

Report to: Cabinet



Date of Meeting 1 October 2025

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Review date for release N/A

Delivery Vehicle for Marcombe

Report summary:

This report presents the Strategic Outline Business Case for the establishment of a delivery vehicle for the Marcombe new community. The delivery of a new town is a complex, long-term endeavour that necessarily involves multiple different stakeholders. A key learning point from Cranbrook is the need to establish a dedicated delivery vehicle from the outset to provide the necessary focus and resources to realise the ambitious vision for a place including integrating both physical and social development.

The report seeks support for the Strategic Outline Business Case such that work can then progress, with benefit of additional funding, to develop a Full Business Case. This will consider the precise form that the delivery vehicle should take and would be foreshadowed by the creation of an Interim Vehicle, the terms of reference for which will be the subject of a further report to Cabinet.

Is the proposed decision in accordance with:

Budget Yes ☐ No ☒

Policy Framework Yes ☒ No ☐

Recommendation:

It is recommended that Cabinet;

- Supports the Executive Summary of the Strategic Outline Business Case for the establishment of a delivery vehicle for the Marcombe new community
- Receives a further report setting out the full Strategic Outline Business Case
- Receives subsequent reports regarding:
 - the terms of reference for an interim vehicle, and
 - the full business case for a delivery vehicle for the integrated proposal including the Cranbrook expansion and Enterprise Zone areas
- Recommends to Council that a budget of £350k is made available from the new communities reserve to enable the development of the business case alongside progressing further technical work, matching potential funding being made available by Homes England

Reason for recommendation:

To support the future establishment of a delivery vehicle that is capable to ensuring that the vision for Marcombe is translated into practical delivery on the ground.

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Portfolio(s) (check which apply):

- ☐ Assets and Economy
- ☐ Communications and Democracy
- ☐ Council, Corporate and External Engagement
- ☐ Culture, Leisure, Sport and Tourism
- ☐ Environment - Nature and Climate
- ☐ Environment - Operational
- ☐ Finance
- ☒ Place, Infrastructure and Strategic Planning
- ☐ Sustainable Homes and Communities

Equalities impact Low Impact

Climate change Medium Impact. The sustainability credentials of the new community will need to be carefully considered as part of the ongoing technical work.

Risk: Medium Risk; The establishment of a statutory delivery vehicle such as a development corporation very much aligns with both government policy and the learning from the delivery of Cranbrook but will require substantial technical work and stakeholder engagement to ensure that all procedural requirements are met and that a persuasive case is presented to the Secretary of State.

Links to background information [Building new towns for the future](#)

Link to [Council Plan](#)

Priorities (check which apply)

- ☒ A supported and engaged community
- ☒ Carbon neutrality and ecological recovery
- ☒ Resilient economy that supports local business
- ☒ Financially secure and improving quality of services

Background and Context

1. The Council has been actively considering the establishment of a delivery vehicle to facilitate and manage major development projects in the West End of the district. This position is part of its broader strategy to address infrastructure needs, housing supply, and economic growth. This report sets the findings of an initial stage of the development of a business case to support the establishment of such a vehicle and follows on from the consideration of the masterplan for the Marlcombe new community by Strategic Planning committee.
2. The Council has identified that large-scale development, such as the Marlcombe new community proposal in the Local Plan review, requires a more detailed and coordinated approach than traditional planning processes alone. This includes both physical and social development objectives. The scale of these projects necessitates the application of focused and enduring attention to address delivery issues and ensure the timely delivery of critical infrastructure improvements. This is a point of learning from the delivery of the Cranbrook new community and is a prerequisite for ensuring that an ambitious vision can be realised.
3. The Council has commissioned a multi-disciplinary team to develop a business case for a delivery vehicle alongside the development of the masterplan for Marlcombe. The scope of this work includes exploring various options, up to and including the formation of a Development Corporation. A Strategic Outline Business Case (SOBC) is the initial stage in the business case development process.
4. This report sets out the findings from this initial stage of work. It follows shortly on from the consideration of the masterplan for the Marlcombe new community by Strategic Planning

Committee. It should also be noted that the Council put forward Marlcombe to become part of the national new towns programme through the New Towns Taskforce Call for evidence. Whilst the outcome of this process is currently unknown, the interim report from New Towns Task Force (see background links) clearly acknowledges the success of New Towns Development Corporations (NTDCs) used for the post-war new towns. These bodies were effective because they had the power to combine vision, strategy, consent, and delivery. They were public-sector led, undertook land assembly, created masterplans, and controlled the delivery of the towns in partnership with the private sector.

