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# SUPPLEMENTARY AGENDA

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## CABINET

TUESDAY, 26 JULY 2022 AT 12.00 PM

COUNCIL CHAMBER - THE GUILDHALL, PORTSMOUTH

Telephone enquiries to Democratic Services - Tel 023 9283 4870

Email: Democratic@portsmouthcc.gov.uk

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## Membership

Councillor Gerald Vernon-Jackson CBE (Chair)

Councillor Suzy Horton (Vice-Chair)

Councillor Chris Attwell

Councillor Kimberly Barrett

Councillor Darren Sanders

Councillor Lynne Stagg

Councillor Jason Fazackarley

Councillor Lee Hunt

Councillor Steve Pitt

Councillor Matthew Winnington

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(NB This supplementary agenda should be retained for future reference with the main agenda and minutes of this meeting).

## SUPPLEMENTARY AGENDA

### 5 Local Development Scheme (Pages 5 - 28)

#### Purpose

To detail and seek approval for the revisions to the Local Plan timetable set out in the Local Development Scheme (LDS).

#### **RECOMMENDED that the Cabinet**

- 1. Approve the revised Local Plan timetable set out in this report for the Local Development Scheme (LDS) and the Minerals and Waste Development Scheme.**
- 2. Grant delegated authority to Assistant Director Planning & Economic Growth to make minor amendments to the LDS and Minerals and Waste Development Scheme and Development Plan Document timetables as necessary.**

### **3. Note the progression of other Portsmouth Development Plan Documents and Supporting Planning Policy documents.**

The enclosed report originally marked on the agenda "to follow" was published on 21 July 2022.

### **8 Response to the Traffic, Environment and Community Safety Scrutiny Panel's recommendations regarding biodiversity (Pages 29 - 48)**

#### Purpose

To set out the response of officers to the Traffic, Environment and Community Safety Scrutiny Panel's recommendations arising from a review into biodiversity enhancement in urban Portsmouth.

#### **RECOMMENDED that the Cabinet**

- 1. Thanks the panel for its work in undertaking the review.**
- 2. Notes and supports the recommendations of the review, which are set out in Appendix 2 to this report, together with the officer responses to the recommendations.**

The enclosed report originally marked on the agenda "to follow" (Appendix 2) was published on 21 July 2022.

### **10 Local Partnerships' governance review (Pages 49 - 80)**

#### Purpose

1. On 14 February 2022 Cabinet decided that;
  - i. there be a minimum requirement for a financial report to report to the Governance & Audit & Standards Committee annually and agreed to the recommendations;
  - ii. to have a standing quarterly item reserved to the cabinet agenda for reports on shareholder function in relation to PCC company matters;
  - iii. to engage Local Partnerships (a joint venture between the Local Government Association and HM Treasury) to provide commercial support to the Council in relation to its companies;
2. As such, in March 2022 Local Partnerships undertook a governance review of the Council's internal governance of its companies which included interviews with statutory officers (s151, Monitoring Officer and Chief Executive), key officers involved in advising and oversight of the companies (Directors of Regeneration and the Port, Deputy s151 Officer) as well as leading politicians (the Leader of the Council and the leader of the Conservative group).
3. Local Partnerships identified a range of governance issues and made key recommendations with 9 to be actioned (see appendix 1 attached).

#### **RECOMMENDED that the Cabinet**

- 1) Notes and accepts in full the report and recommendations made by Local Partnerships;**
- 2) Agrees to develop an action plan to implement the recommendations;**

- And in order to facilitate that process;**
- 3) Agrees to the appointment of a cabinet member as the portfolio lead for Company matters;**
  - 4) Agrees to the appointment of the Chief Executive as the Council's "shareholder representative" to all its companies (the role as detailed from paragraph 4.12).**

The enclosed report originally marked on the agenda "to follow" was published on 21 July 2022.

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# Agenda Item 5



Portsmouth  
CITY COUNCIL

<b>Title of meeting:</b>	Cabinet
<b>Date of meeting:</b>	26 <sup>th</sup> July 2022
<b>Subject:</b>	Revised Local Development Scheme
<b>Report by:</b>	Ian Maguire, Assistant Director Planning & Economic Growth, Regeneration
<b>Wards affected:</b>	All
<b>Key decision:</b>	No
<b>Full Council decision:</b>	No

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## 1. Purpose of report

- 1.1. The purpose of this report is to detail and seek approval for the revisions to the Local Plan timetable set out in the Local Development Scheme (LDS).

## 2. Recommendations

- 2.1 To approve the revised Local Plan timetable set out in this report for the Local Development Scheme (LDS) and the Minerals and Waste Development Scheme.
- 2.2. To grant delegated authority to Assistant Director Planning & Economic Growth to make minor amendments to the LDS and Minerals and Waste Development Scheme and Development Plan Document timetables as necessary.
- 2.3 Note the progression of other Portsmouth Development Plan Documents and Supporting Planning Policy documents.

## 3. Background

- 3.1. The Local Planning Authority is preparing a new Portsmouth Local Plan to guide the future development of the city. The new Local Plan will set out details on the level of development that will take place and where it will be located, and identify the infrastructure needed to support this growth. It will contain planning policies that will inform and influence the quality of development delivered in the city by guiding decision-making on planning applications. Critical to the development of the Local Plan is sound supporting evidence to assess the need, impact, viability and deliverability of development.
- 3.2. A Local Development Scheme (LDS) is required under Section 15 of the *Planning and Compulsory Purchase Act 2004* (as amended). The LDS must



specify the development plan documents, the subject matter of those development plan documents and the geographical areas they cover and the timetable for the production and adoption of them. For Portsmouth City Council this is primarily the new Portsmouth Local Plan.

- 3.3. Local planning authorities have an obligation to keep the LDS up to date and publish it on their website. Portsmouth's LDS was last updated on 8<sup>th</sup> March 2022 following approval by the Cabinet.

The Revised Portsmouth Local Plan Timetable

- 3.4 Additional time has been necessary to continue discussions with the Members Cross Party Working Group. Progress of the options has been made however due to the Local Elections in May the group was unable to meet for some time which has meant the March timetable has slipped. A further final meeting of the Cross-Party Working Group is scheduled to occur prior to the Cabinet meeting to consider this report meaning that 9 meetings will have been undertaken since 30<sup>th</sup> November 2021. Following those meetings it has been agreed that a spatial strategy will be pursued that maximise delivery within the emerging strategic sites identified across the city and that the Tipner West site will be progressed with a delivery of 1,250 homes in addition to substantial employment floorspace.
- 3.5 The outcome of the decisions on development at Tipner and the other options will require a full reassessment of the potential housing supply and related policies. The work programme for the Plan has a number of dependencies that will depend an agreed spatial strategy for the quantity and location of new development in the city; background evidence and assessment work (i.e. transport, infrastructure provision, sustainably appraisal and habitat regulations assessment) and engagement with other local authorities on unmet housing need cannot be progressed or finalised ahead of this.
- 3.6 A full review of the Local Plan timetable has therefore been undertaken; the estimated target date for the Council's Regulation 19 version of the Plan has been moved to Spring 2023, moving likely Submission of the Plan to late summer 2023. The timescales for the latter stages of the plan preparation (post 'Submission') will be outside of the Council's direct control.

Table 1. Updated LDS Timetable for the new Local Plan

<b>Timetable for Production of the new Portsmouth Local Plan</b>		
Preparation ('Reg. 18')	Issues and Options consultation	✓ July 2017
	Evidence base consultation ('Local Plan update')	✓ February 2019
	Consultation on a draft Local Plan	✓ September 2021
Publication ('Reg. 19')	Consultation on the proposed Local Plan for submission	Spring 2023
Submission ('Reg. 22')	Submission of Plan to Secretary of State	<i>Tbc*</i>



Examination hearings ('Reg. 24')	Examination of the Plan by an appointed Inspector	<i>Tbc*</i>
Inspectors report ('Reg. 25')	Inspectors Report on whether the plan is legally compliant and sound	<i>Tbc*</i>
Adoption ('Reg. 26')	Formal adoption of the plan by the council	<i>Prior to the end of 2024</i>

\* Timetabling subject to resource availability at the Planning Inspectorate.

The Hampshire Minerals and Waste Plan

- 3.7 The Council, as a Unitary Authority, is also the minerals and waste planning authority for the Portsmouth area, with a statutory duty to prepare a Local Plan to guide the need for and location of development for minerals and waste management. The Council undertakes this role through the Hampshire Minerals and Waste Plan (HMWP) Partnership, to ensure minerals and waste matters are planned for on a county-wide basis, with Hampshire County Council (HCC), Southampton City Council, New Forest National Park Authority and the South Downs National Park Authority ('the Hampshire authorities').
- 3.8 *The Hampshire Minerals and Waste Plan* (HMWP) 2013) forms part of the Development Plan for Portsmouth, alongside the adopted Portsmouth Local Plan (2012). An initial review of the Hampshire Minerals and Waste Plan was undertaken in 2018, five years since the date of adoption; it concluded that the HMWLP did not require review at that time and should be reviewed again in 2020. When this was revisited, the HMWLP was still deemed to be sufficiently supporting minerals and waste planning in the area but a review of all policies indicated that a partial update was needed to ensure full compliance with the NPPF and the National Planning Policy for Waste (NPPW). The decision to undertake the review of the HMWLP was approved by all partnership authorities, including Portsmouth City Council at a Full Council meeting in March 2021<sup>1</sup>. A timetable for the review has also been published by HCC since the LDS was last updated.
- 3.9 While much of the review of the HWMP will be conducted by Hampshire County Council through an existing Partnership Agreement, the Council will need to be involved in steering the direction of any review of the HMWP, and to approve key decisions and/ or documents for consultation and adoption as required. The timetable is outlined in section 3.2 of the LDS: it includes a first stage public consultation period in the Autumn with the overall aim of progressing the review through to adoption in 2025.

Table 2. Updated LDS Timetable for the new Hampshire Minerals and Waste Plan

<b>Timetable for Production of the new Hampshire Minerals and Waste Plan</b>		
Preparation	Evidence base preparation	Mar - Sept 2022

<sup>1</sup> Meeting details at:  
<https://democracy.portsmouth.gov.uk/ieListDocuments.aspx?CId=146&MId=4270&Ver=4>



('Reg. 18')	Consultation on the Draft Plan Update and Evidence	<i>Sept - Dec 2022</i>
Publication ('Reg. 19')	Consultation on the updated Plan to be submitted to the Secretary of State	<i>Jun - Oct 2023</i>
Submission ('Reg. 22')	Submission of Plan to Secretary of State	<i>February 2024</i>
Examination hearings ('Reg. 24')	Examination of the Plan by an appointed Inspector	<i>Autumn 2024</i>
Inspectors report ('Reg. 25')	Planning Inspector delivers his report on the Plan	<i>Spring 2025</i>
Adoption ('Reg. 26')	All authorities adopt the Plan, as modified by Planning Inspector	<i>Summer 2025</i>

### Reasons for revising the timetable

- 3.10 The original timetable has been subject to delay for several reasons.
- 3.11 The work on understanding the current capacity, forecasts for waste management and future policy direction for the plan has been complicated by the plethora of Government consultations on waste and other matters such as nature conservation and air quality. The outcomes of these consultations are likely to relate to the policies in the Plan and there is a need to ensure the Plan takes these outcomes into account where possible, and to ensure it is flexible where appropriate to allow for future national policy changes.
- 3.12 Natural England has recently provided advice on the potential for nutrient impacts on habitat sites and how this should be considered in decision making on planning. This advice will need to be taken into account to ensure the emerging Hampshire Minerals and Waste Plan is legally compliant.
- 3.13 Furthermore, the current international situation has elevated the political priority of the issues of energy prices and energy security. Hampshire has both existing oil and gas operations and the potential for new developments of these energy sources, with appropriate policy set out in the current adopted Minerals and Waste Plan. However, it is considered prudent to allow time to ensure the Plan is reflecting national policy including on climate change, which has also been subject to review as demonstrated in recent caselaw.

## 4. Reasons for recommendations

- 4.1 The Council is required to keep the LDS up to date and publish it on their website. The suggested change to the timetable(s) would reflect progress in the preparation of the Portsmouth Local Plan and the Review of the Hampshire Minerals and Waste Plan during the last year.



**5. Integrated impact assessment**

5.1 An integrated impact assessment is not required as the recommendations do not have a disproportionate negative impact on any of the specific protected characteristics as described in the Equality Act 2010. All projects/ plans within the Local Development Scheme would be subject to their own assessment if there was a potential positive or negative impact on any of the protected characteristics or the topic areas.

