

EXTRAORDINARY MEETING OF THE COUNCIL

Tuesday 28 May 2024

Present:-

Councillors Asvachin, Atkinson, Banyard, Bennett, Bialyk, Darling, Ellis-Jones, Foale, Fullam, Haigh, Harding, Holland, Hussain, Jobson, Knott, Miller, Mitchell, M, Moore, D, Palmer, Parkhouse, Patrick, Pole, Rolstone, Sheridan, Snow, Vizard, Wardle, Wetenhall, Williams, M, Williams, R and Wright

Also Present:-

Chief Executive, Director Finance, Service Lead, Legal Services & Deputy Monitoring Officer, Democratic Services Manager and Democratic Services Officer (LS)

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APOLOGIES FOR ABSENCE

Apologies for absence were received from the Right Worshipful the Lord Mayor Councillor Kevin Mitchell, Councillors Allcock, Begley, Ketchin, Read, Rees and Wood.

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PUBLIC QUESTIONS

It was noted that no public questions had been received.

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QUESTIONS FROM MEMBERS OF THE COUNCIL UNDER STANDING ORDER NO. 8

It was noted that no questions had been received from Members.

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

RESOLVED that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of item 4a – Appendix 2, on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1, of Schedule 12A of the Act.

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EXETER SCIENCE PARK LIMITED – CONVERSION OF DEBT TO EQUITY

The Leader presented the report which sought Members' approval for a range of proposals to enable Exeter Science Park Limited (ESPL) to deliver on its objective of providing high quality jobs to support the local region.

The Leader moved and Councillor Wright seconded an amendment to recommendation 3, to read as follows:-

“The appointment of Councillor Matt Vizard as shareholder representative with the Director Finance as an advisor.”

The Director Finance responded to questions from Members as follows:

- the loan was initially given and borrowed against the Council's loans and the conversion to equity, would equate to a debt repayment of £40,000 per year, with no interest issues;
- the Annual report and financial statement would be shared as soon as it is published;
- the Science Park would not become its own owner, however the percentage of shareholding would change;
- Councillor Vizard would act on behalf of Exeter City Council (ECC) and therefore look after the interests of ECC rather than the interests of the company;
- there was no conflict arising from the recommendations as they were acting in the interests of the Council; and
- the LEP had now ended and the money was being returned to the four stakeholders – Somerset Council, Devon County Council(DCC), Plymouth City Council and Torbay. These funds could only be used for the original purpose of what they were given.

Councillor Moore moved an amendment for the following additional recommendations, which was seconded by Councillor Palmer:-

- “1. That the shareholder representative report back to Council not later January 2025, on the progress on the matters in Recommendation 4 and the Company's ability to undertake the share buy-back;
2. As set out in minute 27 of the Audit and Governance Minutes of 30 November 2022 the next Audit and Governance Committee receive the report on the “review of the governance of external companies” and consider appropriate arrangements for the nomination for shareholder representatives to and the proper oversight of all Council connected companies and make recommendations to the Executive; and
3. To provide a report of all other unsecured loans and risk to the Council of those loans.”

During debate on the amendment, Members made the following further comments:-

- there was disappointment that the Executive had not acted on auditors' recommendations and progressed these matters;
- it appeared that the Council had not learnt from the Exeter City Living issue; and
- the additional recommendations would strengthen the Council's position, whilst reflecting on past situations and bringing accountability for using public money.

Councillor Palmer, in seconding the recommendation, commented that previous lack of governance and oversight could be amended to ensure residents were fully aware.

In concluding, Councillor Moore commented: -

- that she was glad people had contributed to the debate and that all Councillors wanted the same thing; and
- that the additional recommendations would help all Councillors understand the position.

The Leader, as the mover of the original motion, spoke on the additional recommendations and thanked Councillor Atkinson for providing context and in addressing the additional recommendations, made the following points:

- the Council would not wait until January 2025 to receive a report and Members would be advised as soon as any agreement was made.
- as there was already a minute at Audit and Governance, a discussion would be held with the Monitoring Officer; and
- there was only one unsecured loan, which was with Co-lab.

He also advised that it would be preferable to work on a trust basis rather than through a notice of motion and would request a Member Briefing to provide an update on the Science Park and ask Councillor Vizard to request an internal scrutiny process with the Science Park and engage Councillors in this.

The amendment was put to the vote and was not carried.

Councillor Jobson, as Leader of the Conservative Group, made the following points:-

- the Council had a duty to recover these funds and could not be generous at the current time or rely on getting the money back;
- there was merit in negotiating partial repayments; and
- private sector support would be required and did she did not support the recommendations.

Councillor Moore, as co-Leader of the Progressive Group, made the following points:-

- she would be writing to the Monitoring Officer about actions being progressed;
- she could see the long-term investment, but enquired about how this could be changed in the next year; and
- she would support the recommendations provided that real action was made soon.

During the debate, the following points were made:-

- Councillor Vizard welcomed the Leader's suggestion of a Member briefing and scrutiny options;
- the Science Park had created 750 jobs; and
- a Member advised of her work in the wider industry and their understanding and expertise.

In concluding, the Leader advised that:-

- no alternative recommendations had been made;
- he understood Councillor Palmer's expertise on this matter;
- greater scrutiny was needed and this would be monitored; and
- Councillor Vizard would ensure he had the interests of the Council at heart and hoped that the recommendations would be supported.

The Leader moved and Councillor Wright seconded the recommendations and following a vote, the recommendation was **CARRIED**.

RESOLVED that Council agree to:-

- 1) reaffirm its support to Exeter Science Park as a driver for delivering high quality jobs to the local economy;
- 2) authorise the Section 151 officer to agree a conversion of the Council's outstanding loan to equity, in conjunction and on condition that each of the other owners agree to do the same. The conversion would include an obligation placed on the Company to buy back the shares, as and when land sales provided sufficient funds to do so;
- 3) The appointment of a Councillor to either act as Shareholder Representative with the section 151 Officer as an advisor, or a Councillor to support the section 151 Officer in the role of Shareholder Representative;
- 3) the appointment of Councillor Vizard as shareholder representative with the Director Finance as an advisor.
- 4) authorise the Section 151 Officer to support the implementation of the recommendations set out in the recent review undertaken by Deloitte:
 - a) to develop a clear marketing and business development strategy;
 - b) to deliver a sustainable operating and funding model via cost reduction and a restructuring of the debt;
 - c) to improve the Governance by reviewing the Further Agreement and Reserved Matters; and
 - d) to secure an updated Local Development Order and start the process to bring in either a private sector investor or private sector developer to support delivery of the remainder of the science park.
- 5) delegate authority to the Shareholder Representative to vote on matters arising at Shareholder meetings where there are no financial implications for the Council. Matters reserved for Full Council will be:
 - a) decisions which have an impact on the financial position of the Council;
 - b) amendments to the Further Agreement and/or Reserved Matters;
 - c) approval of a Business Plan for the Science Park; and
 - d) a decision to change the strategic direction of the Science Park.

(The meeting commenced at 6.00 pm and closed at 7.07 pm)

Chair