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Summary Report - Greater Exeter development vehicle options

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1 SUMMARY REPORT



Purpose of Report

The purpose of this report is to enable Greater Exeter Partners to start the process of signing off this stage of work and the recommendations that it contains. The key recommendations (set out in section 1.9) focus to the stages of work and business case process that will need to be started. Whilst the recommendations point to a preferred delivery option, at this stage this option is only identified for the purpose of further testing.

If Greater Exeter Partners are successful in getting funding from the MHCLG 'Development Corporation Competition' the next stages and business case development will need to be in line with the programme and resource plan contained in the Expression of Interest for this competition. If unsuccessful (or if the competition is significantly delayed) Partners will have to consider how the work is taken forward without the additional resource.

1.1 Background

Local Partnerships has been appointed by the Greater Exeter Delivery Partners (East Devon, Exeter City, Teignbridge, Mid Devon and Devon County Councils) to consider the options to deliver their development ambitions to 2040.

The conclusions of the work need to be acceptable to all partners and capable of delivering the housing and employment growth that meets local need and delivers the quality of new development and communities that partners expect. The work has taken into account the delivery approaches already in place but reflects the challenge and gaps in the current approach.

The work is being carried out on behalf of Greater Exeter using joint funding and with the support of Homes England.

1.2 Approach

The method used reflects the approach that would be required in a strategic or outline business case. Based on an assessment of current approaches to development, decision making and wider governance the work has considered;

- The strategy to be delivered including the partners objectives,
- The range of options open to partners and how each could deliver the strategy and objectives
- Selection of an option for further testing,
- Consideration of the commercial and financial implications.
- Consideration of the management and governance implications.

This is a summary report. The full report containing the detailed assessment is currently being finalised.

1.3 MHCLG Development Corporation Competition

Following the finalisation of the project brief MHCLG announced its Development Corporation Competition (titled 'Development Corporation' but to support local bodies in considering a range of innovative delivery solutions).

Local Partnerships has supported the preparation of the Expression of Interest for this competition (submitted in February 2020). Elements of the EOI are reflected in this report.



In the light of the current Convid19 crisis it is understood that MHCLG has put the competition on hold. The recommendations and conclusions contained in this report therefore consider the implication of not having the resources available through this competition.

1.4 Strategy

Exeter is the fastest growing city in the UK (Centre for Cities) with the area having the 6th highest growth in GVA. The Greater Exeter area contains 4 interdependent district council areas which collectively form a distinct and compact travel to work and housing market area. The vision for the area recognises that a coordinated approach to growth and development will enable the delivery of individual council's objectives, those of the Greater Exeter area, and Heart of the South West area. Greater Exeter also has a significant role to play in contributing to the National economic agenda.

Greater Exeter's development strategy is set out in the emerging Greater Exeter Strategic Plan which will have the role of identifying sites and planning for the development of 50,000 new homes as well as doubling the size of the economy.

The 50,000 homes will be focused in Exeter City, Cranbrook Garden Village, a number of other Garden Communities as well as strategic urban extensions.

There are two key components to the emerging GESP strategy;

1. Liveable Exeter– a transformational programme that will deliver 12,000 homes on key urban, brownfield and edge of city sites. This will be supported with the Exeter City Fund (a related strand in the MHCLG EoI).
2. Garden Communities outside Exeter comprising Cranbrook Garden Town in East Devon, Culm Garden Village in Mid Devon and Newtown Abbot Garden Town in Teignbridge.
This is predominantly greenfield development

The GESP Partners have already taken a proactive approach to planning these new communities - reflected in being successful in receiving funding from the Government's Housing and Infrastructure Fund and Garden Communities Programme.

1.5 Key Outcomes and objectives

Based on the strategies for Greater Exeter joint work has identified more specific development outcomes and objectives. These centre on the qualitative and environmental requirements for new development, the ability of growth to meet local need (housing and economic) and the ability of growth to provide resilience and be able to respond to changes over time.

These objectives were drawn from and tested with Greater Exeter partners at an options workshop. They have been used in discussions and subsequent work to test the delivery options.

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. 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.

