

CABINET
02 FEBRUARY 2017

Proposed Greater Exeter Growth and Development Board

Cabinet Member Cllr Clive Eginton, Leader of the Council
Responsible Officer Stephen Walford, Chief Executive

Reason for Report: To seek support for the establishment of formal joint governance arrangements for economic development and strategic planning and infrastructure project management and delivery for the Greater Exeter area to ensure that this functional economic area 'punches its weight' regionally and nationally.

Recommendation: That Cabinet:

1. **Approve in principle the setting up of the proposed Greater Exeter Growth and Development Board together with local authorities covering the Greater Exeter functional economic area, namely East Devon District Council, Exeter City Council, Mid Devon District Council and Teignbridge District Council. The Board will be a Joint Committee under s101 (5), 102 Local Government Act 1972 and s9EB Local Government Act 2000 and pursuant to the Local Authorities (Arrangement for the Discharge of Functions) (England) Regulations 2012.**
2. **Note that Devon County Council has been asked to support this, but is not yet prepared to do so.**
3. **Note that further detailed reports will be brought to Cabinet and/or full Council as appropriate on:**
 - **The terms of reference and rules of procedure of the joint committee (Greater Exeter Growth and Development Board)**
 - **The required amendments to the Constitution once the Terms of Reference have been agreed and approved by each Council**
 - **Any future decisions on the creation of delivery vehicles**
 - **Any funding decisions**

Relationship to Corporate Plan: Specific links to corporate priorities of Housing and Economy; the proposed Board is being created to further our (joint) ambitions in these two priority areas.

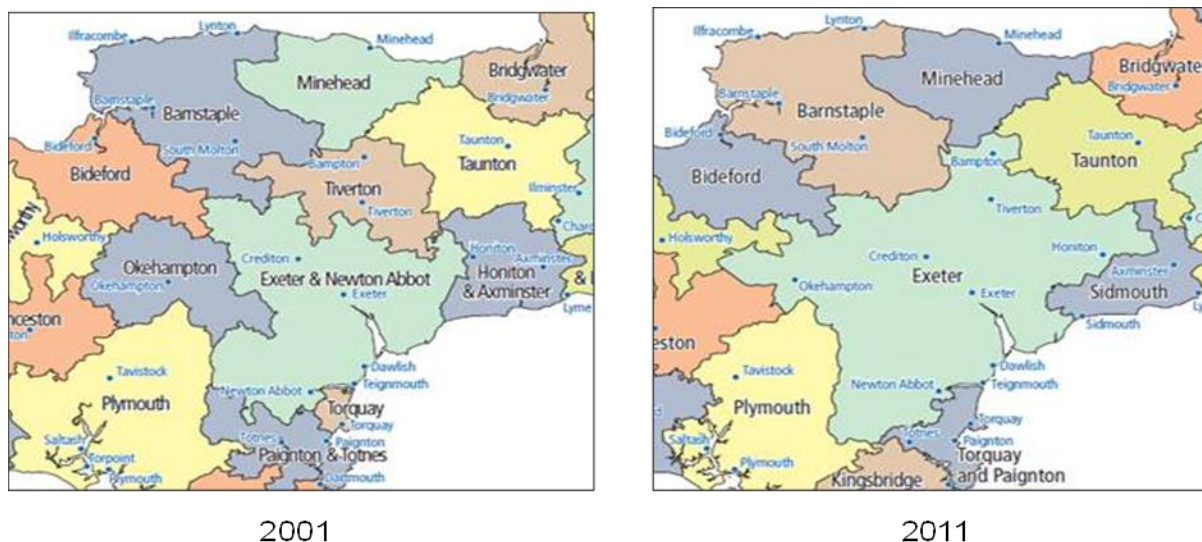
Financial Implications: None at this point.

Legal Implications: Joint governance arrangements may lead to changes in constitutional arrangements. However, none is proposed at this point.

Risk Assessment: Limited at this stage since this is a decision on the principle of establishing the board – not on its terms of references or any financial implications. As such, the council will have further decision points (on both governance and finance) before any actions are taken.