**6. Legal implications**

6.1 Legal comments are contained within the body of this report. The Regulations referred to in Table 1 and Table 2 are the *Town and Country Planning (Local Planning) (England) Regulations 2012*, which provide the statutory framework for the production of a local plan as envisaged by the *Planning and Compulsory Purchase Act 2004*.

**7. Director of Finance's comments**

7.1 There are no direct financial implications from the approval of the recommendations within this report. The cost of revising the Local Plan timetable was met from existing cash limited resources.

Signed by:

**Appendices:** Appendix A: Revised Local Development Scheme (July 2021)

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b>Title of document</b>	<b>Location</b>
Portsmouth Local Development Scheme (Mar 2022)	<a href="https://www.portsmouth.gov.uk/ext/development-and-planning/planning-policy/local-development-scheme">https://www.portsmouth.gov.uk/ext/development-and-planning/planning-policy/local-development-scheme</a>
Hampshire Minerals and Waste Local Development Scheme (December 2020)	<a href="https://www.hants.gov.uk/landplanningandenvironment/strategic-planning/hampshire-minerals-waste-plan">https://www.hants.gov.uk/landplanningandenvironment/strategic-planning/hampshire-minerals-waste-plan</a>

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

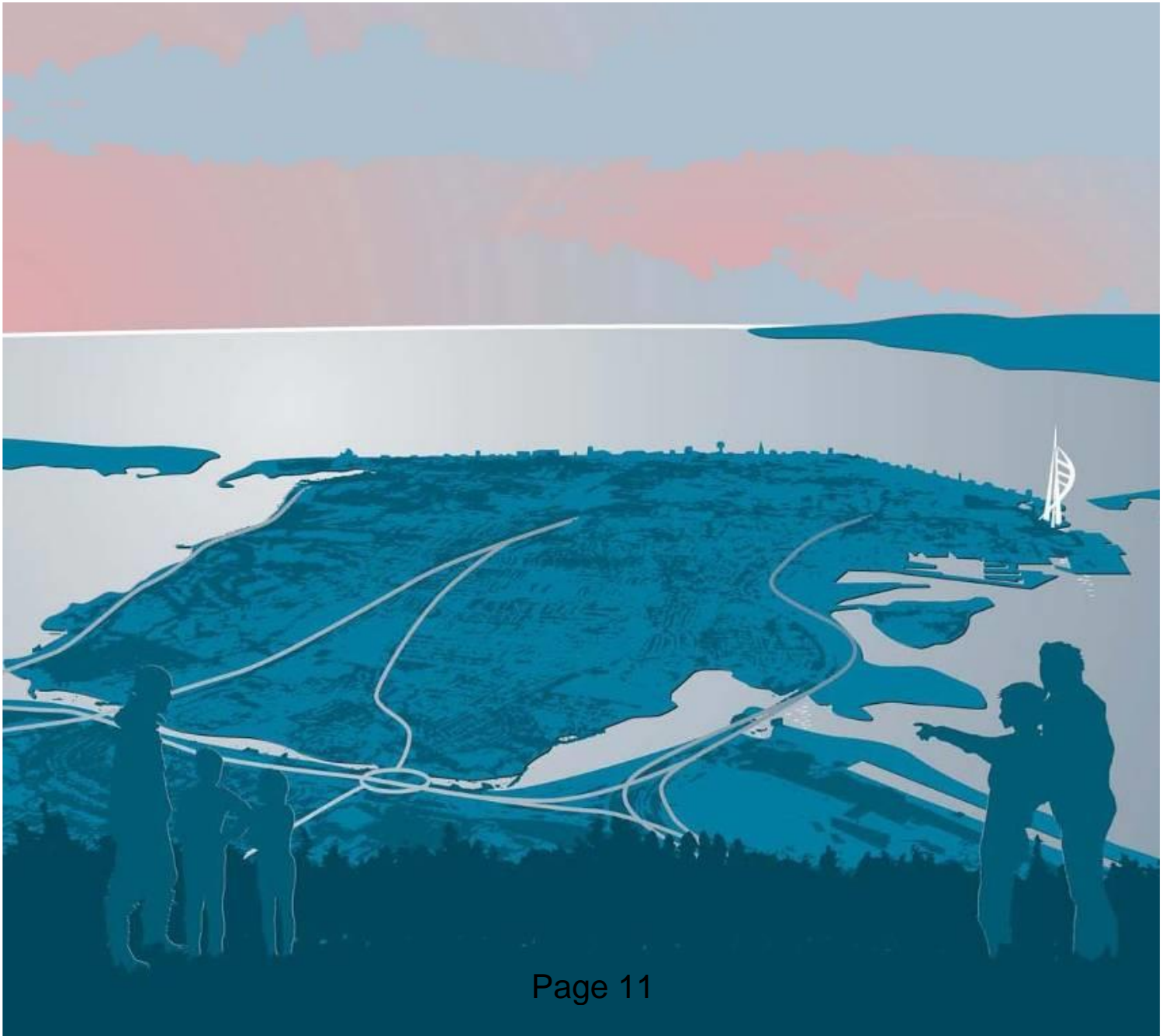
.....  
Signed by:

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# Portsmouth Local Development Scheme

A timetable for the production of Portsmouth's Local Planning Policies

[www.portsmouth.gov.uk](http://www.portsmouth.gov.uk)







## **Portsmouth Local Development Scheme**

A timetable for the production of  
Portsmouth's Planning Policy Documents

Approved by Portsmouth City Council Cabinet at their meeting of 26<sup>th</sup> July 2022



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# 1. Introduction

## What is the Local Development Scheme?

- 1.1 This Local Development Scheme (LDS) came into effect on 26<sup>th</sup> July 2022.
- 1.2 The Council must<sup>1</sup> produce a 'Local Development Scheme' (LDS) to inform local residents and other stakeholders about the following:
  - the development plans that the city council will be preparing over the next three years;
  - the subject matter of those plans and the geographical areas they cover; and
  - the timetable for the production and adoption of development plan documents, primarily the new *Portsmouth Local Plan 2020-2038*.

## 1.1 The Plan Making System

- 1.1.1 Planning decisions must be taken in line with the 'development plan' unless material considerations indicate otherwise. The 'development plan' for an area can be made of a number of statutory planning documents, which contain both strategic policies (which address the priorities for an area) and non-strategic policies (which deal with more detailed matters).
- 1.1.2 In Portsmouth, the Local Plan set out the vision for the future of the city and the strategy for meeting its development needs over a 18-year period. The Local Plan covers the city's housing and infrastructure needs and provides a framework for addressing key economic, social and environmental concerns. Planning applications for development in Portsmouth are guided by the policies in the Local Plan.
- 1.1.3 The content of the Local Plan is shaped by engagement with communities, local organisations, businesses, infrastructure providers and operators and statutory consultees. The Council also co-operates extensively with neighbouring authorities through the Partnership for South Hampshire (PfSH) on cross-boundary issues, and with other Local Authorities in Hampshire in planning for sustainable mineral resource use and waste management in the county.
- 1.1.4 The Development Plan can also include location specific documents. Neighbourhood plans developed by communities can help to deliver sustainable development in their locality by influencing local planning decisions. Neighbourhood planning is not a legal requirement but a right which communities in England can choose to use. Any neighbourhood prepared in Portsmouth would form part of the city's development plan, once adopted. There is currently one Neighbourhood Plan under preparation in the Milton area of the city.
- 1.1.5 The preparation of new Local Plans involves assessing the future needs and opportunities, exploring and identifying options, and then setting out a preferred approach. This process involves gathering evidence, meaningful engagement and consultation and on-going assessment of proposals through Sustainability Appraisal and Habitat Regulations

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<sup>1</sup> Under the *Planning & Compulsory Purchase Act 2004* (as amended)



Assessment. A Sustainability Appraisal<sup>2</sup> (SA) systematically assesses the extent to which the plans and policies, when judged against reasonable alternatives, will help to achieve key environmental, economic and social objectives. A Habitats Regulations Assessment<sup>3</sup> considers if a plan or project is likely to have significant effects on designated habitat sites.

- 1.1.6 Table 1 on the following page explains the next steps following the preparation of a draft Plan; submission, examination and adoption.
- 1.1.7 Supplementary planning documents (SPDs) are not part of the development plan but form a material consideration in decision-making. SPDs provide more detailed advice or guidance on adopted Local Plan policies.
- 1.1.8 The Local Plan is supported by a range of other planning documents adopted by the Council. The Statement of Community Involvement (SCI) sets out how residents and other stakeholders can be involved in putting together plans for the future of the city and in determining planning applications. The Authority Monitoring Report, published annually, assesses the effectiveness of adopted plan policies, and the Council's progress on the production of the new Local Plan against the timetable set out in this document.

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<sup>2</sup> Under S.19 of the Planning and Compulsory Purchase Act (as amended) and as per the Environmental Assessment of Plans and Programmes Regulations 2004

<sup>3</sup> As per the *Conservation of Habitats and Species Regulations 2017*.

**Table 1: Development Plan Preparation Stages**

<b>Preparation</b>	This stage consists of one or more formal opportunities for stakeholders to influence and comment on the content of the plan. This is often referred to as a 'Regulation 18' consultation <sup>4</sup> .
<b>Publication</b>	This is the publication of the plan in a form which the Council believe to be the sound final version which it intends to submit for examination. There then follows at least a six week period for interested parties to comment on the plan. Comments received at this stage must specifically relate to the legal compliance and 'soundness' <sup>5</sup> of the plan. This is often referred to as 'Regulation 19' or 'Pre-Submission' consultation.
<b>Submission</b>	This is when the plan is submitted by the council to the Secretary of State. The 'Examination' of the Local Plan starts at this point; this where a Planning Inspector will assess whether the Local Plan has been prepared in line with the relevant legal requirements and whether it meets the tests of 'soundness'.
<b>Hearings</b>	The most crucial time in the Examination is the hearings sessions. The hearings are public discussions where the Inspector explores the issues raised by the plan and the written and verbal representations.
<b>Inspectors report</b>	The Inspector then issues a report on the Examination. This sets out whether the plan is legally compliant and sound. It also sets out any changes the Inspector recommends in order for the plan to be found sound.
<b>Adoption</b>	The final stage in the process is the formal adoption of the plan by the council. Once adopted, on it forms part of the statutory development plan.

<sup>4</sup> Under *The Town and Country Planning (Local Planning) (England) Regulations 2012* (as amended)

<sup>5</sup> This relates to the National Planning Policy Framework's (updated Feb 2019) 'tests of soundness' set out in para.35.

## 2. Portsmouth's Existing Planning Policy Framework

2.1 The development plan for Portsmouth City Council area is comprised of the following adopted documents:

- Portsmouth Plan Core Strategy (2012)
- Portsmouth City Local Plan saved policies (2006)
- Southsea Town Centre Area Action Plan (2007)
- Somerstown and North Southsea Area Action Plan (2012)
- Hampshire Minerals and Waste Plan (2013)

2.2 The development plan documents are supported by a number of adopted Supplementary Planning Documents (SPDs)<sup>6</sup>, which provide greater detail on specific Local Plan policies and help guide their implementation. The following SPDs are currently in force:

- The Seafront Masterplan (2021)
- Houses in Multiple Occupation (2019)
- Minerals and Waste Safeguarding in Hampshire (2016)
- Oil and Gas Development in Hampshire (2016)
- Housing Standards (2013) and review briefing note (2015)
- Eastney Beach Habitat Restoration and Management Plan (2014)
- Parking Standards and Transport Assessments (2014)
- Student Halls of Residence (2014)
- Achieving Employment and Skills Plans (2013)
- Portsmouth City Centre Masterplan (2013)
- Tall Buildings (2012)
- The Hard (2012)
- Air Quality and Pollution (2006)
- Reducing Crime through Design (2006)
- Developing Contaminated Land (2004)

### Other Relevant Documents

2.3 Key supporting documents include:

- Statement of Community Involvement (2017)
- Community Infrastructure Levy Charging Schedule (2012)
- Solent Recreation Mitigation Strategy (2017)
- Interim Nutrient Neutral Mitigation Strategy (2019)

2.4 For more information on the above, a profile of the main documents is available in Appendix A and all documents are available from the [Local Plan page](#) of the Council's website.

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<sup>6</sup> SPDs can be viewed on the [Planning Policy page](#) of the city council's website.

