

EXECUTIVE

Tuesday 11 January 2022

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STRATEGIC CASE FOR THE EXETER DEVELOPMENT FUND

The Executive received the report on the strategic case for the Exeter Development Fund, which had been included as an appendix to the report presented at the meeting. The report set out the funding concept, which would combine public and private sector finances to transform the built environment. Work was ongoing to develop the business case, which would be presented to Members for their approval.

The Chief Executive & Growth Director highlighted the pivotal role of this work in developing the vision as set out in the Liveable Exeter Programme and discussed the complexity of the strategic case.

Members had set out a clear ambition in regards to the delivery of Net Zero and supporting active travel to help solve mobility and congestion issues. Members noted the current planning system alone could not deliver the required infrastructure or achieve net zero goals. Planning on its own could not deliver the quality of neighbourhoods and community infrastructure required, leaving local authorities to invest on infrastructure.

The new model was based on public sector investment and with equity investment from the Government to create a finance model at the commencement of the project to deliver the infrastructure to control how housing development was undertaken. Any increase in value would ensure that all financial returns would be repaid to the public sector.

Members noted that there were issues to address, but if successful it would be a major change for the public sector. The concept objectives stated that it would be publicly owned, impact driven for place making, professionally run with locally retained profits. The Strategic Business Case would also be presented to the Strategic Scrutiny Committee, who may decide to establish a Task & Finish Group to understand the detail and would include relevant professionals and partners to explain the detail behind the Business Case.

Councillor D. Moore, as an opposition leader, spoke on the item, and thanked the Chief Executive & Growth Director for the report. She referred to the Exeter Development Fund in the report appendix and agreed that finance was needed to invest in the transformation of the economy and built environment to achieve the net zero target. She enquired on the following strategic issues which would be beneficial for when the report would be presented to the Strategic Scrutiny Committee:-

- at the Council meeting in July 2021, in response to a question on which Council assets had been used to model the funding, it was stated that it wasn't known at that time. What were the principles underpinning the business model and was it intended that the assets put into the fund by the council in exchange for equity council owned assets or ones that might be developed as a result of the fund, such as build to rent property?
- although the focus on the achievement of Liveable Exeter was welcomed, there was more to be done across Exeter such as retrofitting the current housing

stock. It was explained at the Audit and Governance Committee that the Council would not be proceeding with a retrofit company. Could the Leader confirm that this City Development fund was intended for investment in measures to reduce carbon emissions across the rest of the city as an equal priority?

- would the partner organisations also be presenting to their governing bodies?
- Exeter Global City Futures was not highlighted, could their role in Exeter City Futures and this project be clarified?

The Leader, in responding, stated that these questions would need to be presented at the Strategic Scrutiny Committee, however in reference to the question regarding the retrofitting, he confirmed that the Audit and Governance Committee did not make policy, and was the role of Council.

The Chief Executive & Growth Director in responding stated:-

- those involved with the modelling work would be invited to the Strategic Scrutiny Committee;
- the principle of the business case was asset based and there would be a choice on whether to put assets into a fund to raise equity or receive a Capital Receipt for the assets;
- the Council had made good progress with its plans for the retrofit of Council owned homes and would be looking at how retrofitting would be done for non-Council owned property and exploring options on how this might be achieved;
- other institutions would have the opportunity to report the business base to their respective Councils based on their own terms of reference; and
- Global City Futures were consultants to Exeter City Futures and were doing a lot of the work on the business case.

During the discussion the following points were made:-

- Pinhoe Ward was an example of an area that has been subject to significant growth in housing but has lacked community infrastructure demonstrating the inadequacies of the system. A change on how development was undertaken was needed. If the business plan can be made to work, the Council would have more control over developments to the way residents expected and to help meet the Net Zero 2030 Plan; and
- Exeter City Living had been setup to disrupt the market and was relatively small-scale. To reach the 2030 Net Zero target, more needed to be done and the report was a good step forward to achieving this, particularly with the proposed Scrutiny process.

RECOMMENDED that Council note the 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, on the full business case; and
- (2) a report be presented 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.