisation Update	Strategic 16 March 2023	Director Net Zero Exeter & City Management (DB)Service Lead Net Zero & Business (VH)				
Portfolio Holders Report (Cllr Denning)	Customer Focus 30 March 2023			Timetabled report		

Item	Scrutiny Committee	Director	Portfolio Holder	Submitted by	Date Approved by Scrutiny Programme Board	Date Signed off
To review the findings of the Car Parks Strategy report	Customer Focus 30 March 2023	Director Net Zero Exeter & City Management (DB)	Portfolio Holder for Climate Change (Cllr Wood)	Combined Strategic and Customer Focus Scrutiny Committee 20/10/2022- to consider Member involvement in the developing the car parking service	November 2021 – Combined Strategic and Customer Focus Scrutiny Committees	
<b>JUNE 2023</b>						
Portfolio Holders Report The PF TBC	Strategic Scrutiny 8 June 2023					
Presentation on the Role of Scrutiny	Strategic Scrutiny 8 June 2023	Corporate Manager Democratic and Civic Support (JS)				
Scrutiny Programme Annual Report	Strategic Scrutiny 8 June 2023			Scrutiny Programme Board Report yearly		
Portfolio Holders Report The PF to be agreed	Customer Focus 29 June 2023			Timetabled report		
Presentation on the Role of Scrutiny	Customer Focus 29 June 2023	Corporate Manager Democratic and Civic Support (JS)				
Scrutiny Programme Annual Report	Customer Focus 29 June 2023			Scrutiny Programme Board Report yearly		