1.0 Introduction

- 1.1 The local authorities covering Exeter, East Devon, Mid Devon and Teignbridge have a long standing relationship in regards to economic development and tourism promotion under the umbrella of the Heart of Devon. Since 2010, East Devon, Exeter and Teignbridge have been working in collaboration under the Exeter and Heart of Devon Growth Board, the remit of which has been to bring forward a major growth programme of housing and infrastructure centred on Exeter and extending into adjoining areas of East Devon and more recently Teignbridge. More recently, Mid Devon has been invited to join this grouping and has been attending this 'growth board' since Mid-2016.
- 1.2 The four councils have agreed to collaborate on a joint Strategic Local Plan for the Greater Exeter area due, in no small part, to the changing functional economic area (shown below), which demonstrates the spatial economic area surrounding Exeter now having a greater reach, and thus its importance to Mid Devon being heightened.
- 1.3 The functional economic area can be illustrated by the following maps drawn from a comparison of the extent of the travel-to-work areas derived from the 2001 and 2011 Census. The Greater Exeter sub-region has a combined population of some 470,000 people which is 61% of Devon's population (not including Torbay and Plymouth).



- 1.4 There is a strong case that the growing pressures (and opportunities) facing the sub region, definable by the geography of the four District authorities, require a fundamental change to the informal voluntary partnerships which have served the area well to date but which will not provide the most effective approach going forward.
- 1.5 In addition, changes to the financing of local government, the reduction of the grant settlement and the incentivising of growth, requires a more collaborative approach to delivering growth and this will serve the interests of our

communities and enable us to take opportunities that are presented to make efficiency savings. There is a shared desire to build on this collaboration to unlock the potential for accelerated economic growth and to provide long term confidence in the economy and planning of the sub region.

- 1.6 Exeter City sits at the heart of the economy with some 34% growth in employment between 2004 and 2014 (based on the Annual Population Survey). This doesn't just benefit the city, as with one of the highest inward commuting patterns in the UK and real interdependence with the wider area, the city's employment permeates across its expanding travel to work area.
- 1.7 Eurostat data shows that from 2002-12, despite being in a region with almost the UK's lowest overall GDP per employee, Exeter saw the highest growth in purchasing power per inhabitant of any city in England and second only to Aberdeen in the UK. This is a sound basis for addressing the more persistent economic issues in the area of low incomes and too low levels of generation of new businesses.
- 1.8 We are now in a position where the housing and labour markets broadly align covering Exeter and large parts of East Devon, Mid Devon and Teignbridge. It is sensible and logical therefore to plan for growth on the basis of the reality of the functional economic geography. The imperative is to work collaboratively to drive the growth of the Greater Exeter area, taking a sub-regional approach, maximising the potential of the area which would benefit Devon as a whole.

2.0 **Productivity**

- 2.1 Greater Exeter is an area of higher productivity within the Devon CC area. Its productivity (using average annual wages as a proxy) is around 16% higher than for the rest of Devon CC and over the past ten years its productivity has grown significantly faster. It was the driving force of the pre-crisis catch up to the national and regional averages.

3.0 **Rural and Urban – the Greater Exeter Ideal?**

- 3.1 It is often presumed that urban environments are best suited for investment in innovation. However, the Greater Exeter region provides a valuable testing ground as it is formed by a rural economy with a strong city centre and important links to a number of nearby towns and villages providing a different quality of life than congested urban environments. This could prove to be a competitive advantage: the place to live where leading innovations are developed. In addition, the area is perfectly placed to pursue technological developments and innovations in areas such as agriculture, food and what is now being called "Nature-tech".
- 3.2 Moreover the city is an interesting asset as it has the perfect population size and demographic mix to form a testing bed for product and service innovations having the features of a major city within the confined geography of just 18sq miles (for example including the same number of stations as Leeds, an international Airport, a stadium and a major regional hospital).

4.0 **The Opportunity**

- 4.1 As well as further improvements to coordinating and pooling the area's approach to economic development and building on the successes to date in the coordinated delivery of strategic investment and development, there are exciting opportunities to reap considerable economic benefit from focusing on developing the knowledge economy.
- 4.2 Recent research by the Government shows that our sub-region has important comparative advantages in the concentration of environmental scientists in the world. Exeter, through the University and the Met Office, had more scientific contributors to the most recent globally-recognised International Panel on Climate Change (IPCC) report on the impact of climate change than any other city in the world by a large margin. The location of the Met Office £97m supercomputer on the Exeter Science Park (in East Devon), will enhance its global competitive advantage. It is important to determine how these advantages can be levered for local benefit.

