

Report to: **Strategic Planning Committee**

Date of Meeting 15th December 2020

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Garden Communities and Delivery Vehicles

Report summary:

This report follows on from one considered by the Committee in October 2019 and then subsequently by Cabinet in November on the same topic. It starts to fulfil the terms of the resolutions of these meetings by setting out the findings of the work commissioned through Local Partnerships to explore different delivery vehicle options. It also provides an update on the Expression of Interest submitted to the MHCLG New Development Corporation Competition.

In the context of the Local Plan review, the Planning White Paper and lingering uncertainty regarding the progression of national initiatives, the report sets out the technical work, including the development of a business case, that would need to be undertaken over the next three years in order to support the establishment of a locally led development corporation. The report seeks support for a recommendation to Cabinet to agree a budget to progress this work. Finally the report recommends that the Committee receive further reports at key stages and decision making points as the work progresses.

Recommendation:

It is recommended that Members;

- 1) Acknowledge the importance of having effective delivery vehicles/mechanisms in place at the earliest stage possible in order to support the development of high quality places
- 2) Consider the findings of the Local Partnerships study and accompanying future routemap
- 3) Note the Expression of Interest that has been submitted to the MHCLG New Development Corporation Competition
- 4) Endorse progressing key technical work, including the development of a business case, necessary to support the establishment of a locally led development corporation alongside the development of the new Local Plan
- 5) Recommend to Cabinet that a budget of £300k over a three year period is established for this work to be funded through the business rate retention reserve
- 6) Receive further reports at key stages as the work progresses

Reason for recommendation:

To ensure that the Council has the necessary vehicle, tools and resources in place to support the delivery of well designed, high quality and sustainable places. .

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Portfolio(s) (check which apply):

- Climate Action
- Corporate Services and COVID-19 Response and Recovery
- Democracy and Transparency
- Economy and Assets

- Coast, Country and Environment
- Finance
- Strategic Planning
- Sustainable Homes and Communities

Financial implications:

This is a significant request for funding of £300,000 which would require Council approval. The need for this technical work is outlined in the report and could be seen as sensible investment to help determine a delivery model that financially aids the Council in the future. There is a risk that if approved it could negate funding bid to Homes England/MHCLG and confirmation is being sought on this matter. In our current situation assuming an even call on the funding this increases the gap in our current year funding by £100,000 and adds £100,000 to each of the next 2 years of our Medium Term Financial Plan gap. If approved then any opportunities that arises giving the Council the ability to set aside one off sums to meet this costs will be considered and reported to members in order to addresses this ongoing call on the Council's revenue budget over the medium term.

Legal implications:

There are no direct legal implications requiring specific comment at this stage. The budgetary request (currently being made to Cabinet) will ultimately need Council approval. There is likely to be the requirement for legal input as this moves forward in terms of the potential governance arrangements and creation / operation of an appropriate delivery vehicle and advice and assistance will be provided as and when required.

Equalities impact Low Impact

Climate change High Impact

The form and location of development has a direct impact on its carbon footprint. There is a long standing ambition to achieve the delivery of zero carbon development in the West End of the District. It is reasonable to expect that future major development proposals should at least meet this standard. The ability to achieve sustainability objectives is also directly relevant to the consideration of different delivery options/ vehicles. This is includes in terms the ability to ensure that future development directly contributes to the Council's net zero ambitions by 2040.

Risk: Medium Risk

The establishment of a delivery vehicle to support future strategic growth in the District is not without risk. The development of the business case will ensure that key risks are both identified and managed over time.

Links to background information

- [Principles For Accommodating The Future Growth Needs Of East Devon](#)
- [Future Housing Needs and Requirements in East Devon](#)
- [Guidance on the New Towns Act 1981 \(Local Authority Oversight\) Regulations 2018](#)
- [Garden Communities Prospectus](#)
- [Independent Review of Build Out: Final Report](#)
- [MHCLG New Development Corporation Competition guidance](#)
- [Cabinet Paper November 2019 Agenda Item 16](#)
- [New Towns Act 1981 \(Local Authority Oversight\) Regulations 2018](#)

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
- Outstanding Homes and Communities

- ☒ Outstanding Economic Growth, Productivity, and Prosperity
 - ☒ Outstanding Council and Council Services
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1 Introduction

1.1 The District Council has a track record of bringing forward and delivering large scale development proposals. In particular the West End of the District is due to accommodate over 10,000 homes in the period 2011 to 2031 alongside strategic employment sites. Cranbrook alone will provide over 60% of the District's strategic housing requirement. This is part of a deliberate spatial strategy enshrined within the Local Plan which in turn is a product of the distinctive characteristics and qualities of the District, not least the fact that two thirds is within designated Areas of Outstanding Natural Beauty.