5. More widely this report is a further demonstration of the Council's willingness to play an active role in ensuring that the ambitious vision for Marlcombe is realised. Cranbrook has taught us valuable lessons about the importance of public sector leadership and intervention to prevent market failure and ensure the delivery of genuine communities - not just housing estates. In collaboration with our partners, our aim to create an exemplar development that provides much needed homes, drives the early delivery of critical social infrastructure, supports job creation, and drives economic growth. This neatly aligns with the level of ambition contained within the Build and Buy Housing Investment and Delivery Plan recently considered by Cabinet and provides a platform for innovation and achieving better outcomes for future residents.

Five case model

6. The Five Case Model is a comprehensive framework for developing business cases for projects and programmes that is endorsed by the UK Treasury and is a standard requirement for public sector projects. It provides a structured approach to ensure that a proposal is robust, well-justified, and likely to deliver its intended benefits.
7. The five cases are:
 1. **Strategic Case:** This case establishes the compelling need for the intervention. It demonstrates how the proposed project aligns with the organisation's strategic objectives and wider government policies. It answers the question: "Why do we need to do this?"
 2. **Economic Case:** This case assesses the value for money of the proposal. It involves a detailed options appraisal to identify the most economically advantageous solution. This is done by comparing the costs and benefits of different options, including a 'do-nothing' option. It answers the question: "Is this the best way to achieve value for money?"
 3. **Commercial Case:** This case evaluates the commercial viability of the project. It ensures that the project is attractive to the market and can be delivered within a robust commercial framework. It answers the question: "Is the proposed deal commercially sound?"
 4. **Financial Case:** This case confirms that the project is affordable and that the funding has a good prospect of being secured. It provides a detailed breakdown of the capital and running costs and identifies the sources of funding. It also includes a robust financial risk analysis. It answers the question: "Can we afford to do this?"
 5. **Management Case:** This case outlines how the project will be delivered, managed, and controlled. It covers the governance arrangements, project management methodologies, risk management plans, and resource requirements. It ensures that the project can be delivered successfully. It answers the question: "How can we deliver this successfully?"
8. The Five Case Model provides a holistic view of a project, moving beyond just the financial aspects to consider its strategic fit, economic viability, commercial deliverability, and management feasibility.

Strategic Outline Business Case

9. The primary purpose of the SOBC is to establish the case for change and determine whether an intervention or project is strategically necessary and potentially viable. The document contained at Appendix A at the end of this report is the Executive Summary for the SOBC. Part 1 of this work has focused on Marlcombe itself to accompany the masterplanning exercise. In undertaking this work it became clear that there was a strong rationale for an

expanded project that would consider the relationship with the ongoing development of Cranbrook, the Exeter and East Devon Enterprise Zone, and the Airport. Part 2 of the work will further consider the expansion of Marcombe from 8,000 to 10,000 homes alongside the potential for this wider, integrated proposal.

10. The aim is to coordinate large-scale housing and commercial development, learning from the experience of Cranbrook, and to meet government criteria for new towns. The methodology draws on delivery experience from similar projects and sets out a robust framework including delivery and land control strategies, partnerships (notably with Homes England and the County Council/CCA), infrastructure cost planning, risk assessment, and market testing alongside the development of a stewardship strategy.