5.0 **Revised Governance**

- 5.1 Robust governance will be critical to the future success of the area. The current "informal" arrangements involving the Exeter and Heart of Devon Growth Board and Greater Exeter Vision Board have been very effective in serving the purpose for which they were established. Triggered by concerns about achieving a more concerted effort towards delivering and dealing with the consequences of the growth ambitions for the wider Exeter economy, discussions have taken place around establishing a more formal joined up agenda and working arrangements between authorities and key players recognising the important priorities, opportunities and challenges facing the functional economic and housing market area.
- 5.2 Whether or not the devolution proposals lead to a new relationship on planning and economic development matters across the LEP geography, there is a need for a formal body that has the advantages of acting as a single organisation with one strategy, plan and decision making process bringing together direction, commitment, effort and resources to remove duplication and address major strategic issues affecting this functional economic area. This is a significant step as it will mark a step away from the current informal arrangements to a robust formal structure that is capable of overseeing strategic decisions affecting economic performance, advocating the development case and pursuing funding for the area, managing the production of key statutory documents and taking collective financial decisions.
- 5.3 To date that "area" has focused on Exeter, parts of East Devon and Teignbridge but there is a clear logic to that area being drawn more widely and including Mid Devon to better represent the reality of the growing functional economic area, as defined by ONS data and the accepted travel to work area. This is more recognisable as a credible economic focus to business and the public rather than (council) administrative boundaries.

- 5.4 The HotSW LEP geography in reality consists of five or more recognisable functional economic areas each of which have distinctive priorities which the areas themselves will want to address and have influence over. The need to work across the wider LEP area or the peninsula as required, depending on the issue at hand, will remain a necessity.
- 5.5 Moving from informal partnership arrangements to a formal body proposes to create the new Greater Exeter Growth and Development Board (GEGDB) including the local authorities covering the Greater Exeter functional economic area, namely Devon County Council, East Devon District Council, Exeter City Council, Mid Devon District Council and Teignbridge District Council. The Board will be a Joint Committee under s101 (5), 102 Local Government Act 1972 and s9EB Local Government Act 2000 and pursuant to the Local Authorities (Arrangement for the Discharge of Functions) (England) Regulations 2012. It will comprise the 5 local authorities as voting members and a number of non-voting co-opted private sector /other representatives drawn from the wider business community.
- 5.6 The Vision and ambitions of the new body would be set out in its own, formally agreed, Growth and Development Strategy (GDS). It will have oversight of the delivery of this Strategy and for bid submissions for the Local Growth Fund and other significant sources including European funding where appropriate. Formally approved Terms of Reference (TOR) would provide the mandate to deliver the vision and effectively coordinate the delivery of the plans that emanate from these strategies. It is proposed that the objectives and responsibilities of the Board would include at least the following, to:
- facilitate and enable real and effective collaboration between the member local authorities on economic development, strategic planning and promoting growth;
 - agree and set the strategy for promoting and enabling the development of a competitive business environment relevant to the ambitions of the functional economic area;
 - deliver cross-boundary programmes of work including agreeing specific priorities, plans, and projects;
 - lead on and coordinate liaison with the LEP and other key agencies;
 - develop and oversee the delivery of a skills strategy to ensure that local people have the skills to compete for jobs in the key sectors that are critical to the growth of the area's economy;
 - continue the essential integrated approach to planning the next generation of necessary developments to address housing pressures and the transportation and communication (including ultra-fast broadband) requirements of a successful growing economy;
 - support the 'Duty to Cooperate' in its widest sense in the promotion of strategic overview of forward planning across the area;
 - seek agreement on alignment between funding streams and prioritise competitive funding bids.
- 5.7 The Board will set up sub boards or bodies to inform or undertake these functions on its behalf. Each will exist only for as long as is required. In order that the Board engages with the relevant community of interest and

stakeholders in its endeavours, consideration should be given to having a limited number of advisory sub boards to provide expert advice and to explore the opportunities to accelerate or improve delivery or the removal of barriers to progress. The existing Exeter and Heart of Devon Growth Board has performed this function well and could continue as a sub board with its focus on development delivery and infrastructure. There is a discussion to be had over the involvement, continuation, merger or otherwise of existing similar boards in the area to reduce the administrative overhead. The continuation of other sub boards could be time limited according to the issue or project in hand.

- 5.8 The final structure chosen for the “formal body” may have to be so designed as to have its own capability and capacity to secure, hold and administer funding. Amongst other questions to be answered on the intended scope of this body is whether it takes on the mantle of administering the Enterprise Zone and/or other “pooled” funding which will be essential to its ability to deliver its agenda. This and other related matters will form part of future reports to Cabinet/Council as appropriate.
- 5.9 Decisions on the creation of any sub-regional delivery vehicles to deliver activity across the Greater Exeter area will be brought back as the subject of a separate report.

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