1.2 This report follows on from a paper considered by the Committee in October 2019 and then Cabinet in November 2019. This considered the scenario that, if there is to be further large scale development, how this can best be delivered. The report considered what is needed to ensure the delivery of great places within the District alongside the local planning process. There is considerable learning from the current generation of strategic development sites in this respect. The report reflected on this learning, considered the current direction of government policy and contemplated the potential for the Council to adopt a more proactive approach going forward. The report assessed the different delivery options available to the Council and the type of delivery vehicle that could be established.

1.3 The report went on to set out a number of recommendations including to acknowledge the importance of having effective delivery vehicles/mechanisms in place at the earliest stage possible in order to support the development of high quality places. It was resolved to support the District's status within the Government's Garden Community programme and to submit an Expression of Interest to MHCLG's New Development Corporation Competition. Finally it was resolved that Cabinet should receive a further report on the options for constituting an effective delivery vehicle up to and including the establishment of a Locally Led New Town Development Corporation. This report brings to fulfil this resolution and is a precursor to a further report to Cabinet.

1.4 This report was originally due to be considered at the 25th July Committee meeting after the item on the Greater Exeter Strategic Plan. The contents are still considered to be directly relevant to the delivery of key policies and proposals that may emerge from the Local Plan review. Equally the emphasis on effective delivery mechanisms goes to the heart of the Planning White Paper consultation, such as Pillar 2 and the ability to deliver beautiful and sustainable places.

2 Background and current position

2.1 Subsequent to the November 2019 Cabinet paper Local Partnerships (a consultancy joined owned by the LGA, HM Treasury and Welsh Government) were appointed to undertake a review of potential delivery vehicles. Given the cross boundary implications when planning for strategic growth, this work was commissioned on a Greater Exeter basis with financial support from the Garden Communities programme and the Future Place initiative.

2.2 The study work initially focused on defining specific development outcomes and objectives that a delivery vehicles or vehicles would need to play a primary role in achieving. These centred on the qualitative and environmental requirements for new development, the ability of growth to meet local need (housing and economic) and to provide resilience and be able to respond to changes over time.

2.3 These objectives were drawn from and tested with officers from the Greater Exeter Authorities at an options workshop. They have been used in discussions and subsequent work to test the delivery options and are set out below;

A. Homes

- Pace and scale to meet planned trajectories
- Types, sizes and tenure to meet the needs of the current population
- Homes meeting new design standards including internal space and environmental standards

B. Infrastructure

- Delivery of the full range of infrastructure.
- Delivery programme to support pace of development and the economic and social development of new communities
- Funding model to support the agreed programme

C. Community

- Capable of providing a place-based approach which strengthens existing communities and provides resilient new communities
- Deliverable masterplans with the full range of uses incorporated
- Incorporating room for change and flexibility
- Clear links to non-physical elements including skills, social care, and economy

D. Climate emergency

- Fully incorporating climate change into physical and stewardship plans

E. Place Making

F. Delivery

- Allow the delivery of a full range of development types and products
- Encourage a wide range of delivery partners to meet local need and support the local economy
- Provide opportunities for direct delivery by local authorities and their companies.
- Make full use of public sector land and powers that the public sector has to accelerate and control development through its ownership of land
- Enable the coordination of delivery at the local, regional and national level.

2.4 Four options, in terms of delivery approaches, were then considered in terms of their ability to meet these objectives. These were as follows;

- Informal Partnership / business as normal
- Joint committee (land use strategy) and increased use of development agreements with partners (delivery)
- Structural change within Local Authorities (strategy) and extensive /full use of joint ventures and other corporate solutions
- Development Corporation (this could have a strategic planning role but would have a broad delivery role).