11. Key outputs and findings from the work to date include;

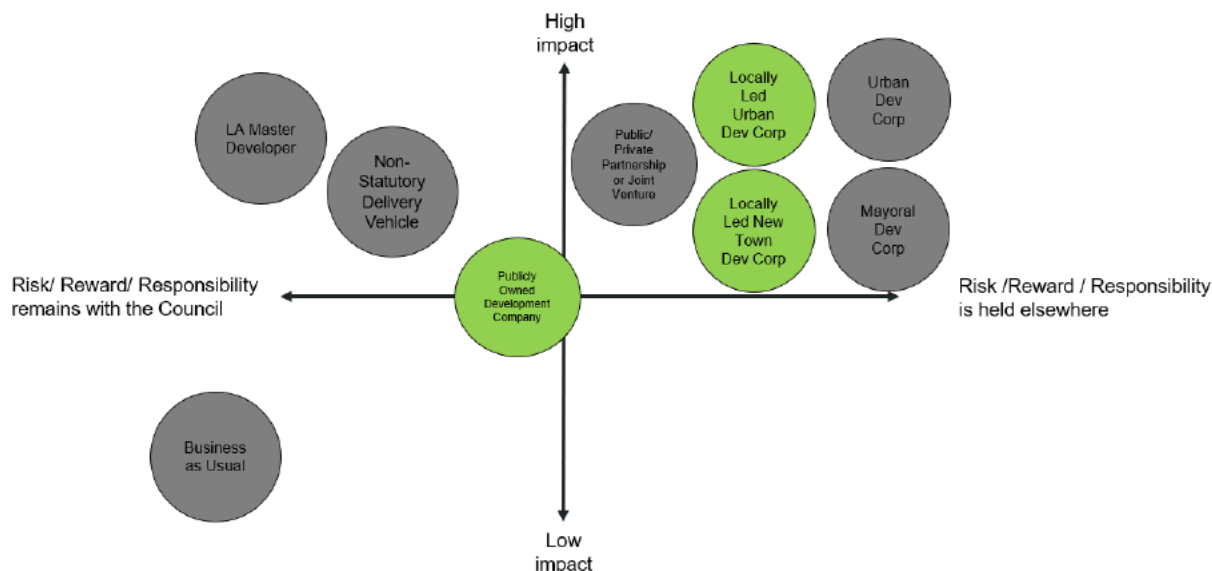
- **Viability Analysis:** The project is commercially viable, with key success factors identified and central government funding requirements outlined.
- **Funding Strategy:** A blend of capacity funding and project infrastructure funding is proposed, with the latter being up to £100m to help forward fund critical infrastructure improvements.
- **Economic Appraisal:** Scenarios modelled for 20%, 35%, and 40% affordable housing show economic costs (discounted and after optimism bias) from £57m to £70m, and benefits from £182m to £239m. Benefit Cost Ratios (BCRs) range from 3.17 to 3.40, indicating high value for money.
- **Land Control:** Strategies include acquisition (compulsory purchase, private treaty, or a hybrid approach) and permission (joint ventures or licence agreements), aiming to align interests and deliver placemaking objectives.
- **Delivery Strategy:** Proposes an Interim Growth Company leading to a Development Corporation, with a master developer responsible for implementation. Governance will involve Devon County Council, Homes England, MHCLG, local enterprise, education, landowners, and key stakeholders.
- **Stewardship:** Emphasises the need for a stewardship strategy to ensure community involvement, governance, and sustainable management of assets, with models ranging from charitable trusts to the creation of a new town council. This will be vital in ensuring that strong social foundations are established alongside the physical development of the new town and will provide a platform for aiding community cohesion.

Economic, Commercial, and Financial Cases

- **Economic Case:** Assesses delivery options and value for money, with scenario testing for affordable housing provision.
- **Commercial Case:** Justifies the costs of assembling a delivery vehicle and land control and sets out options for structuring the development function.
- **Financial Case:** Details the public sector funding required for both vehicle assembly and project delivery, with comprehensive cash flow and cost assessments.

Management Case and Next Steps

12. The management case has tested deliverability, focusing on resources, governance, risk management, and stakeholder engagement. A range of potential options have been considered, from informal vehicles to statutory development corporations, in terms of their ability to deliver against critical success factors whilst balancing risk. This is shown below;



