

EXETER CITY COUNCIL**EXECUTIVE
23 MARCH 2010****GAP FUNDING FOR THE NEW GROWTH POINT****1.0 PURPOSE OF REPORT**

- 1.1 This report seeks Members' agreement to making a capital contribution to delivering development in the New Growth Point.

2.0 INFORMATION

- 2.1 As Members are aware the Council has been working alongside East Devon District Council and Devon County Council to deliver major expansion in the New Growth Point. The principal projects are now poised for delivery and negotiations have been continuing between public and private sector partners to finalise a series of funding agreements. The New Community at Cranbrook is scheduled to accommodate 2900 dwellings initially, eventually rising to 7500 dwellings. The Skypark development is a joint venture agreement between Devon County Council and St Modwen and will deliver a 100 acre state of the art business park. The Science Park now has outline planning consent and a detailed planning application is to be provided by the RDA and the constituent local authorities. Flybe have announced the go-ahead for their training school and the construction of a hotel at the airport, and work has started on site.
- 2.2 Over the last two years negotiations have become intensive to deal with a number of outstanding and emerging issues. Foremost amongst these has been the impact of the recession on the housing market which has resulted in the developers involved having insufficient funding to deliver the infrastructure for the New Community in the way envisaged prior to the recession. The result of that is that the RDA has been heavily involved in working with the partners to re-jig the funding package to ensure that development can proceed. One particularly innovative feature is the introduction of Regional Infrastructure Fund (RIF) support, whereby the RDA funds the infrastructure but is reimbursed in due course as houses are sold and developers achieve a return on their capital. The sizeable funding package being delivered through RIF has a condition that funding will only be forthcoming providing a Combined Heat and Power (CHP) scheme is implemented. The various partners have worked closely to develop a detailed proposal for combined heat and power which would serve Skypark and the New Community. The CHP scheme is funded principally by a private sector partner but also has gap funding from public sources.
- 2.3 The delivery of Cranbrook is therefore now dependent on delivering a CHP plant at Skypark. Access to the RIF funding will fall away after 31 March 2010 unless a series of interlocking agreements are in place to draw down this funding and, therefore, the New Growth Point partners have been working very closely to ensure that the gap in funding is closed and all the agreements are in place.
- 2.4 At the beginning of February it became apparent that the principal sources of funding for low carbon energy supplies had been exhausted and therefore the core partners met and agreed, in principle, to close the remaining £900,000 funding gap between them. The Leader of the City Council, who represents the authority on the New Growth Point Board, agreed to the principle of the City

Council making a £100,000 contribution to this gap funding and thus this paper seeks formal approval for this commitment. The benefit to the City is that a substantial part of its future affordable housing delivery will be at Cranbrook where some 300 affordable houses are to be provided over the next few years, 35% of which will be allocated for tenants nominated from the City Council housing waiting list. The twin benefits for the City, therefore, in agreeing to help with this gap funding is that it will help deliver housing for would be tenants on the housing waiting list and it is the first crucial step in delivery of the low carbon economy for the City.

3.0 FINANCIAL CONSIDERATIONS

- 3.1 The proposed City Council contribution to the gap funding is £100,000. This can be funded from the Housing and Planning Delivery Grant capital allocation which has been in a Reserve for some time.

4.0 RECOMMENDATION

It is recommended that Members approve a £100,000 gap funding contribution to the New Growth Point.

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

Background papers used in compiling this report:-

None