1.6 Current Decision making and delivery Position

Local Authority led

The key Strategic Planning document for Greater Exeter is the Greater Exeter Strategic Plan. The plan is being prepared by a dedicated officer team and is overseen by the Exeter Principals Group. The statutory responsibility for plan making still rests with the individual local authorities with decision making remaining with individual committees.

A joint committee does exist for a significant part of the area to consider habitat mitigation – the scope of this Joint Committee is very limited.

Liveable Exeter - Exeter City Futures with Exeter City Council and Devon County Council have taken a lead in planning for growth centred on the existing City communities. They have created an innovative and high-powered partnership with key institutional leaders including those from the health, education and private sectors. As well as being focused on new sustainable development this partnership is responsible for considering the implementation of the zero-carbon agenda, the contribution that surplus public sector land can make to the vision, and the role of an Exeter City Fund in unlocking development, infrastructure and capturing development value for reinvestment.

The MHCLG Development Competition EoI clearly sets out that while the City Fund is focused on Exeter City lessons from its development and implementation are relevant for the wider area.

The coordination of the delivery of Cranbrook will be overseen by the recently instigated Cranbrook Strategic Delivery Board bringing together Members from the County, District and Town Councils.

Market engagement

The majority of development in Greater Exeter is being delivered using conventional delivery models.

A significant amount of work has been carried out, in partnership with Homes England, in planning new communities and setting quality standards. However, delivery is largely being carried out using the statutory planning system as the main control.

Housing is largely being developed by conventional house builders who are developing the standard products, responding to the limited sectors of the housing market that they understand. Commercial development has similarly concentrated on the main commercial sectors – largely delivered in separate locations and not as part of mixed-use communities.

The outcome of this is that the ability of the Local Authorities to create mixed use communities providing for the wide needs of existing population has been limited.



It has become apparent that if this continues the quality and community standards set out in current planning documents will not be delivered. In addition the full range of local needs will not be met. Similarly, without change it will be very difficult to deliver the emerging standards that will be required to deliver environmental goals.

1.7 Options development

The options developed at this stage of work are intended to be illustrative. There are many detailed options that could be considered, ranging from variations on what partners are already doing through to a development corporation.

At this stage it was considered most useful to develop four options representing different points on a scale ranging from the most conventional (what partners are already doing) through to the most unconventional (in this case a development corporation). The approaches are illustrated at two levels - strategic planning and delivery.

Although each of the points could be represented by a number of delivery approaches the following four have been chosen.

- 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).

1.8 Options

Table 1. Illustrative Options for Delivery Vehicles

ILLUSTRATIVE OPTIONS FOR DELIVERY VEHICLES			
CONVENTIONAL		UNCONVENTIONAL	
STRATEGIC BODY			
Informal Partnership	Joint Committee (land use strategy)	Unitary authority (combining powers) Combined authority (combining geographies) <small>Note: these illustrate possibilities, not options being considered.</small>	Development Corporation
DELIVERY BODY			
Informal Partnership	Development agreement Joint Committee (DM)	Corporate JV Housing/Development Company Arms length vehicle (Devolution Deal)	Development Corporation
GENERIC FEATURES			
<ul style="list-style-type: none">• Representative• Non contractual• No additional powers• No additional resources	<ul style="list-style-type: none">• Contractual• Clearly defined and limited delegation of powers and decision making• Potential to make more efficient use of internal resources	<ul style="list-style-type: none">• (for UA and CA) new and additional corporate body• Contractual• Broader delegation of powers and decision making• Control through vehicle set up and approval of annual business plan• More efficient use of existing resources• Potential access to additional public sector resources• LA borrowing available largely based on existing capacity• Access to private sector investment	<ul style="list-style-type: none">• Delivery and planning powers passed on• Broader acquisition powers• Greater opportunity for 'land value capture'• Potential access to additional public sector resources and private sector investment• Development Corp can borrow

Table 2 Assessment of Options



The following table summaries the options appraisal, considering the features of each against its ability to deliver the strategic objectives set out above.

The assessment of the two middle options is made in reference to business as normal and the development corporation approach.