### 3. The Future Development Plan

3.1 The Council is preparing the following documents:

<p><b>Portsmouth Local Plan</b></p>	<p>Sets the vision and strategic priorities for the future of the city (18 year plan period). The Plan will allocate sites for housing, employment and other key land uses and policies to guide development proposals.</p>	<p>The new Local plan will replace the policies in the following:</p> <ul style="list-style-type: none"> <li>- Portsmouth Core Strategy (2012);</li> <li>- Southsea Town Centre (2007) and North Southsea and Somerstown (2012) AAPs;</li> <li>- Portsmouth City Plan (2006) saved policies</li> <li>- Existing SPDs (as necessary<sup>7</sup>)</li> </ul>
<p><b>Hampshire Minerals and Waste Plan Review</b></p>	<p>A partial review<sup>8</sup> of the Hampshire Minerals and Waste Plan (2013) to existing plan policies remain up-to-date and effective in ensuring a sufficient supply of minerals and efficient management of Hampshire's waste, whilst protecting the environment and communities.</p>	<p>The new policies would replace their equivalents in the Hampshire Minerals and Waste Plan (2013), existing SPDs may be reviewed as necessary.</p>
<p><b>Supporting Documents</b></p>	<p>SPDs and other planning documents may be required to expand upon or implement policy requirements in the Portsmouth Development Plan Documents.</p>	<p>Following consultation, such document will need to be formally adopted or brought into force by the Council. Existing documents will be superseded as required.</p>

3.2 Plans will be informed by the gathering of proportionate evidence. Evidence studies will be published alongside draft iterations of the Plan(s)<sup>9</sup>.

3.3 Meaningful engagement and consultation with residents and other key stakeholders is essential for developing a Local Plan for Portsmouth that is able to deliver positive and effective outcomes. While Table 1 set outs the stages in Local Plan preparation and the main opportunities to comments on the Plan, engagement on the Local Plan may take a range of forms and is not strictly limited to formal consultation periods.

<sup>7</sup> The new Local Plan will be accompanied by a schedule setting out which documents to be superseded by the new policies.

<sup>8</sup> Further details can be found on the [Hampshire Minerals and Waste Plan](#) page of the Hampshire County Council website

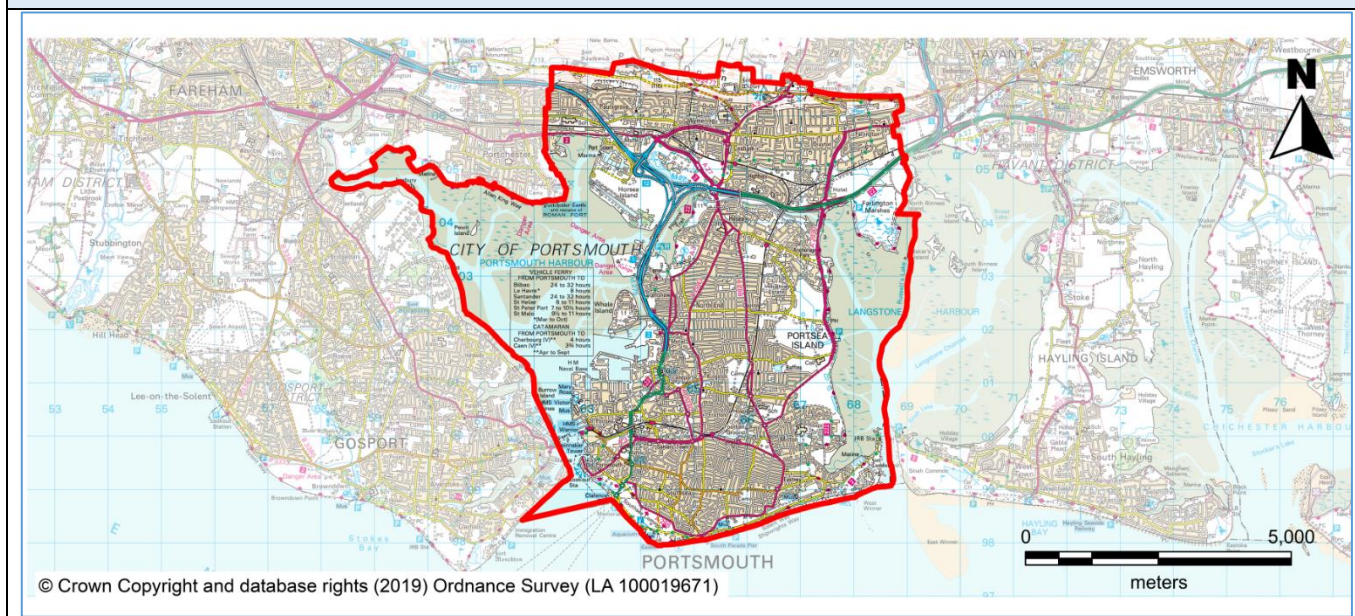
<sup>9</sup> See the full evidence base for the new Portsmouth Local Plan on the [New Local Plan evidence page](#) of Portsmouth City Council's website

## 3.1 New Portsmouth Local Plan Timetable

The new Portsmouth Local Plan will set out the strategy for development in the city up to 2037/ 38.

Joint production?	No	
<b>Chain of conformity</b>		
National policy	National Planning Policy Framework	
Regional policy	The South Hampshire Spatial Position Statement (non-statutory)	
Local policy	The Portsmouth Local Plan	
<b>Timetable for production</b>		
Preparation ('Reg. 18')	Issues and Options consultation	✓ July 2017
	Evidence base consultation ('Local Plan update')	✓ February 2019
	Consultation on a draft Local Plan	✓ September 2021
Publication ('Reg. 19')	Consultation on the proposed Local Plan for submission	Spring 2023
Submission ('Reg. 22')	Submission of Plan to Secretary of State	Summer 2023
Examination hearings ('Reg. 24')	Examination of the Plan by an appointed Inspector	<i>Tbc*</i>
Inspectors report ('Reg. 25')	Inspectors Report on whether the plan is legally compliant and sound	<i>Tbc*</i>
Adoption ('Reg. 26')	Formal adoption of the plan by the council	<i>2024/(tbc)*</i>

### Geographical coverage



\* Timetabling subject to resource availability at the Planning Inspectorate.

## 3.2 Hampshire Minerals and Waste Plan Timetable

The existing Hampshire Minerals and Waste Local Plan (2013) seeks to ensure the Plan area maintains a reliable and timely supply of minerals and efficient management of Hampshire's waste up to 2030. An initial review of the Hampshire Minerals and Waste Plan was undertaken in 2018, five years' since the date of adoption; it concluded that the HMWLP did not require review at that time and should be reviewed again in 2020. When this was revisited in 2020, the HMWLP was still deemed to be sufficiently supporting minerals and waste planning in the plan area but that a partial update was needed to ensure full compliance with the NPPF and the National Planning Policy for Waste (NPPW).

Joint production?	Yes - the plan will be prepared collectively by Portsmouth City Council, Hampshire County Council and Southampton City Council together with the New Forest and the South Downs National Park Authorities.
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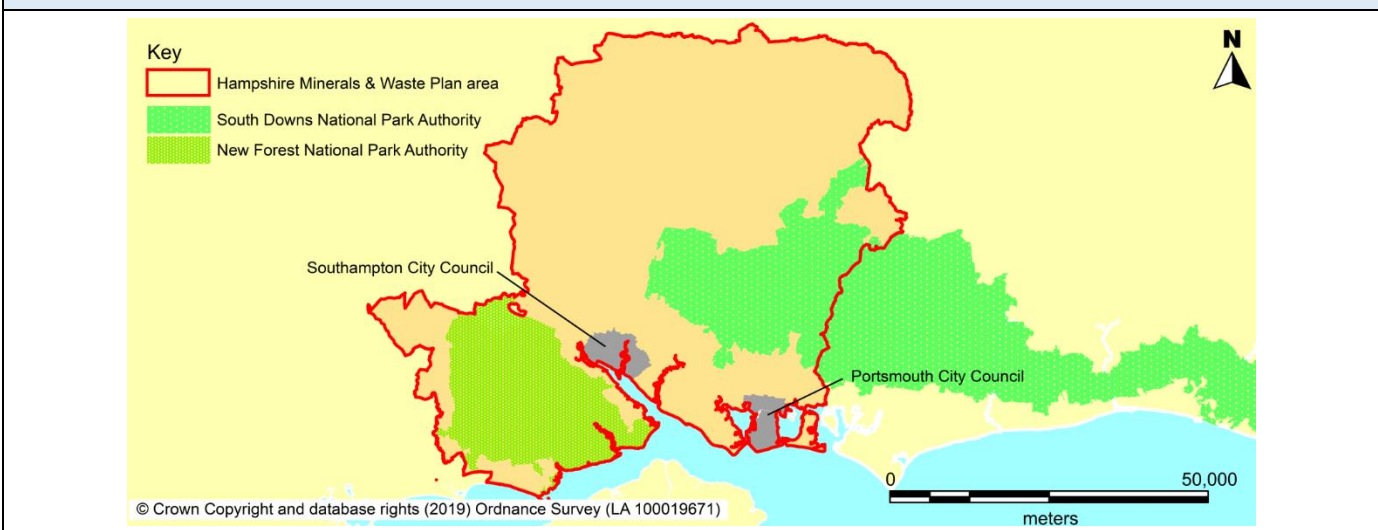
### Chain of conformity

National policy	National Planning Policy Framework (NPPF)
Regional policy	n/a
Local policy	The above authorities' Local Plans

### Timetable for production

Preparation ('Reg. 18')	Evidence base preparation	Mar - Aug 2022
	Consultation on the Draft Plan Update and Evidence	Sept - Dec 2022
Publication ('Reg. 19')	Consultation on the updated Plan to be submitted to the Secretary of State	Jun - Oct 2023
Submission ('Reg. 22')	Submitting the Plan to the Secretary of State	Feb 2024
Examination hearings ('Reg. 24')	Examination of the Plan by an appointed Inspector	Autumn 2024
Inspectors report ('Reg. 25')	Planning Inspector delivers his report on the Plan	Spring 2025
Adoption ('Reg. 26')	All authorities adopt the Plan, as modified by Planning Inspector	Summer 2025

### Geographical coverage



### 3.3 Milton Neighbourhood Plan

3.3.1 The Milton Neighbourhood plan, once adopted, will form part of the development plan but is not programmed by the local planning authority and are therefore, not included within this LDS timetable. The plan must be in general conformity with the strategic policies of the adopted local plan and have regard to any emerging local plans. More details for the Milton Neighbourhood Plan can be found at [Milton Neighbourhood Plan](#).

### 3.4 Supporting Planning Policy Documents

3.4.1 Further planning documents may be required to support the policies contained within Portsmouth's Development Plan Documents.

3.4.2 Supporting documents will be subject to public consultation as required. Once adopted by the Council, these documents would form a material consideration in the determination of planning applications in Portsmouth.

3.4.3 Table 2 outlines the key planning documents are currently under preparation.

3.4.4 A full review of all existing SPDs will take place prior to the adoption of the new Portsmouth Local Plan.

**Table 2: Supporting documents under preparation**

Document	Purpose	Target Date(s)
Portsmouth City Centre Masterplan and Delivery Plan	A development strategy to support the major regeneration to the city centre, to include the vision and objectives for the future of the centre and guiding principles for the type, form and location of new development. Replacement of the 2013 Masterplan.	Finalising the draft in-line with the progression of the draft Local Plan; final draft late 2022.
Biodiversity Net Gain SPD	New guidance on biodiversity net gain (as required by the forthcoming Environment Act) for development proposals in Portsmouth.	To be progressed for consultation in 2022.