13. The shortlist has identified three key options (shown in green above) as to how a delivery vehicle could be structured. This includes either a Locally Led Urban Development Corporation (LLUDC), or a Locally Led New Town Development Corporation (LLNTDC) which would be statutory vehicles. A third option, a public owned development company, is also a possibility. The precise form of the delivery vehicle will need to be determined through the development of the full business case. Given the scale, complexity and timescales associated with the development programme there are clear advantages associated with establishing a statutory vehicle.
14. Establishing a LLUDC or a LLNTDC is a multi-step process that is initiated by a local authority and requires approval from central government. The key procedural requirements are outlined in the New Towns Act 1981 (as amended by the Neighbourhood Planning Act 2017) and the Levelling-up and Regeneration Act 2023, along with subsequent regulations and guidance.
15. The process begins when a local authority decides to pursue the creation of a development corporation. To do this they must;
 - **Develop a detailed proposal:** This includes a map defining the area, a name for the proposed new town, and a clear vision for its development. The Council must demonstrate how the corporation will deliver a high-quality, sustainable community.
 - **Build a strong evidence base:** The Council must prove that the proposed site is suitable for development at the scale planned. This includes a financial model showing projected returns, a debt profile, and sources of financing for the entire lifecycle of the project.
 - **Demonstrate local support:** The proposal must show that it has the express support of all local authorities (including the County Council) that cover the proposed area. It is also expected that they have consulted with the community and can show a high level of public participation.
16. Once the Council has prepared its case, they must formally apply to the Secretary of State for Housing, Communities and Local Government. The application must include all the evidence gathered in the initial phase. The Secretary of State will then scrutinise the proposal to be satisfied that:
 - **It is in the national interest:** For a new town, the Secretary of State must be convinced that its creation is "expedient in the national interest."
 - **The proposal is robust and deliverable:** The government will test the evidence base to ensure the project rests on sound foundations and that the proposed corporation is the best route to secure expedited delivery.
 - **Statutory aims are met:** The proposal must align with the statutory aims for a locally led corporation, which include planning for a high-quality, sustainable community with long-term stewardship and community participation.

17. If the Secretary of State is satisfied with the proposal, the final step is a parliamentary process to formally establish the corporation. This is done through a Statutory Instrument (an Order) laid in Parliament.
18. The amount of time and resource required to complete this process should not be underestimated. This includes the need for very close partnership working with the County Council and to build collaborative relationships with key stakeholders more widely.
19. It is a specific recommendation of this report that the SOBC is supported. This will enable further phases of work and the Full Business Case (FBC) to be developed. The FBC is a comprehensive document that confirms the final plan and associated financial details. In order to help provide more defined governance and partnership structures in the short term it is proposed that an Interim Vehicle is established. This will foreshadow the establishment of the Development Corporation and will provide a means of building collaborative advantage.
20. Provisionally it is anticipated that the Interim Vehicle can be established in early 2026 and the Development Corporation by March 2027. The Interim Vehicle will help to provide a governance structure to bring key partners together and to define objectives and priorities. As such it can help to build collaborative advantage and develop and deliver the ambitious vision for the area. It is a recommendation of this report that the proposed terms of reference for the Interim Vehicle are considered by Cabinet.

Funding position

21. Cabinet has to date provided fulsome support to ensure that the learning from Cranbrook can be applied and that Marlcombe can come forward as an exemplar development. This has included a multi-year financial settlement included as part of the Mid Term Financial Plan. This enabled the multi-disciplinary team who produced both the masterplan and the SOBC to be commissioned.
22. Members will remember that, at the 30th July Cabinet meeting, the potential to enter a Memorandum of Understanding with Homes England was considered. This has now been completed and provides the basis for forging a strong, long-term partnership.
23. Homes England have recently indicated that £305k of funding may be provided this financial year to help progress masterplanning and technical work and to bolster capacity in key areas. In order to match this funding it is recommended Cabinet to recommend to Council that £350k of additional funding is made available from the new communities reserve to ensure that the work can progress into the next critical phase including further developing the business case.

Conclusion

24. The delivery of a new town is a complex, long-term endeavour that necessarily involves multiple different stakeholders. A key learning point from Cranbrook is the need to establish a dedicated delivery vehicle from the outset to provide the necessary focus and resources to realise the ambitious vision for a place.
 25. The SOBC establishes Marlcombe as a viable and deliverable scheme, subject to balancing competing priorities and further detailed scenario testing. It provides clear pathways for expansion, land control, project initiation, implementation, and ongoing stewardship. Much work remains, but the foundations for a successful new settlement and wider unified project are robustly laid out.
 26. There is now a clear pathway towards the establishment of a Development Corporation that will bring together the necessary powers, resource and expertise over the long term. The establishment of such a vehicle will be a significant step for the Council and our partners. It will enable an assertive approach to delivery from the outset and ensure high-quality place-making outcomes including ensuring that critical infrastructure improvements are delivered in step with development.
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Financial implications:

There is a request for an additional budget of £350k which is proposed is met from a reserve set aside for a new community and has this sum available.

Legal implications:

The legal issues are dealt with in the body of the report. Due to the specialist nature of this project, external legal advice will be required.