2.5 The results of the comparison of the options are set out in the table below;

Comparison-of-options						
Options	Homes	Infrastructure	Communities	Climate-emergency	Place-making	Delivery
1. → Informal partnership						
2. → Joint committee						
3. → Combined authority						
4. → Development corporation						

2.6 The report concluded that to deliver the desired strategy outcomes and objectives it was clear that the current or 'business as normal' approach was unlikely to be successful. The clear gaps in this approach related to lack of control over delivery and the delivery programme. Whilst the statutory planning system can set the expected policies and some standards and can be used to monitor delivery, it cannot cover all of the necessary elements required to deliver place and successful new communities.

2.7 The development corporation solution scored well, in that it is capable of bringing together planning, infrastructure and development. However, this is dependent upon the corporation being able to buy land or exert control in other ways, for example through development agreements. Whilst a development corporation was considered as a preferred option at this stage, it was emphasised that the ability to deliver successful outcomes would be dependent upon its ability to acquire or invest. This would be a key consideration for the next stage of a business case.

2.8 The full Local Partnerships report is contained at Appendix A. It is helpful to consider the legislative background to development corporations and particularly the purposes of the oversight authority. The New Towns Act (Local Authority Oversight) Regulations 2018 state that the aim of the oversight authority in overseeing the development of an area as a new town is;

- a) to plan for the creation of a high quality settlement which is a sustainable community
- b) to support sustainable development and good design; and
- c) to plan from the outset for;
 - the long-term stewardship of the assets of the new town for the benefit of the community
 - the participation of the community; and
 - the legacy arrangements following the dissolution of the new town development corporation

These aims all relate to key learning points from Cranbrook and therefore are directly relevant to supporting the progression of the Local Plan.

3 New Development Corporation Competition

3.1 MHCLG's New Development Corporation Competition was launched in October 2019. The prospectus made it clear that the Government was looking for up to 10 transformational housing and economic growth opportunities nationally and that MHCLG was interested in speaking to areas that have innovative, bold and ambitious proposals. Funding would then help them to explore delivery models that have been less commonly used in a contemporary context, such as development corporations.

3.2 The specific eligibility criteria for the competition were as follows;

- demonstrate that they can use the requested funding to progress work and generate proposals for innovative delivery models such as development corporations

- demonstrate that the delivery models being explored are intended to deliver a transformational housing or regeneration project
- endeavour to make key learnings from the funding available to other local areas and to central government in order that best practice and lessons learned can be disseminated, not including commercially sensitive information

3.3 Leading from the conclusions of the Local Partnerships work, an Expression of Interest to the competition was developed for the Greater Exeter area. This sought to align proposals to create a City Development Fund to support the delivery of major brownfield sites in Exeter with the exploration of assertive delivery vehicles to underpin delivery of major greenfield sites outside of the City. The Expression of Interest was submitted in February and sought £1.6m of funding over three years to support the progression of the necessary work. Of this £400k was focused on the establishment of a delivery vehicle(s) including options appraisal, business case development and vehicle set up. A decision was expected during April of this year but this has been delayed by the Covid-19 situation and there are currently no timescale for this.

4. Routemap

4.1 The final stage of the Local Partnerships work has been to develop a routemap for how the Greater Exeter authorities can move forward. This acknowledges the current uncertainty around the MHCLG Competition and charts a course forward. Specific recommendations from the report are reproduced below;

- I. That partners agree to commence work on the preparation of a full business case to consider delivery options for Greater Exeter. The brief for the business case will cover full options appraisal, the full costs of the chosen option, how the option will be resourced, the full financial, economic and social benefits that would be delivered along with how the option was to be governed and managed. It would also have to consider the risks associated with the option and how partners are going to manage these risks.
- II. That the illustrative preferred option to be considered is based on a Development Corporation, as illustrated [in the report] but that no other options are excluded at this stage.
- III. That a small officer team is set up to lead on this work (to be based on the officers working group and involving the officers responsible for developing the Development Corporation Competition Eol). That the work is overseen by the Greater Exeter's Principals Group.
- IV. That the Greater Exeter Principals Group develops a 'political' engagement strategy to enable senior politicians from all partner authorities to feed into the business case development process.
- V. That the officer team works with Local Partnerships to develop a programme for developing the business case and for potential early stages of implementation. This programme should consider a programme with and without the MHCLG Development Corporation funding.
- VI. That the officer team works with Local Partnerships to prepare a resource plan. This resource plan should consider the budget with and without the MHCLG Development Corporation funding.