## 4. Monitoring and Review

- 4.1 The Authority Monitoring Report (AMR), published annually, will assess the Council's progress in preparing development plan documents against the programme in this LDS, and identify any changes required.
- 4.2 Any proposed changes to the LDS programme would need to be agreed by Council and reflected in an update to this document. This includes the need for an additional development plan document, which are not currently in the LDS, or any amendments required due to substantial regulatory changes.
- 4.3 Development plan documents should be reviewed to ensure that policies remain up-to-date and effective. A review must be undertaken within five years of adoption date of a plan<sup>10</sup>. The Council should undertake an initial review to determine whether:
- policies do not need updating, and publish the reasons for this decision; or
  - that one or more policies do need updating and update their Local Development Scheme to set out the timetable for this revision.
- 4.4 Statements of Community Involvement must also be reviewed at least every 5 years. It is important that Statements of Community Involvement are kept up to date to ensure effective engagement at all stages of the planning process

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<sup>10</sup> *The Town and Country Planning (Local Planning) (England) (Amendment) Regulations 2017, S.10a.*



## Appendix A: Portsmouth's existing Planning Policy Framework

Title:	<b>Portsmouth Plan Core Strategy and polices map</b>
Adoption date:	January 2012
Website:	<a href="#">Portsmouth City Council - The Local Plan</a>
Description:	<p>The other planning policy documents are in compliance with the Portsmouth Plan. The Portsmouth Plan sets out the overall vision and objectives for the city.</p> <p>The plan contains policies for the development of strategic sites in the city including Tipner, Port Solent, Horsea Island, the city centre, Lakeside Business Park, Somerstown and North Southsea and Fratton Park as well as the city's district centres and seafront. There are also core policies seeking sustainable, high quality development together with a suite of development management policies. Each policy section sets out the mechanisms through which the proposals will be implemented as well as a monitoring framework. The policies map sets out all of the adopted local planning policies geographically.</p>

Title:	<b>Portsmouth City Local Plan saved policies</b>
Adoption date:	July 2006
Website:	<a href="#">Portsmouth City Council - Portsmouth City Local Plan adopted 2006</a>
Description:	<p>The Local Plan covers the whole city and contains strategic policies, policies for determining planning applications and specific allocations for individual sites. Most of the plan has been replaced by the Portsmouth Plan but some development management and site allocation policies still apply.</p>

Title:	<b>Hampshire Minerals and Waste Plan</b>
Adoption date:	October 2013
Website:	<a href="#">Hampshire County Council - Hampshire Minerals and Waste Plan</a>
Description:	Portsmouth City Council, as a minerals and waste planning authority, has a statutory duty to prepare a Local Plan to guide the need for, and locations of, minerals and waste management development. The Council works jointly on minerals and waste matters with Hampshire County Council, Southampton City Council, New Forest National Park Authority and the South Downs National Park Authority ('the Hampshire authorities'). The Hampshire Minerals and Waste Plan sets out a spatial vision for future minerals and waste planning in Hampshire and includes site allocations. This has been supplemented by two SPDs on Oil and Gas Development and Minerals and Waste Safeguarding which provide additional guidance on the implementation of the of the HMWP relating to these issues.

Title:	<b>Southsea Town Centre Area Action Plan</b>
Adoption date:	July 2007
Website:	<a href="#">Portsmouth City Council - Area Action Plans</a>
Description:	This AAP covers Southsea town centre and redefines the centre in anticipation of development in the town centre. It contains policies on retail and town centre uses, traffic and access, design and heritage, the public realm and opportunity sites. It was adopted in 2007 as a ten year plan for the centre but is to be reviewed as part of a new Portsmouth Local Plan.

Title:	<b>Somerstown and North Southsea Area Action Plan</b>
Adoption date:	July 2012
Website:	<a href="#">Portsmouth City Council - Area Action Plans</a>
Description:	This AAP covers the Somerstown and North Southsea part of the city and contains a vision and planning policies to support the regeneration of this area. It is to be reviewed as part of a new Portsmouth Local Plan.

## Other Documents:

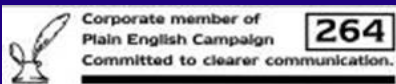
Title:	<b>Statement of Community Involvement</b>
Adoption date:	June 2017
Website:	<a href="#">Portsmouth City Council - Statement of Community Involvement</a>
Description:	The Statement of Community Involvement (SCI) sets out how residents and other stakeholders can be involved in putting together plans for the future of the city and in determining planning applications.

Title:	<b>Community Infrastructure Levy Charging Schedule</b>
Adoption date:	January 2012
Website:	<a href="#">Portsmouth City Council - Community infrastructure Levy Charging Schedule</a>
Description:	The CIL Charging Schedule sets a locally based infrastructure tariff giving developers more certainty over what they will have to contribute to support infrastructure development. It spreads the cost of providing infrastructure over a wide range of developments and provides a fund to put in the place essential infrastructure to support development. It replaces the Section 106 mechanisms in many cases, although the S106 regime continues for site specific infrastructure and affordable housing. A list of infrastructure which will be or may be provided through CIL is set out in the Regulation 123 list.

Planning Policy  
Planning and Economic Growth  
Portsmouth City Council  
Guildhall Square, Portsmouth  
PO1 2AU

Website: [www.portsmouth.gov.uk](http://www.portsmouth.gov.uk)  
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audio or in another  
language by calling  
023 92437863



Appendix 2

Scrutiny Panel's Recommendations and Officer Responses

Recommendation	Contact	Officer Response / commentary
<b>Strategic approach</b>		
<p>1. A Biodiversity Strategy be developed to cover all areas of the council's operations and the whole city.</p>	<p>Corporate Strategy Manager, in conjunction with relevant corporate Directors (Director of Housing Neighbourhood and Building Services ("HNB"), Culture, Leisure and Regulatory Services ("CLRS"), Regeneration and Public Health)</p>	<p>The response to developing the approach to biodiversity in Portsmouth is inextricably linked to other agendas around our approach to sustainability and the environment, including carbon reduction and the response to climate change; greening; air quality; the nature emergency; energy reduction; ocean management.</p> <p>As noted by the scrutiny panel, there is now a significant opportunity as we act on the findings of the review to reassess how we are approaching these areas of work and ensure that we are reducing duplication and identifying the linkages. This will ensure that we are targeting resource at those areas of highest priority and impact, including in relation to biodiversity.</p> <p>We will therefore undertake a mapping exercise to bring together the current activities focused on environmental sustainability and identify where there are opportunities to reshape resource to ensure that all priorities are being addressed, strategically and operationally. This will include bringing together the various information sources that we hold on environmental assets in the city (carbon data, open space register, tree inventory etc) and convening fora to enable officers to work collaboratively across these areas.</p> <p>The Panel recommendations around public engagement are welcomed. There is an opportunity to look at how we engage with the wider community on these issues collectively. Our external</p>

		<p>communications will be considered alongside the mapping exercise, and we will also look at the rich mix of partner groups in the city - including Hampshire and Isle of Wight Wildlife Trust, Portsmouth Climate Action Board, various residents and community groups - to ensure that we are working as effectively as possible with these on the agenda.</p> <p>The work that has been undertaken on developing the climate change strategy is a strong starting point for the development of this wider approach to the environment in the city, and a range of key issues already relate to this. Officers will work together to broaden the scope of this strategy to ensure wider environmental and social gain is delivered, including biodiversity, and will present this work regularly through the Portfolio Holder for Environment and Climate Change.</p>
2. Give a single officer responsibility for coordinating biodiversity programmes across the council in accordance with the biodiversity strategy.	Cross directorate corporate officer (biodiversity)	A single point of contact is required to respond with regard to cross directorate work. Please see response to recommendation 1.
3. Establish a Climate Change and Biodiversity Liaison Group in the council comprising representative officers with responsibility for biodiversity projects across each of the different departments.	Cross directorate corporate officer (biodiversity)	<p>Please see response to recommendation 1.</p> <p>This officer will work with the Virtual Green Team and Portsmouth Climate Action Board to establish links with appropriate stakeholders and forums (internal and external) to co-ordinate biodiversity projects.</p>
4. Establish a Climate Change and Biodiversity Public Forum to allow representatives from residents' groups and third party organisations to meet and	Cross directorate corporate officer (biodiversity)	Please see response to recommendation 1.

<p>discuss ways to contribute to the city's biodiversity strategy.</p>	<p>HNB CLRS</p>	<p>Representation is enabled through the Residents Consortium and Link Consortium Group via the Residents Participation Scheme (Housing Neighbourhood &amp; Buildings directorate).</p> <p>Communications to be channelled through Portsmouth Climate Action Board (PCAB) (including e-bulletins). PCAB includes representation from Hampshire and Isle of Wight Wildlife Trust (HIWWT).</p> <p>The Virtual Green Team to continue to work with third party organisations.</p> <p>There are a number of Parks Friends Groups and volunteer groups which allow for interested parties to contribute to the city's biodiversity. Friends Groups: Rock Gardens, Canoe Lake, Victoria Park, Wilder Eastney. Volunteer Groups: Portsdown Hill, Hilsea Lines, Waterfront Garden Centre (Culture, Leisure and Regulatory Services directorate).</p>
<p>5. Develop a Biodiversity Public Communications Plan to encourage residents to take action on biodiversity at home.</p>	<p>Communications Officer</p>	<p>Biodiversity Public Communications Plan to be developed by corporate communications officer in conjunction with Climate Officer, on same model as Climate Action Bulletin.</p>
<p>6. Consider the feasibility of establishing a central biodiversity database to register, monitor and assess biodiversity in the city.</p>	<p>Cross directorate corporate officer (biodiversity)</p>	<p>It is not feasible to measure biodiversity in the short term as gains are established over a number of years.</p> <p>In the longer term a biodiversity database may develop out from the current Green Asset Register.</p>

		<p>Departments involved in developing biodiversity through planting and other measures should feed into the Virtual Green Team to allow planting principles to be established.</p>
<p><b>Allotments</b></p>		
<p>7. The subdivision of plots can continue where appropriate but should not be relied on as the sole strategy to create new allotments. Due to the health, community and social benefits, the council identify new sites where possible.</p>	<p>CLRS</p>	<p><u>CLRS:</u>  The sustained high demand for allotments and the clear benefits to people’s health and wellbeing, along with the societal and community benefits of allotments is acknowledged.</p> <p>Subdivision of plots (alongside a well-run plot inspection regime) will have to remain the core approach to increasing availability of allotment plots as it has proven to be the single most effective means since it was introduced around 13 years ago. 269 new plots have been created by subdivision since 2009 (a 18% increase, utilising existing sites only).</p> <p>Availability of new land is extremely low in Portsmouth. Identification of new sites is supported in principle, but in practice this would result in either the loss of newly available brownfield sites to development, or the loss of existing green sites to their prevailing use (e.g. publicly accessible open space).</p> <p>Any identified site will need to be assessed for suitability, especially around land contamination and accessibility. Capital investment will be required for soil decontamination and provision of utilities and site infrastructure.</p> <p>There may be instances where small pocket ‘community gardens’ could be provided as part of a wider site development and where feasible this will be considered.</p>



<p>8. Develop an online Allotment Education portal for new plot holders to provide information to allotment holders on biodiversity enhancement on allotments, the use of pesticide alternative and on re-wilding part of their plot.</p>	<p>CLRS</p>	<p><u>CLRS:</u> Access to reliable information about maintaining an allotment is important to the success of plot holders in keeping a well-managed plot, especially to those new to allotment gardening.</p> <p>A new online portal would require joint working between the council's parks service, the council's web team and the allotment associations. There is, however, a great deal of information available online already, for example from the National Society of Allotment and Leisure Gardeners (NSALG) and Natural England. In addition, most of the allotment associations have websites and Facebook pages which signpost people (including non-members) to online resources.</p> <p>It may be more effective to use these existing resources to provide reliable information on biodiversity enhancements, alternatives to pesticides and re-wilding guidance. Given that experienced volunteer officers of the allotment associations have already emphasised to the scrutiny panel their willingness to help educate new plot holders, an alternative to a single council-provided resource would be to engage with the allotment associations to seek their support and to co-ordinate messages to plot-holders through existing channels. This would empower the associations to own the messaging which may be more effective than a council-branded message.</p> <p>Joining an allotment association also provides a wealth of offline access to guidance on managing an allotment plot. New members should be encouraged to consider joining their site's association as most already promote an approach to cultivation that contributes to biodiversity.</p>
<p>9. Pesticide use be banned on council allotments.</p>	<p>CLRS</p>	<p><u>CLRS:</u> As landowners, the council can introduce such a ban, but a ban on the use of pesticides on council allotments is probably best regarded as an option of last resort. Enforcement of a ban would be difficult and</p>

		<p>would require additional resources. The extent of pesticide use on allotments is not currently known, but anecdotally it is low. It may be that a ban would have little impact on actual pesticide use.</p> <p>Recommendation 8 above emphasises the importance of education and engagement in facilitating change to more biodiverse cultivation practices. Attention should be focused first on educating plot holders of the wider impacts of pesticide use and of the potential alternative methods of weed and pest control.</p> <p>Periodic surveys of pesticide use on allotments would enable the measurement of the impact of the effectiveness of recommendation 8 and also quantify the extent of pesticide use to inform future decisions on whether a ban is appropriate.</p>
<b>External partners</b>		
<p>10. Work with Colas to create a clear plan to update the city maintenance contract in relation to the care of verges, trees, bushes and other green areas so that opportunities can be found to both enhance biodiversity and make savings.</p>	Regeneration	<p>The team at Colas is actively looking at opportunities to enhance biodiversity currently. Further suggestions should be directed to the Council's PFI Team, to be discussed with Colas.</p> <p>The PFI contract with Colas is entering its sunset years with hand back of operations and a plan for future maintenance and upkeep of Portsmouth's roads being developed. Any new plan will seek to enhance biodiversity while maintaining the safe operation of the highways network.</p>
<p>11. Continue to involve the public, schools, tenants, outside organisations and businesses in promoting biodiversity in the city and also to explore the possibility for suitable partnerships as appropriate.</p>	Cross council: CLRS, HNB	<p><u>CLRS</u>: There are community engagement officers within the Parks Service (i.e. at the Waterfront Garden Centre, at Victoria Park and two countryside officers). They are embedded within projects where dedicated resource exists for this purpose and provide opportunities for engagement and promotion of suitable messages around sustainable horticulture and biodiversity.</p>

