

SCRUTINY PROGRAMME BOARD

Date: Friday 18 February 2022

Time: 5.00 pm

Venue: via zoom

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 (01392 265115)

Membership -

Councillors Packham (Chair), Newby (Deputy Chair), Denning, Mitchell, M and Vizard

Agenda

1 **Apologies**

2 **City Development Fund**

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22)

The Chief Executive & Growth Director to attend to present the detail of an approach that Scrutiny could follow with regards the City Development Fund.

3 **Work Plan**

To discuss the format of the work plan for Scrutiny.

4 **Matters Raised by Councillor M Mitchell**

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- 24)

5 **Review of Combined Scrutiny Committee Meeting held 10 February**

Review of Combined Strategic and Customer Focus Scrutiny Committee meeting held on 10 February.

6 **Items for Forthcoming Scrutiny Meetings**

Strategic Scrutiny Committee 17 March

- City Development Fund

Customer Focus Scrutiny Committee 31 March

- Waste and Recycling Collection Service

- Review of the Exeter City and Devon County Council Clear Streets Charter for Exeter.

7 Date of Next Meeting 7 April 2022

Scrutiny Programme Board

City Development Fund

Pre-Decision examination of the Proposed City Development Fund

Scrutiny acting as critical friend to executive to assist understanding of the proposal

It is suggested, given the complexity of the proposed city development fund, that members have a structured approach to understanding and examining the proposed city development fund. The Outline business case lends itself to exploring the proposal over four sessions, set out below:

Session one: An Examination of why a different approach to business as usual may be required to deliver the Liveable Exeter transformational housing programme and hence work on a city development fund:

- 1. Introduction from Roli Martin a short explanation of the City Development Fund**
- 2. Learning lessons from elsewhere: External witnesses**

The challenges of delivering a new community at scale and pace, the Cranbrook experience **Andy Wood**, Service Lead – Growth, Development and Prosperity East Devon District Council

- Two recent papers considered by East Devon District Council are attached.

Key issues to explore:

- An understanding of the current development model, led by house builders and the limitations of business as usual (BAU).
- The task of building neighbourhoods, mixed use communities with required infrastructure - Why is this so difficult and how may this shape a different approach?
- What type & level of resources are required to deliver good development, and why is BAU insufficient?
- Is the task made more difficult because it involves largely brownfield sites? If so, how
- Is the task made easier because the land is within a city? Is so why
- What are the advantages of alternative approaches, what tools would you want?

Outcome of this session:

- A good understanding of the reasons that have led to the exploration of an alternative approach to managing the task of delivering Liveable Exeter
- An understanding of the strategic fit of the City Development Fund with the Exeter Vision 2040 and the Council's corporate priorities
- Insights from witnesses to examine capacity for the city council to deliver programme and meet aspirations, and to absorb learning from elsewhere.

Session two: What is the economic case for pursuing a city development fund to support delivery?

Introduction and summary of the economic case for pursuing a City Fund: **Roli Martin, Elaine Anning, Kathryn**

- What are the critical success factors as set out in the City Development Fund business case? And are they appropriate to the task ahead of the City Council in delivering Liveable Exeter?
- Is there a viability gap based on business as usual approach to delivery?
- How is viability challenged by demands on the development programme?
- What are alternative options to setting up a city development fund to implement the Liveable Exeter Programme?
- What are the assumptions built into the model of the fund?
- What does the economic appraisal say is the scale of the financial ask required to deliver the entire programme?
- Are there options for reducing the financial demands, for example could the programme be limited in scope to a few strategic sites like Marsh Barton?

External Witness:

A high level observation on the viability challenges and constraints in delivering the vision. **Frazer Osment**, LDA Design,

Outcomes:

- An understanding of the scale of the financial challenge in supporting the Liveable Exeter Programme.
- An appreciation of the benefits captured through the appraisal process
- A good understanding of options and potential scope to modify the scale of the fund.
- An understanding of the implications and options for public sector partners in relation to their assets
- The beginning of an understanding of the structure of the fund

Session Three: The Business Case in detail

Introduction and Presentation by Roli Martin, Elaine Anning and Kathryn Whitaker (Exeter City Futures). This is a detailed analysis of the business case and the assumptions that underpin the model.

- Forecast of financial implications, total value of the balance sheet over various time frames
- Expectation in terms of contributions from the public sector
- Structure of the Fund: Funding and Financing Structure and the assumptions that underpin the model
- An understanding of the risks:
 - The Funding risks
 - Skills and Capacity
 - Local support and agendas

External Witness: Observations from across the country, especially in relation to Devo deals, **David Ralph** CEO of the Heart of the South West LEP

Outcomes of session: a grasp of the business case and the way the fund is intended to work

Session 4: The governance question - Fund management, Governance and Risk

Key theme for the session: Considerations for the management of the fund, including capacity and capability to deliver the project and an understanding of public development corporations.

Introduction and presentation on the Government's ambitions on reforms to Public Development Corporations and the key elements of the proposed governance structure, **Roli Martin** ECF

External Witness:

- The role of a Development Corporation in practice, the Ebbsfleet experience **Ian Piper** CEO Ebbsfleet Development Corporation,
- Purpose of the invitation to the speaker is to gain an insight of the working of a development corporation and the resources and powers this model of governance brings to the development agenda.

Areas to explore in this session:

- The suggested structure in the Business Case, what are essential requirements to attract Government investment and market confidence?
- What elements are optional?
- What are the reasons for pursuing a Development Corporation model?
- The costs benefit implications of the model.
- Would planning powers be lost to a Development Corporation, the proposals suggest not?
- Who decides the composition of the Board?
- What management capacity would be required to run the fund?

Outcomes: An understanding of the required governance structure to manage a city fund and the areas that are mandatory

Officers to attend:

Karime Hassan, David Hodgson, Michael Carson Exeter City Council

Roli Martin, Elaine Anning, Kathryn Whitaker Exeter City Futures