The full report is contained at Appendix B.

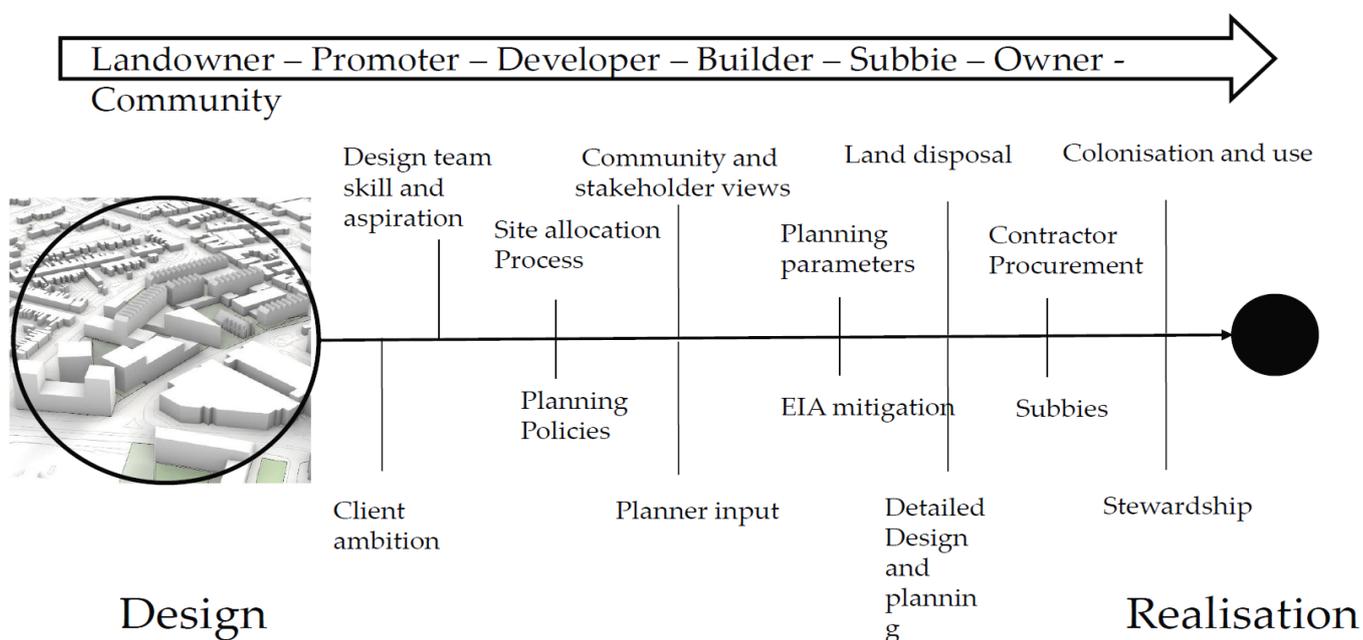
5 Assessment

5.1 As planning horizons are rolled forward to 2040 and the process of identifying the next chapter of strategic sites is begun, it is important to reflect on the lessons learned from experience of

delivering the current generation, notably Cranbrook. This has been delivered through a commercially-led model with a consortium of developers. Key learning points include;

- 1) Control of land is critical – if there is no public control of land the ability to flex and adapt plans over time is extremely limited, particularly where land prices have been fixed at aspirational values.
- 2) Need for effective long term stewardship arrangements to be integrated from the start – this is critical to ensuring that assets and services can be delivered in affordable and timely way in step with a growing population. The most effective models involve some form of reinvestment from capturing the increase in land value at the outset.
- 3) The importance of the master developer role - this is the equivalent to the role performed by the Duchy of Cornwall at Poundbury in terms of controlling the quality of development and the timing of the delivery, particularly non-residential development including community infrastructure.