	<p>Regeneration</p> <p>Public Health.</p>	<p><u>HNB</u>: Community Gardener involved with Landport Community Garden / Grow Zone and related stakeholders, as well as expansion to HRA blocks in near future to pass such messages.</p> <p><u>Regeneration</u>: The transport team is actively engaged with schools to promote modal shift, bike safety, clean air etc. A single contact broader message approach may serve all parties better.</p> <p><u>Public Health</u> – Green &amp; Healthy City Coordinator currently working on a programme to deliver greener schools, including tree planting, edible planting programmes, planting for clean air and promoting biodiversity</p> <p>Planning in place to deliver a community funding programme with calls for bids. This is to support community groups to deliver greening across the city with biodiversity outcomes.</p>
12. Develop a clear and simple policy approach and a line of contact for residents of council Housing who wish to pursue greening and biodiversity projects in council owned communal areas around their homes.	Housing Green & Clean Services for council housing tenants.	<p>PCC web page to be updated to reflect suitable advice and communication routes for this.</p> <p>Existing management teams already in place to field such enquiries. E.g. via area housing offices, customers can communicate with G&amp;C management teams, which can result in site visits and face to face conversations with tenants regarding greening and biodiversity.</p> <p>Community Gardener on hand to provide further support – specifically to housing sites / housing customers. Can include working with residents to educate and advise or provide community volunteers for small projects – usually linked to larger projects G&amp;C complete.</p>
13. Take a proactive approach to encouraging large private landowners in the city such as the Navy, the NHS and the University to	Corporate Strategy Manager, in	Please see response to recommendations 1-6

<p>work closely with the city council on how they can make biodiversity enhancements on their land as part of the city strategy.</p>	<p>conjunction with relevant corporate Directors (Director of HNB, CLRS, Regeneration and Public Health)</p>	<p>It is noted that the Council currently works with a number of third party organisations including PCAB, HIWWT, Solent LEP and Partnership for South Hampshire.</p> <p><u>Public Health</u> - Work has already started with NHS and University partners with a successful programme of biodiversity enhancement at QA hospital - led by PCC Landscape architect team. University contacts are also supporting with biodiversity projects in planning phase for CCN project.</p>
<p>14. Engage neighbouring authorities in biodiversity planning on a regional level to maximise biodiversity gains across the Solent area.</p>	<p>Corporate Strategy Manager, in conjunction with relevant corporate Directors (Director of HNB, CLRS, Regeneration and Public Health)</p>	<p>Please see response to recommendations 1-6</p> <p>Part of the responsibility for corporate biodiversity officer would include mapping regional networks and developing working relationships across the region.</p> <p>This would include engagement with the Local Nature Recovery Strategy (DEFRA).</p> <p><u>Public Health</u> – Work programme for early 2023 – explore with neighbouring authorities the potential for collaborative working on greening and biodiversity gain.</p>
<p>15. Phase out the use of pesticides and encourage businesses, residents and organisations to do the same too.</p>	<p>CLRS, HNB, Regeneration / COLAS</p>	<p>Already considered by Cabinet.</p> <p>The Cabinet report of 22 March 2022 <a href="https://www.portsmouth.gov.uk/media/1000000/Use-of-Pesticides-on-City-Council-Land.pdf">Use of Pesticides on City Council Land.pdf (portsmouth.gov.uk)</a> sets out Council's approach to current use of pesticides, approach to reducing and minimising use and the trialling and practical implications of alternative methods.</p> <p>This does not include the viewpoint or direction of the Colas treatment of the road networks in Portsmouth</p>

		<ul style="list-style-type: none"><li>• Restricting use to a minimum - pesticides are only used where they are required - all treatments are targeted with no preventative treatments carried out, whether that be weed or pest control.</li><li>• A selective herbicide is no longer applied to any grassed area, other than high amenity sports turf (excluding football pitches).</li><li>• Use of weed suppressants - increased mulching of shrub beds and new tree plantings using recycled woodchip from tree works carried out in the city helps to suppress weed growth and the need for treatment.</li><li>• Overplanting - an annual winter improvements programme allows for planting beds to be supplemented (gapped-up) or re-planted, not only for their aesthetic and environmental gain, but to reduce areas for weed growth and need for future treatment.</li><li>• Maintaining surface integrity - working procedures are in place for surveyors to report surface defects and arrange timely repairs. The efficient reporting of repairs reduces the potential for weeds to grow as they would through damaged paved and hard surfaces. Collaborative working between site surveyors and design teams influence future decision making around the type of surfacing and street furniture.</li><li>• Reduced mowing of grass - to enhance and support biodiversity, teams have relaxed mowing regimes to an increasing number of areas across the city and continue to trial expansion of this. Public response has been favourable where this has been introduced and continues to inform further areas where the right balance can be found between increasing wildlife friendly grassland and scrub and public amenity use and respecting walking desire lines. All sites are</li></ul>
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		<p>on a case-by-case assessment and these changes are being monitored and reported through updates on the Council's greening strategy. Wilder site boundaries mean herbicide is no longer applied along areas such as fence lines.</p> <ul style="list-style-type: none"><li>• Mechanical and manual cultivation - chemical treatment is no longer used when preparing beds for the popular and increasing number of wildflower and meadows seeded areas that have been incorporated across a range of green spaces and adjacent residential housing and highways.</li><li>• Mechanical weed ripper machines are used to remove moss and weeds to suitable housing curtilage areas and ball courts.</li><li>• Manual weed removal is still employed where relatively small areas are affected and it remains more time-efficient for operatives to undertake the necessary control using hand implements, than for this to be followed up by scheduled herbicide treatment.</li><li>• Continual review - teams continue to work with product suppliers to ensure any pesticide used is based on an informed decision and where herbicide is still required, products other than glyphosate are used where possible, or that help reduce the amount used in the weed growing season.</li></ul> <p>Additional funding is required where alternative maintenance practices are more costly, less effective (and require repeat treatment) and/or are more time consuming.</p>
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Trees and planting		
16. Pursue and encourage more on street greening as this is one of the best actions to take to enhance urban biodiversity.	All services  Regeneration/ COLAS	Services to work with PCAB and Virtual Green Team to encourage further street greening.  The team at Colas is actively looking at opportunities to enhance biodiversity. Currently, further suggestions should be directed to the Council's PFI team, to be discussed with Colas.
17. Ensure that greening goes beyond tree coverage and includes shrubbery, hedgerows wildflowers etc. as these diverse forms of planting have considerable impact on reducing carbon emissions and supporting biodiversity.	CLRS,  HNB,  Regeneration / COLAS	<p><u>CLRS</u>: Phased annual enhancements to existing planting areas are funded through existing revenue budgets, and these enhancements take place annually. Further greening measures (i.e. new areas of planting) may be funded through alternative use of existing revenue budgets where possible, or through new capital allocations, CIL or external grants. Significant capital investment into new planting areas should be accompanied by an appropriate adjustment to the directorate cash limit to fund the additional ongoing maintenance required.</p> <p><u>HNB</u> - This approach is already part of our business as usual which includes refreshing of HRA blocks or land.</p> <ul style="list-style-type: none"> <li>• There is an intention to replace some areas of planting with new shrubs and hedges where space allows or to make an attractive feature either using native hedge species against boundaries and fences, or using low-medium height mixed evergreen and herbaceous shrubs and perennials with colour and seasonal interest that will require less annual cutting and pruning than the existing large evergreen shrubs</li> </ul>

		<ul style="list-style-type: none"> <li>• Shrubs and hardy perennials are chosen for size, seasonal interest, textural and foliage character, flowering and colour. Though most of these are not native, many provide value for bees and insects throughout the year.</li> <li>• Many trees are planted as part of these works. Trees offer long term habitat for birds and insects as well as all the other benefits to climate and healthy living. We aim to use a mix of native and non-native species to provide a range of tree sizes and qualities for the urban environment, some with flowering and leaf interest.</li> <li>• These planting schemes are produced through existing revenue budgets, capital schemes, new build projects, planned maintenance schemes, CIL and grant applications.</li> <li>• Installed via the in house G&amp;C teams.</li> </ul>
<p>18. Planting should prioritise native wildflowers, shrubs and trees in its parks, open spaces and any greening or biodiversity projects as this will help better support local ecosystems.</p>	<p>CLRS, HNB, Regeneration / COLAS</p>	<p><u>CLRS</u>: Although native trees and shrubs are relatively narrow in scope, they already form the backbone of the city’s existing stock. The parks department then supplements native species with non-native ones to bring ornamental benefits.</p> <p>Priority will continue to be given to native species when designing new areas of planting. In the cases where areas are of a particularly distinct habitat (eg chalk downland on Portsdown Hill) this approach will extend to the use of seed and plants of local provenance to further enhance these local habitats.</p> <p><u>HNB</u> - This approach is already part of our business as usual – see above point</p>



<p>19. When tree planting the council should have regard to native species, biodiversity and funding the lifetime maintenance of the tree, as well as resident concerns over street placement.</p>	<p>CLRS, HNB, Regeneration / COLAS</p>	<p><u>CLRS</u>: This approach is already embedded in existing working practices.</p> <p>Lifetime maintenance is not currently associated with current tree planting programme (grant funding often includes young tree maintenance and establishment).</p> <p>Introducing a new accounting mechanism for collecting life-cycle cost of new tree planting will support good management and health and safety of city tree stock.</p> <p>See also response to recommendation 22.</p>
<p>20. When planting new street trees, soil or the most appropriate permeable surface should be used at the base rather than tarmac, with wildflowers planted.</p>	<p>CLRS, HNB, Regeneration / COLAS</p>	<p><u>CLRS</u>: The parks service does not normally plant trees in areas of hard surfaces.</p> <p>Wildflower planting at the base of trees is not normally successful as trees compete for available moisture and as they become established, light.</p> <p>There is opportunity here to enhance other agendas like surface water run off and flooding by including passive SUDS solutions in tree planting and run off areas, early discussions with the Infrastructure and Planning teams should be encouraged to ensure opportunities are not missed.</p> <p><u>HNB</u> – as above regarding wild meadows. Although we do plant meadows and new trees together at time, it is likely that over time the shade created by the trees along with moisture competition will result</p>

		in minimal meadow growth in such areas. In hard surfaced areas the immediate area below the trees are generally grassed.
21. Tarmac bases around trees should be removed from around tree pits and if replaced, replaced with a tree-friendly surface or let it go fallow.	COLAS Regeneration	This approach to be incorporated by service and design teams where feasible.  Please see response to recommendation 20, above.
22. Consideration should be given to signing up to the National Tree Charter.	CLRS	<u>CLRS</u> : The parks service maintains an ongoing working relationship with Portsmouth and Southsea Tree Wardens and The Woodland Trust (producers of the National Tree Charter).  The practicalities of managing an urban tree stock means that, whilst nothing we do conflicts fundamentally with the National Tree Charter, a locally produced set of guiding principles or a local tree strategy is regarded as more appropriate for operational management and strategic direction. It will incorporate recommendation 19 above.  <u>Public Health</u> - Portsmouth has recently been given recognition as a Tree City of the World through the Arbor Day Foundation. This is in recognition of the vast tree planting that has taken place in the last 2 years and the commitment from the Council and stakeholders to making Portsmouth a greener City. Updating the existing tree charter is on the work plan for 2022/23.
23. Establish a plan for hedge planting and restoration around the city - working in partnership with schools and community groups where appropriate.	CLRS, HNB, Regeneration / COLAS	<u>CLRS</u> : This approach is already part of the parks department business as usual (see 17 above) for council land maintained by us. There is the potential for use of community engagement officers to encourage schools and other community groups to enhance their planting areas. Support is available from the parks department for planning and designing any new planting.