Table 2

Option	Assessment against Objectives	Conclusion
Informal Partnership (business as normal / current approach)	<p><u>Homes</u></p> <p>Will not deliver the pace of development required</p> <p>Will not meet full housing and employment needs of the local population</p> <p>Will not deliver quality standards set out in current documents</p> <p><u>Infrastructure</u></p> <p>Unable to plan for full range of infrastructure</p> <p>Unable to fund full range of infrastructure</p> <p>Disconnect between infrastructure and housing building / other development programmes</p> <p><u>Community</u></p> <p>Links with wider community requirements difficult to deliver</p> <p>Difficult to deliver full masterplans with current delivery partners</p> <p><u>Climate emergency</u></p> <p>Additional standards are not included in current policy / permissions and therefore cannot be delivered.</p> <p><u>Delivery</u></p> <p>Little control over type and tenure of homes (beyond conventional affordable housing).</p> <p>Little influence over who delivers.</p> <p>Limited opportunity for encouraging local developers / suppliers</p> <p>Limited ability to incorporate infrastructure delivery with regional and national programmes.</p>	<p>This approach relies entirely on the commercial market and statutory planning system.</p> <p>GEP control over pace of development and quality of development is limited to statutory planning and informal partnerships.</p>
Develop formal structures currently available (Could involve Joint Committee at the strategic level and legal agreements / partnerships at	<p><u>Homes</u></p> <p>Minor impact on pace of development</p> <p>Minor impact on additional types and tenures of property</p> <p>Minor impact on quality</p> <p><u>Infrastructure</u></p> <p>The additional control on planning for infrastructure will only apply to the limited opportunities available</p>	<p>At the Strategic level there could be advantages in considering Joint working and potentially committees. This could lead to more efficient strategy development and planning but on its own would not impact directly on delivery.</p>



the delivery level)	<p>Will only be able to influence programme for a limited number of sites and other development opportunities.</p> <p><u>Community</u></p> <p>Limited opportunities to integrate and deliver community considerations</p> <p><u>Climate emergency</u></p> <p>Limited opportunities to consider additional standards</p> <p><u>Delivery</u></p> <p>The control over objectives will be minor</p>	<p>At the delivery level this option will only have a limited impact. To enter development agreements and partnerships the local partners will have to have a current interest in land or money to invest.</p> <p>Partners are already considering these options and therefore this option is unlikely deliver significantly more than the business as normal / current approach</p>
Structural change / new corporate body	<p><u>Homes</u></p> <p>Dependent upon the extent of land acquisition or investment along with the powers that are used behind the body.</p> <p><u>Infrastructure</u></p> <p>Dependent upon the extent of land acquisition or investment along with the powers that are used behind the body.</p> <p><u>Community</u></p> <p>Dependent upon the extent of land acquisition or investment along with the powers that are used behind the body.</p> <p><u>Climate emergency</u></p> <p>Dependent upon the extent of land acquisition or investment along with the powers that are used behind the body.</p> <p><u>Delivery</u></p> <p>Impact would vary significantly depending on the scope and resourcing of the approach.</p>	<p>Structural change at the strategic level could lead to more efficient planning and potentially more efficient delivery of some infrastructure.</p> <p>However, on its own it may not deliver much more than partners can currently achieve.</p> <p>The ability of this options to deliver more in terms of the development objectives would be dependent upon the scale and geographical scope of the body.</p> <p>At the ‘unconventional’ end of the scale, if the body included all authorities with agreement to fully use their resources and powers the impact could be significant (and similar to a Development Corporation). However, a limited scope would in effect only be an expansion of what a number of authorities are already doing.</p>
Locally led Development Corporation	<p><u>Homes</u></p> <p>This option has the potential to allow partners to control the pace of development, type of development and quality of development.</p> <p>However, underpinning this ability to control is the assumption that the Development Corporation will own land and bring significant resources to bear.</p>	See conclusion section