5.2 As the local planning authority it is tempting to assume the predominant importance of setting planning policies and determining planning applications. The reality of moving from concept and design through to delivery on the ground and ongoing use is far more complex as the diagram below illustrates;



Source: LDA Design

5.3 The experience with the development of Cranbrook highlights the need to set an assertive and enduring delivery model from the outset. This is reinforced by the findings of the Local Partnerships work which concludes that a business as usual approach is the least likely to actually achieve key objectives moving forward.

5.4 The conclusions of the Local Partnerships study emphasise the need to progress the development of a business case to test different delivery options. It is frustrating in this respect that there is currently no timescale for when decisions will be made in relation to the MHCLG Development Corporation Competition work. Nevertheless in the context of work progressing on to review the Local Plan it is essential that progress is made particularly in the context of the likely need to identify further strategic development opportunities. As the Plan develops the relevant policies and proposals will need to set an ambitious framework for how such places can be developed. To have confidence that such ambitions can be realised requires an effective delivery vehicle to also be in place. The two have to be progressed hand in hand.

5.5 It is specific recommendation of this report that the Strategic Planning Committee recommended to Cabinet that a sum of £300k is committed over the next three years to develop the options and produce a detailed business case to enable the formation of a suitably constituted delivery vehicle. This would be alongside undertaking any site specific technical work. It is proposed that this would be funded from the business rate retention pilot reserve given that the purpose of this work is in large part to ensure that sustainable mixed use development can be delivered as opposed a development that is dominated solely by residential uses.

5.6 The conclusions of the Local Partnership work are clear that the preferred option should be based on a locally led Development Corporation. MHCLG guidance emphasises that the Secretary of State would need to be satisfied that the new town designation and the creation of a locally led development corporation would represent the best route to securing expedited delivery of a high quality, sustainable new development with the necessary supporting physical and social infrastructure and a plan for the long term stewardship of assets.

5.7 Given the cross boundary implications of planning for growth potential and the potential economies of scale in terms of marshalling resources, it would be logical to progress the business case work for establishing a development corporation in conjunction with our Greater Exeter partners. This could be alongside the progression of the non-statutory plan. But if this didn't prove to be possible, the work is considered to be of such importance for the District as to warrant being progressed in any event.

5.8 A specific consideration for the next stages of the delivery vehicle work will be to understand the optimal geographical scope. Whilst we start to contemplate the next generation of strategic sites through the Local Plan review, the development of Cranbrook is far from complete. Indeed there are immediate challenges not least in relation to the delivery of the town centre. The development to date has benefited from the land largely being in the control of a single Consortium. By contrast the Cranbrook expansion areas are all in the control of separate, unconnected developers. This will make the timing and coordination of infrastructure delivery much more challenging. There is a logic therefore in testing whether some form of delivery vehicle could be also retrofitted to encompass Cranbrook and support the growth of the town up to the circa 8,000 homes anticipated in the current Local Plan.

5.9 Finally it is a recommendation of this report that the Committee receives further reports at key stages. This will enable the further technical and feasibility work to be guided and steered to a successful conclusion. It will also allow consideration to be given to governance structures at the appropriate juncture.

6 Conclusion

6.1 We have significant experience of delivering major proposals in the District up to and including a new town. It is important to reflect on what we have learnt during this process and to ensure that robust delivery vehicles are in place to give us greater influence and better tools to achieve our quality and sustainability objectives and to support the creation of great places.

6.2 Our experience together with the direction of government policy points to the need to adopt a more proactive and assertive approach. This is reinforced by the findings of the Local Partnerships work which points to the need for a development corporation type vehicle. This would bring the focus, coordination and consistent delivery of a dedicated body as well as broad powers to facilitate delivery of the project. As such it would enable an ambitious vision to be realised.

6.3 Finally it is important to emphasise that the delivery of major strategic developments is a long term endeavour. Even when the development of individual homes has finished it is essential that there are robust and cost effective stewardship arrangements in place to ensure the ongoing delivery of assets and services that continue to meet the needs of the residents over time. Ensuring that such arrangements are in place is again one of the leading objectives for development corporation status.