		<p><u>HNB</u> - This approach is already part of our business as usual – see point 17</p> <p><u>Public Health</u> – This work is already happening on school sites in Partnership with HIOW wildlife trust, Portsmouth climate action and Charles Dickens community orchards, with successful external funding contributions. Manor infant school is a great example of partnership working and supporting our local schools.</p>
<p><b>Workforce and volunteers</b></p>		
<p>24. Continued support should be given to the excellent work of frontline officers using their expertise to identify and trial biodiversity projects.</p>	<p>CLRS, HNB, Regeneration / COLAS</p>	<p><u>CLRS</u>: Support will continue to be given to existing service teams, together with communications team. Officers’ expertise is essential for long term success of biodiversity projects.</p> <p>Capital greening fund to support new initiatives where required.</p> <p><u>HNB</u> – continue to work with landscape architects, and seek out ways to improve employee skill and knowledge in relation to biodiversity and greening projects.</p>
<p>25. Consider raising the budgets of the City Ranger and the Portsdown Hill Countryside Officer and offering volunteer recruitment support and publicity if required.</p>	<p>CLRS</p>	<p><u>CLRS</u>: The parks budget covers the relevant salaries but is maintained at the current funding level with reliance on fixed-term Countryside Stewardship Grants.</p> <p>Any additional budget will need to come from new capital, CIL or greening fund allocations or external grants, and if intended to be ongoing will need adjustment to the directorate cash limit to fund changes sustainably.</p> <p>Publicity within Parks team with support from Communications team.</p>

		<u>Public Health</u> - Additional funding to support biodiversity work on Hilsea lines has recently been agreed from the city greening fund.
26. Consider the establishment of a support programme for residents' groups wishing to set up community gardens and other gardening schemes e.g. Charles Dickens Community Orchard and Green Wymering.	Corporate Strategy Manager, in conjunction with relevant corporate Directors (Director of HNB, CLRS, Regeneration and Public Health)	Please see response to recommendations 1-6  <u>HNB</u> : Existing management teams already in place to field such enquiries. Community Gardener linked to Landport Community Garden on hand to provide further support.  <u>Public Health</u> – Community enquiries are currently being fielded to Charles Dickens Community Orchards to enhance their volunteer base and provide support for residents wishing to be involved. Wider plans are in place to seek external funding for additional resource to support programmes of community greening and volunteering.
<b>Policy Framework</b>		
27. The renewed Greening Strategy planned for later this year should include express consideration of how greening projects should embed biodiversity enhancement as a key objective of all new schemes.	Green & Healthy Streets Co-ordinator	Current Greening Strategy was published in March 2020. This will be refreshed in 2022/23 and will include biodiversity as a key objective, complementing other objectives including climate change mitigation, air quality improvement and health benefits, among others, supporting the City Vision and other PCC policies.
28. The planning service should maximise ability of the new Local Plan to require biodiversity gains in new developments in line with the new Environment Act.	Regeneration - Planning Services	Following consultation feedback, this is being considered and may come forward as part of the Regulation 19 submission for Council to approve.
29. Include a policy in the new local plan to require developers to include flexible	Regeneration - Planning Services	Following consultation feedback, this is being considered and may come forward as part of the Regulation 19 submission for Council to approve.

growing spaces in communal areas of land from residents of flats and apartments.		
<b>Strategic sites</b>		
30. Consideration should be given to a significant reduction in housing proposed for the site, with no housing sited on the southern shore and bay area and the grassland areas of the site.	Regeneration - Planning	This is one of the options that the Group Leaders have been asked to consider in developing a compliant and deliverable Local Plan.
31. Consider establishing a new wildlife reserve on Tipner West peninsula for the benefit and education of city residents, and the protection of wildlife in the city.	Regeneration - Planning	This is one of the options that the Group Leaders have been asked to consider in developing a compliant and deliverable Local Plan.
32. A biodiversity strategy be developed for Horsea Country Park (Ecological Reserve) to fit in with the citywide strategy and this be disseminated to all Councillors.	HNB, CLRS, Regeneration	<p><u>CLRS</u>: The closed landfill site will be restored primarily as a county and ecological reserve with a strong focus on ecological and biodiversity outcomes.</p> <p>However the site is ultimately managed, any management plan will incorporate an approach to biodiversity, to be informed by ecologists and Countryside Officers.</p> <p><u>HNB</u>: Work with CLRS to ensure site management plans/strategies are designed to work in conjunction with our Waste Disposal Contractor Veolia who are contracted to manage the closed landfill sites environmental systems until 2030. Veolia have several legal requirements to meet at the site including contractual obligations, planning, the sites Environmental Permit (issued by the Environment</p>

		Agency) requirements and the ATEX/DSEAR legislation (applicable to the sites environmental infrastructure).
33. Council-owned sites in Portsmouth and Hampshire which have been procured for commercial purpose i.e. Lakeside North Harbour must still comply with both the letter and spirit of the council's policies and strategies on biodiversity and should ensure public access to areas of biodiversity on the sites.	Regeneration - Property Services	Properties purchased for commercial services should maintain their primary focus to generate revenue to support Council Services, however, where possible for them to add further value by increasing biodiversity, this should happen. Public access is often restricted by lease terms and often has a negative impact on biodiversity but Property will consider if there is an opportunity to improve access without affecting the primary objectives.
34. Consider how future plans for the city can work towards ambitious street greening with as many residential streets as possible containing green spaces and verges, as well as extensive tree planting and use of planter.	Green & Healthy Streets Co- ordinator	Oversee the delivery of the Portsmouth Greening Strategy, including greening of residential areas and tree planting. The Strategy needs to operate within existing parameters laid out in the Colas agreement for maintenance of verges and street trees. The Greening Strategy will be reviewed in 2022/23. Public Health working collaboratively with transport teams to deliver roadside greening on planned schemes such as east/west active travel corridor.
35. Biodiversity enhancement in the open space behind Eastney Beach at Fort Cumberland.	CLRS	<u>CLRS</u> : Biodiversity objectives are already captured within the site management plan. The current habitat is coastal heathland and so already has value in terms of biodiversity. Any divergence from its current management would alter the nature of the site.  Any additional budget will need to come from new capital, CIL, greening fund allocations or external grants.

<p>36. Plan for the creation of a breeding and roosting island for waterfowl in Portsmouth Harbour.</p>	<p>CLRS partnership working</p> <p>Regeneration</p>	<p>- The creation of new habitat is controversial in the eyes of Natural England but with large scale development (where compensation is already required) this could form part of the offer. The Sea Defence team are currently creating a small island in Langstone Harbour as part of the North Portsea defences and this could also feature as part of the compensation for the Tipner West development however these tend to be controversial in the eyes of Natural England and require compensation for Habitat lost.</p> <p><u>CLRS</u> could manage the site (through Countryside Officers) in partnership with HIOWWT.</p>
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# Agenda Item 10



**Portsmouth**  
CITY COUNCIL

<b>Title of meeting:</b>	Cabinet Meeting
<b>Date of meeting:</b>	26 July 2022
<b>Subject:</b>	Local Partnership's Governance review
<b>Report by:</b>	Chief Executive
<b>Wards affected:</b>	All
<b>Key decision:</b>	No
<b>Full Council decision:</b>	No

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## **1. Purpose of report**

- 1.1. On 14 February 2022 cabinet decided that;
  - 1.1.1. there be a minimum requirement for a financial report to report to the Governance & Audit & Standards Committee annuallyand agreed to the recommendations:
  - 1.1.2. to have a standing quarterly item reserved to the cabinet agenda for reports on shareholder function in relation to PCC company matters;
  - 1.1.3. to engage Local Partnerships (a joint venture between the Local Government Association and HM Treasury) to provide commercial support to the Council in relation to its companies;
- 1.2. As such, in March 2022 Local Partnerships undertook a governance review of the Council's internal governance of its companies which included interviews with statutory officers (s151, Monitoring Officer and Chief Executive), key officers involved in advising and oversight of the companies (Directors of Regeneration and the Port, Deputy s151 Officer) as well as leading politicians (the Leader of the Council and the leader of the Conservative group).
- 1.3. Local Partnerships identified a range of governance issues and made key recommendations with 9 to be actioned (see appendix 1 attached).

## **2. Recommendations**

- 2.1. It is recommended that cabinet:-
  - 1) Notes and accepts in full the report and recommendations made by Local Partnerships;
  - 2) Agrees to develop an action plan to implement the recommendations;And in order to facilitate that process;



- 3) Agrees to the appointment of a cabinet member as the portfolio lead for Company matters;
- 4) Agrees to the appointment of the Chief Executive as the Council's "shareholder representative" to all its companies (the role as detailed from paragraph 4.12).

### **3. Background**

- 3.1. In 2017, the Council established Victory Energy Supply Limited (VESL), a wholly owned company intended to trade in the wholesale consumer energy market. On the change in political administration in 2018, cabinet decided to discontinue support for the company and subsequently post review of disposal options to wind the company up.
- 3.2. An internal audit into the governance of the company in October 2020 identified a number of issues with how the Council planned to manage the company.
- 3.3. Cabinet sought to address the governance concerns identified by setting up a Shareholder Committee (a sub-committee of cabinet). This governance approach reflects good practice as advised by Lawyers in Local Government, external advice from legal firm Bevan Brittan and internal legal advice. The purpose of the committee was to ensure that the Council's companies were commercially run and effectively governed.
- 3.4. Chronology of establishment of the Shareholder Committee was as follows:-
  - 3.4.1. 14 July 2020 - establishment of the Shareholder Committee approved by cabinet;
  - 3.4.2. 20 November 2020 - terms of reference of the committee were endorsed by the Governance and Audit and Standards Committee;
  - 3.4.3. 2 February 2021 - cabinet appointed to the Shareholder Committee;
  - 3.4.4. 15 December 2021 - Shareholder Committee was first constituted;
- 3.5. The first Shareholder Committee requested a report to cabinet recommending its abolition and the return of the shareholder function to full cabinet.
- 3.6. Cabinet considered this report from the Chief Executive on the 8 February 2022 and resolved to abolish the shareholder committee and return the oversight of the companies to full cabinet.

### **4. Reasons for recommendations**

- 4.1. Local Partnerships recommendations have noted a significant number of areas for improvement in relation to the Council's oversight, scrutiny and governance of its Companies.
- 4.2. These recommendations are consistent with the themes identified in a number of recent Public Interest Reports at the LB Croydon, Nottingham and Bristol and more recently (in the last month) Northumberland. The Council is seeking to learn from those reports and respond to the increasing volatile, uncertain, complex and ambiguous economic, social, political and environmental situation via governance and oversight arrangements.



- 4.3. The recommendations also feed into many of the key recommendations from the recent LGA Peer review, namely ensuring the creation of more time and space for collective reflection, long term planning and a review of the internal governance and scrutiny arrangements of the Council and working toward training and development of members in this complex area of work.

**Development an action plan to action the recommendations**

- 4.4. Local Partnerships noted the need for "*coherent and sustainable cross-party engagement in the governance, scrutiny, and challenge of the investee companies*".
- 4.5. For this reason, it is recommended that cabinet (through the appointed cabinet member) be responsible for working up the action plan to deliver the recommendations, including a cross-party group. It would be for the cabinet member to decide on the appropriate membership of this group, but it should include key statutory officers (the Chief Executive as the head of paid service, the s151 Officer as the officer with responsibility for the proper administration of the Council's financial affairs and the Monitoring Officer as the officer with responsibility for ensuring that the Council at all times acts lawfully and within its own rules and procedures), a representative from Audit, and key officers whose remit includes oversight of companies, such as the Director of Regeneration (who has oversight of the Ravelin group of companies) and the Director of the Port (who has resigned as a director of Portico in order to be able to properly advise the Cabinet as shareholder).

**The appointment of a cabinet member (who is not a member who is a director of a Council Company) as the portfolio lead for Company matters**

- 4.6. Local Partnerships identified a need for an overarching view of PCC's commercial activity to facilitate knowledge sharing, identification of best practice and effective challenge of commercial ventures to support Cabinet in the optimal discharge of the shareholder role.
- 4.7. The appointment of a cabinet member to lead and champion this initiative and to be fully trained to understand the complexities in the area of the Council's activity and to be able to contribute, support and advise cabinet colleagues with this is seen as a key way to ensure that good practice is embedded in the Council from the very top.
- 4.8. The cabinet member could have general responsibility for oversight of the Council's companies and decision making responsibilities as shareholder where the Council needs to make quick decisions in relation to its Companies which don't fit within the ordinary reporting cycle to full cabinet.
- 4.9. This model would not diminish full cabinet's overall responsibility for the discharge of the shareholder function but would enable commercially agile decision making where necessary. It would help to address one of the concerns noted by Local Partnerships that "*there is a question as to whether Cabinet is an appropriate forum for the consideration of complex matters such as business plans, as it may not allow adequate time and space for detailed consideration and challenge of the plans or enable detailed questions to be asked and answered*".