	<p><u>Infrastructure</u></p> <p>This option has the potential to deliver the full range of infrastructure required and link the development and infrastructure delivery programmes.</p> <p>Strategic infrastructure will still require significant partnership working with providers although it would be easier to plan and fund such infrastructure</p> <p><u>Community</u></p> <p>Delivery of community outcomes will require partnership working with external organisations. This is likely to be easier to achieve.</p> <p><u>Climate emergency</u></p> <p>With land and other investment, the corporation will have greater control over all standards including design and environmental standards.</p> <p><u>Delivery</u></p> <p>Greater control over all aspects of delivery including suppliers and products.</p> <p>Ability to deliver economic outputs</p> <p>Ability to link delivery programme with national and regional programmes.</p>	
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Conclusion

To deliver the strategy outcome and objectives set out above it is clear that the current or 'business as normal' approach is unlikely to be successful.

The clear gaps in this approach relate 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.

The development corporation solution scores 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 (i.e. development agreements).

Whilst the development corporation can be considered as a preferred option at this stage, whether it will deliver successful outcomes will be dependent upon its ability to acquire or invest. This is a key consideration for the next stage of a business case.

Control over Development Corporation

In addition to variations in powers and resources there are many ways that a development corporation could be developed. In a locally led Development Corporation either one of the Greater Exeter Local Authorities, or a grouping of authorities, would act as oversight authority. The table below illustrates different options and levels of control that the oversite authority could have over the Development Corporation.

The table below illustrates the range of potential involvement by an oversight authority ranging from hands off to hands on control. This table covers how local authorities could be involved in their oversight role from the perspective of

- Geography,



- Board membership
- Control and strategy
- Resourcing.

Table 3

IMPLEMENTATION OPTIONS FOR A DEVELOPMENT CORPORATION (SHARED WITH OTHER CORPORATE STRUCTURES)			
LESS ←	INVOLVEMENT BY OVERSIGHT AUTHORITY		→ GREATER
GEOGRAPHY			
Single area identified on day one including all development areas and likely development areas (but covering a broader area).	Single areas are identified. Boundary coterminous with development areas and likely development areas.	Definite development areas included - clear indication of additional development areas to be included at agreed point in planning process.	Definite development areas included. Expansion entirely left for future decision.
All areas signed up.	All areas signed up.	All councils signed up to process, not outcome.	Limited sign up to process and outcome.
BOARD MEMBERSHIP			
Skills led board. Professionals with delivery experience covering the key delivery requirements of the organisations. Low LA representation.	Skills and representative balanced board. Or Agreed approach to move from representative to skills board when trust developed between board and oversight authority.	Representative led board (within LLNTDC rules). Members from each council supplemented by other local and government nominated members.	
CONTROL			
Strategy the responsibility of the Development Corporation.	Strategy developed by LAs (with the Development Corporation). Development Corporation responsible for delivery agreed strategy.		
TEAM RESOURCING			
New separate team set up for Development Corporation. All management within Development Corporation.	New delivery team set up that is managed by the Development Corporation. Some services provided by LAs or other partners.	Key services (i.e. development management provided by existing growth team and local authorities. Managed via service level agreement or similar.	
NOTE: this table uses the issues raised by a Development Corporation and the starting point. The level of involvement by the partner authorities can be assessed in a similar way for other delivery vehicles. The principles remain the same but terminology different.			

Initial conclusions from the officer's workshop indicated that the willingness to take forward the development corporation approach would most likely have to be balanced with control over the development corporation via partner authorities' oversight role.

This is clearly a sensitive and political issue and is reflected in a recommendation to engage with senior politicians early in the business case development process.

1.9 Conclusions / recommendations

- 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 section 1.8 above, 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 Greater Exeter Growth team and involving the officers responsible for developing the Development Corporation Competition EoI). 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 work 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 work with Local Partnerships to prepare a resource plan. This resource plan should consider the budget with and without the MHCLG Development Corporation funding.

NOTE: This report represents a strategic options appraisal. The recommendations contained in this report suggest a way forward including an option / options to be considered in more detail. If successful, the development of a full business case will be part of the work enabled by the MHCLG competition. If unsuccessful (or if work is taken forward in the short term) the recommendations take into account how this work can be taken forward by partners using existing resources.



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