- 4.10. Local Partnership noted that the Council should ensure a "*clear separation of those managing the entities and those responsible for holding them to account*". To ensure that there is no conflict of interest in the ability of the cabinet member to scrutinise and challenge the Council's companies, the cabinet member cannot also be a director of a Council owned company.
- 4.11. The cabinet member should be required to undertake specialist training, organised by the City Solicitor, to enable the proper discharge of this function.

**The appointment of the Chief Executive (who cannot be a director of a Council Company) as the Shareholder Representative.**

- 4.12. In appointing the Chief Executive as the Shareholder Representative, the 'overarching view' of commercial activity would be achieved within the corporate centre of the officer core, to support the portfolio holder and to support, as Local Partnerships put it, "*greater insight into potential synergies between Ravelin, Portico and HCB, encourage knowledge sharing or best practice to improve performance and provide an overall view of risk*".
- 4.13. In this situation, the Chief Executive would in effect act as the eyes and ears of the shareholder, representing the interests of the shareholder (as directed by the portfolio holder or cabinet) and reporting back regularly to the portfolio leader for companies and cabinet. The Shareholder Representative could not also be a director of a company, as this would not ensure a separation between the role of the shareholder and that of the board.
- 4.14. The Shareholder Representative would not automatically have any delegated authority to act as the shareholder, although for practical and pragmatic reasons cabinet and the portfolio holder may in future wish to consider the delegation of certain functions to the Shareholder Representative. This may for example be in relation to relatively inconsequential decisions (such as amending minor contractual documents between the parties) or where an urgent decision is required of the shareholder. Such delegated decisions could be subject to regular reporting back to cabinet/portfolio holder to ensure the necessity and scope of such delegations is regularly monitored by cabinet.
- 4.15. The nomination would also help to remove some of the current conflict of interest present in the current structure, where for instance Council strategic directors also act as director of companies, which in effect means the Council's shareholder representative has been entrusted by the Council with the role of scrutinising and holding to account the board of the very company they sit on. Legal advice and accepted best practice is for councils not to appoint their statutory officers (Chief Executive, Monitoring Officer and s151 Officer) to company boards, and this should be this Council's corporate position moving forwards.
- 4.16. The Chief Executive should be required to undertake specialist training, organised by the City Solicitor, to enable the proper discharge of this function.
- 4.17. As Local Partnership noted, the establishment of separate legal entities carries risk and "*inevitably necessitate the establishment of an overhead to ensure an environment of objective and expert oversight and scrutiny of commercial activity and a clear separation of those managing the entities and those responsible for holding them to account*". As such, it may be necessary to identify a budget to



support the discharge of this function, for training and specialist commercial and legal advice.

**5. Integrated impact assessment**

- 5.1. The contents of this report do not have any relevant equalities impact and therefore an Integrated Impact Assessment is not required.

**6. Legal implications**

- 6.1. The recommendations made by Local Partnership are consistent with previous advice given by City Solicitor in relation to the Council's governance of its companies and also generally accepted best practice.
- 6.2. The initial recommendations on the appointment of a cabinet lead and an officer lead for Company matters would ensure that there is a central responsibility for the activity which can only enhance the adequate risk management of the activity.
- 6.3. Cabinet should clearly note the need to minimise conflicts of interest where officers or members are acting as directors of Council owned companies. It is for this reason that it is vitally important that the member and officer leads in this proposal not be conflicted by also sitting as company directors.

**7. Director of Finance's comments**

- 7.1. The recommendations contained within this report identify a number of far reaching governance requirements aimed to protect both the financial and legal interests of the City Council. To facilitate these requirements, there will be additional Shareholder costs relating to training and advice which in the current year will be met from the Council's Corporate Contingency but from 2023/24 onwards embedded within the Council's Budget proper. It is anticipated that the additional Shareholder costs associated with the oversight and scrutiny of the Council's companies will be offset by the financial returns made by those companies.

.....  
Signed by: David Williams

**Appendices:**

- Appendix A - Local Partnership Governance review of Portsmouth City Council owned entities.
- Appendix B (extract from Appendix A) - table of recommendations with suggested actions.

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by:



JOINTLY OWNED BY



HM Treasury



# GOVERNANCE REVIEW OF PORTSMOUTH CITY COUNCIL OWNED ENTITIES

Version No: FINAL

Issue Date: 13 April 2022





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# 1 EXECUTIVE SUMMARY

Local Partnerships LLP was engaged to review Portsmouth City Council (PCC)'s internal governance arrangements related to the following investee companies:

- Portico Shipping Limited
- Ravelin Group Limited, including:
  - Ravelin Property Limited
  - Ravelin Housing Limited
- HCB Holding Limited

The review has not focused on the internal arrangements within the above investee companies but on PCC's organisation and interfaces with the investee companies.

As a result of the review the following recommendations have been made:

1. Establish and document a robust governance framework for PCC.
2. Establish an "overarching view" of PCC's commercial activity which will facilitate knowledge sharing, identification of best practice and effective challenge of commercial ventures in order to provide the requisite support to Cabinet to enable it to optimise its shareholder role.
3. PCC should consider removing the Section 151 Officer from the Portico and HCB boards and placing the Section 151 officer exclusively into a shareholder role.
4. Review composition of company boards, specifically considering the scope to recruit additional non-executive directors to the Ravelin boards to bring challenge, objectivity and new capabilities which are not currently represented in the current board composition.
5. Ensure ongoing professional training is provided to ensure that all board members remain up to date in their understanding and are supported in their roles.
6. Clear documented processes and procedures should be in place for council appointed directors to report conflicts of interest to both the shareholder and the board of the investee company. Processes and procedures to identify and manage conflicts of interest as well as identify remedies to resolve unmanaged conflicts should also be documented.
7. PCC should take the necessary steps to ensure that it has processes and procedures in place to effectively set industry relevant performance targets for its investments and scrutinise performance on a periodic basis aligned with PCC's business planning cycle.
8. PCC should ensure that its documented terms of reference, governance regime, and rights as shareholder for each of its investee companies is based on the points raised in section 3.1 and the ten points outlined in section 3.4.

The above recommendations have resource implications for PCC and there may be a perception that they entail some duplication of resources between the Council and the entities. However, the review team believe that the establishment of separate legal

entities are usually risky undertakings and inevitably necessitate the establishment of an overhead to ensure an environment of objective and expert oversight and scrutiny of commercial activity and a clear separation of roles between those managing the entities and those responsible for holding them to account.



## 2 INTRODUCTION

Local Partnerships LLP was engaged to review PCC's internal governance arrangements related to the following investee companies:

- Portico Shipping Limited
- Ravelin Group Limited, including:
  - Ravelin Property Limited
  - Ravelin Housing Limited
- HCB Holding Limited

The review has not focused on the internal arrangements within the above investee companies but on PCC's organisation and interfaces with the investee companies. Local Partnerships' review has taken full account of issues already highlighted by PCC, with particular reference to Portico, Ravelin Housing, and HCB Holding. The review has not been an audit.

As part of the review, Local Partnerships interviewed key stakeholders. A full list of interviewees can be found at Appendix A. Local Partnerships also reviewed documentation provided by PCC. A full list of the documentation reviewed can be found at Appendix B. The review referenced accepted best practice and considered Local Partnerships Local Authority Company Review Guidance.

This report sets out the findings and recommendations across the following areas:

- Governance framework
- Appointments to boards
- Managing conflicts
- PCC's shareholder role



## 3 FINDINGS

### 3.1 Council Governance Framework

The Cabinet meeting on 14th February 2022 confirmed the ownership of the companies as an executive function of PCC and therefore the responsibility of Cabinet to discharge. It confirmed Cabinet's role as including:

- Oversight of all Council companies to hold the directors of the companies (who are responsible for running the companies) to account
- Approval and oversight of PCC's strategic objectives in relation to the companies
- Providing strategic oversight and assurance to PCC that the companies are compliantly run, achieving best value for PCC and are fit for purpose

It was noted that for practical purposes Cabinet may wish to consider delegating certain of its functions as shareholder to the relevant Directors in consultation with the City Solicitor and Section 151 Officer. It was also agreed that where there is a shareholder delegation in place that the company will be required to present a financial report to Governance Audit and Standards (GAaS) committee for cross council/cross party reporting.


In addition to clarifying these governance and oversight arrangements it is also recognised there have been positive steps to improve the governance of PCC's companies. For example, changes have recently been made to the board of Portico in order to remove the scope for potential conflicts of interest and to set clearer boundaries between PCC and Portico.

Notwithstanding these recent developments, there is a widely held view among stakeholders that the relationship between PCC and its companies has traditionally been too close and informal. Generally, the governance arrangements for council owned entities should seek to ensure that:

- The company should have sufficient freedoms to achieve its objectives
- PCC should have sufficient control to ensure that its investment is protected, appropriate returns on investment can be obtained and that the activities of the company are aligned with the values and strategic objectives of PCC

It is not clear that the existing governance arrangements enable an appropriate balance to be struck between these two competing objectives. There is a lack of clarity regarding the extent to which PCC can, and should, involve itself in both operational and strategic decisions relating to the companies. It is in the interests of both parties that the boundaries of PCC's control and influence are clearly understood by all parties. At the moment, uncertainty about the extent to which PCC exercise control over Ravelin and Portico and the autonomy they have to make independent commercial decisions is unclear. For example, there is a perception that the lines between Council and company board meetings are sometimes blurred.

Moreover, outside of the Cabinet oversight, PCC governance arrangements at officer level are fragmented and silo-based, lacking a consistent Council-wide approach which is driven from the corporate core. The review team were not made aware of formal business performance review meetings between PCC and the companies and there is a



lack of a clear, systematic approach and performance framework which underpins PCC's arrangements for overseeing, interfacing and engaging with the companies in order to ensure PCC's interests are safeguarded.

It is recognised that PCC's companies are at different stages in their life cycle. Portico is very much an established corporate entity, in contrast neither HCB nor Ravelin Group have established operations. The governance approach will have to be tailored for the particular life cycle stage for each investee company from inception and formation to operational establishment.

Both HCB and Ravelin appear to be relatively dormant. This presents a current opportunity to address governance issues consistent with the recommendations set out in this report.

Many interviewees highlighted the importance of effective cross-party engagement. It is clear that for the long term benefit of the investee companies coherent and sustainable cross party engagement in the governance, scrutiny, and challenge of the investee companies is critical.

## **RECOMMENDATION**


*Establish and document a robust governance framework for PCC which includes:*

- *Terms of reference of all new and refreshed governance forums*
- *Defining key roles and functions such as that of the shareholder, client/customer, supplier, observer*
- *Agreeing on key governance principles – such as keeping the role of shareholder separate from that of the board*
- *Establishing processes for regularly reviewing risks relating to the companies and establishing whether they are effectively managed and scrutinised*
- *Instigating more formalised reporting to PCC regarding its shareholding interest in its wholly or partly owned companies*

The review team is aware that there is oversight and scrutiny of decisions relating to the companies undertaken by the Section 151 officer and the wider Finance team before reports are submitted to Cabinet. Also, on a positive note, stakeholder interviews demonstrated a culture of effective cooperation and relationship between Council officers, members and the companies.

Nevertheless, it was felt by a number of stakeholders that PCC would benefit from a coordinated “overarching view” of its commercial activity which will facilitate greater insight into potential synergies between Ravelin, Portico and HCB, encourage knowledge sharing or best practice to improve performance and provide an overall view of risk PCC is potentially exposed to should multiple individual risks across the portfolio be realised at the same time.

Furthermore, there is a question as to whether Cabinet is an appropriate forum for the consideration of complex matters such as business plans, as it may not allow adequate time and space for detailed consideration and challenge of the plans or enable detailed questions to be asked and answered.



Potentially, PCC may benefit from the Cabinet's shareholder role being supported by processes to provide additional challenge and oversight within PCC to ensure risks are fully understood and managed.

## RECOMMENDATION

*Establish an "overarching view" of PCC's commercial activity which will facilitate knowledge sharing, identification of best practice and effective challenge of commercial ventures in order to provide the requisite support to Cabinet to enable it to optimise its shareholder role. It may be appropriate to establish a new forum or to utilise an existing forum to coordinate the activity. The key processes to be established should include:*

- *Oversight of all PCC's commercial activity, including a mechanism to review the implementation and development of PCC's commercial approach including the entities it influences and owns*
- *A periodic review that the current delivery mechanism offers best value to PCC and that alternative arrangements could not do this better. Where appropriate a recommendation should be made to the Cabinet, as sole/principal shareholder, for the winding up of any commercial entities that no longer support its strategic aims or present unacceptable levels of risk*
- *Identification of innovation and best practice within individual entities which could be communicated and shared with others, thereby ensuring the performance of these companies is such that they offer best value to PCC*
- *Consideration of wider opportunities and growth for the entities*
- *The necessary oversight from a shareholder's perspective that the parameters, policies and boundaries that PCC has established are being adhered to*
- *A mechanism to communicate the shareholders' views to the company*
- *Evaluation of the effectiveness of the company board and the delivery of company performance against strategic objectives and the business plan*
- *A holistic review of risk to PCC offered by all active commercial entities. This should include in particular how the risks provided by individual Council companies aggregate and interact such that the total risk to PCC is accurately assessed*
- *Oversight of all reserved matters, business plan, strategy approval, lending approval, key appointments and key transactions (subject to consideration and approval by Cabinet)*
- *A process for making recommendations to Cabinet regarding allocation of PCC's investment between the entities*

If a new forum is to be established, representation should be drawn from the senior management team of PCC including the Section 151 Officer and relevant service directors as well as senior finance, legal, commercial and technical/subject matter



representation. It should be noted that many councils<sup>1</sup> who have embarked on significant commercial activity have established a corporate officer forum to ensure a coordinated and consistent approach to oversight and coordination of commercial activity.

### 3.2 Council Appointments to Boards

Four of the seven Portico board members and all three Ravelin are Council representatives. In the case of PCC and these companies there will inevitably be occasions where there is divergence of objectives between the two parties giving rise to a potential conflict of interest. In these circumstances there should be a clear divide between those managing the companies and those responsible for holding them to account.

PCC is making positive steps to improve the boundaries between itself and the companies by making changes to board composition. For example, it is planned that the Regeneration Director will no longer be Ravelin Group board member and will be replaced by two council Assistant Directors and new independent non-executives have recently been appointed to the Portico board.

Nevertheless, it is noted that the Section 151 officer remains on the Portico and HCB boards, albeit where matters at PCC concern Portico and HCB, his role at PCC is discharged by the Deputy Section 151 officer and it is understood that there are plans to replace him on the Portico board. These arrangements recognise the need for a clear divide. However, given that it is likely that certain decisions of the shareholder will require ratification by and the opinion of the Section 151 officer, it is not considered good practice for a Section 151 officer to hold a position with a wholly or partly owned council company. This is in no way a criticism of the quality or integrity of PCC's representatives, merely a reflection of governance arrangements which do not reflect good practice. Ideally it would be preferable for the Deputy Section 151 officer or another financial specialist (from within or outside PCC) to be a board member of both Portico and HCB.

#### RECOMMENDATION


*PCC should consider removing the Section 151 Officer from the Portico and HCB boards and placing the Section 151 officer exclusively into a shareholder role. This may in turn require the board of Portico and HCB to strengthen their finance capability.*

It is also noted that the Leader of PCC is a Portico board member. In principle, there is no reason why an elected member should not be a board member and no criticism should be inferred regarding quality or integrity of the Leader's execution of that role. However, it is suggested that PCC should take account of the following considerations when appointing elected members as board members of wholly or partly owned companies:

- The need to avoid Council Members being appointed to senior positions in the company, if such an eventuality is likely to lead to a conflict of interest. For

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<sup>1</sup> As an example, Suffolk County Council have a corporate Commercialism Board to provide oversight of its commercial activity. Also, the London Borough of Merton's Commercialisation of Council Services Task Group review report of 2016 states "A Commissioning and Commercial Board provides challenge for new projects. For every idea, officers must develop a draft business case and attend the Board. Membership of the Board includes senior officers, as well as representatives from legal and finance. The ideas are thoroughly explored and its legality and viability are tested. It is challenged through a formal process involving all relevant council departments and partner organisations. Once the idea is considered robust it is discussed by a committee of councillors"



example, appointing someone as a board member who also holds a position within PCC's governance structures which also involves oversight of that company, would give rise to potential conflicts of interest

- Any board appointments should be based on the skills (commercial, technical, financial etc), qualifications and other attributes required for the role, rather than based on the office which the person holds
- The need to raise awareness of directors' day to day control of a company, which gives rise to potential statutory (criminal and civil), or common law liabilities. This includes making potential directors aware of their obligations and potential liability arising out of various legalisation including The Companies Act 2006, Insolvency Act 1986, Bribery Act 2010, Modern Slavery Act 2015, Data Protection Act, 2018 and Health and Safety at Work Act 1974

## RECOMMENDATION

*PCC should only consider appointing an elected member(s) to the board if it is clear that they can bring specific skills and qualifications which are needed by the company (rather than by virtue of the fact that they are elected members) and that there is no potential for a conflict of interest arising.*

PCC's rights to appoint and remove HCB board directors is unclear. The appointment and removal of company directors is a reserved matter for Ravelin Group Ltd, Ravelin Housing Limited and for Portico. Nevertheless, there is a lack of transparency regarding the selection and appointment of board members. The process appears to have understandably grown organically from when the companies were embryonic but, now that they are established, a greater degree of formalisation is required. This may include consideration of:

- The appointment of additional independent director(s) to provide constructive challenge, strategic guidance, specialist knowledge (noting that Portico have already recently appointed independent non-executive directors). An effective board should include a range of skills and backgrounds including commercial, financial, business development, technical, legal and HR experience. The UK Corporate Governance Code advises that at least half the board (excluding the chair) should be independent non-executives
- Making all appointments to the board subject to a formal, rigorous, and transparent selection procedure based on merit and published objective criteria
- Board composition and individual director performance being reviewed periodically to evaluate board composition, the effectiveness of individual contribution, and how effectively board members work together to achieve company objectives

## RECOMMENDATIONS

*Review composition of company boards, specifically considering the scope to recruit additional non-executive directors to the Ravelin boards to bring challenge, objectivity and new capabilities which are not currently represented in the current board composition.*



*Ensure ongoing professional training is provided to ensure that all board members remain up to date in their understanding and are supported in their roles.*



### **3.3 Avoiding and Managing Conflicts**

As noted in section 3.1 above, there have been positive steps to improve the governance of PCC's companies. These include recent changes to the board of Portico to remove the scope for potential conflicts of interest and to set clearer boundaries between Portico and PCC. It should also be highlighted that Portico has also produced a conflicts of interest policy.

The main fiduciary duties of company directors are:

- To act within the powers conferred by the company Memorandum and Articles of Association
- To avoid conflict of interest
- To act in the best interest of the company
- Not to fetter one's own discretion; and
- Not to make unauthorised profit

The duty for directors to avoid conflicts of interest whilst also exercising unfettered discretion makes the role of council appointed directors challenging, particularly for council appointed directors who are also direct employees of PCC. It is common for directors who are (or represent) shareholders to find that the edges can be blurred when they are acting in both capacities, particularly in times of high pressure. For this reason, it is essential that PCC documents its processes and procedures for managing conflicts related to council appointed directors as well as remedies in the event of breaches of the specified processes and procedures.

In the event of breaches of directors' duties and responsibilities, directors may be subject to legal proceedings to restore a transaction made contrary to a fiduciary duty for example.

Whilst positive steps have been taken, further improvements can be made to more effectively manage conflicts. The PCC executive team should document processes and procedures to identify and manage conflicts of interest, and remedies to resolve unmanaged conflicts. Key conflicts include those:

- Resulting from the existence of its shareholdings and a potential divergence between statutory, common law, and fiduciary duties of directors and the statutory duties of council officers
- That permit the influence of third parties

A clear mechanism should be in place for council appointed directors to report conflicts of interest to both the shareholder and the board of the investee company.

The requirement for directors to exercise independent judgement is a major statutory duty. From the perspective of shareholders, directors of investee companies should not



be delegates who implement the instructions of shareholders. Each director needs to form his/her own view based on their own knowledge and judgement. Recognising the need for independent judgement, a shareholder function within PCC can be used to provide requested independent insight and advice to council appointed directors.

Issues related to the management of conflict and the maintenance of independence are compounded by the fact that investee companies lean heavily on council human resources putting individuals in the position of having to manage "multi-hatting". This invariably complicates the task of maintaining ethical boundaries, underlining the need to manage conflicts and maintain independence more effectively.

## RECOMMENDATION

*Clear documented processes and procedures should be in place for council appointed directors to report conflicts of interest to both the shareholder and the board of the investee company. Processes and procedures to identify and manage conflicts of interest as well as identify remedies to resolve unmanaged conflicts should also be documented.*

### 3.4 PCC's Shareholder Role

PCC's most structured shareholder relationship exists with Portico. Underpinning this relationship is the presence on the board of two councillors and the Section 151 Officer as Non-Exec Directors and an annual business planning and budgeting setting process.

With respect to all investee companies, the extent to which council selected directors have been trained in their common law, fiduciary, and statutory duties is unclear. It is also unclear how PCC ensures that they have relevant sector specific expertise on the boards through the clear specification of the requirements for council selected directors and letters of appointment clearly setting out obligations and performance parameters which will be subject to ongoing monitoring and review. There was also limited evidence demonstrating synchronised business planning and budgeting processes, supported by periodic shareholder performance monitoring and review.

PCC's relationship with its investee companies should be underpinned by the principles of the UK Corporate Governance code as appropriate. Whilst PCC should not routinely intervene in the day-to-day running of its companies, all decisions taken by the board must be taken in accordance with the Directors' fiduciary, statutory, and common law duties. PCC should take the necessary steps to ensure that it has processes and procedures in place to effectively set industry relevant performance targets for its investment and scrutinise performance. These processes and procedures should include, but not be limited to:

- A strong shareholder team/competence within PCC to support a Commercial Board as outlined within section 3.1
- The shareholder team should have access to corporate finance and corporate legal expertise, as well as sector specific expertise possibly on a retained basis
- The priorities of the shareholder team should include:
  - Budget and funding reviews for investee companies
  - Setting strategic PCC targets for investment performance
  - Periodic performance monitoring and review engagement
  - Setting specifications and performance requirements for appointments to the boards of investee companies

- Definition and provision of mandatory training for all council appointed directors
  - Being the critical friend to Cabinet to support it in its evaluation and scrutiny of investee company business plans and commercial viability
  - Assuring the above factors are addressed relevant to the life cycle stage of the investee company
- A clear budget and target setting process synchronised between the shareholder and investee company
  - Regular performance review meetings supported by performance review papers held between the shareholder team, company CEO, and council selected directors e.g. quarterly. The review papers should be produced by the shareholder team for cabinet review and scrutiny. The papers should also be publicly available, subject to the redaction of commercially sensitive information.
  - To monitor investee company performance against objectives, regular shareholder review meetings should take place to address performance parameters and considerations including:
    - Strategic risk management
    - Forward looking risk based analysis of progress
    - Equity return expectations and performance
    - Performance against debt covenants and other conditions
    - Cashflow and income expectations and performance
    - Taxpayer value for money

## RECOMMENDATION

*PCC should take the necessary steps to ensure that it has processes and procedures in place to effectively set industry relevant performance targets for its investment and scrutinise performance on a periodic basis aligned with PCC's business planning cycle.*

The interactions between PCC and its companies should be based on efficient, trust based, and professional dialogue with the following considerations:

- Professional dialogue relevant to delivering the investee company's objectives and shareholder expectations on time and within expected parameters
- Open dialogue based on a shared commitment to enable the investee company to effectively achieve its objectives
- Assurance of a joined up, flexible, and efficient approach amongst all parties

Whilst PCC's role may differ depending on whether it is sole, majority, or minority shareholder, its rights should be clearly set out to include:

- Appointment of the Chair
- Appointment of the Chief Executive
- Appointment of one or more Shareholder Representative Directors or Non-Executive Directors
- Approval/establishment of the requirements and performance measures for appointments to the board
- Approval of other appointments to the board



- Approval of budgeting and funding
- Setting objectives
- Approval of the remuneration framework
- Approving forward strategy or high level priorities
- Approval of terms of all appointments to the board

## **RECOMMENDATION**

*PCC should ensure that its documented terms of reference, governance regime, and rights as shareholder for each of its investee companies is based on the points highlighted in section 3.1 as well as the ten points outlined above.*



## 4 RECOMMENDATIONS

### 4.1 Introduction

In summary, the following table details the recommendations that have been made throughout this report. The table also provides an indication of the suggested timeframe to implement each recommendation where possible.

Ref	Recommendation	Critical, Essential, Recommended
1.	<p><i>Establish and document a robust governance framework for PCC which includes:</i></p> <ul style="list-style-type: none"> <li>• <i>Terms of reference of all new and refreshed governance forums</i></li> <li>• <i>Defining key roles and functions such as that of the shareholder, client/customer, supplier, observer</i></li> <li>• <i>Agreeing on key governance principles – such as keeping the role of shareholder separate from that of the board</i></li> <li>• <i>Establishing processes for regularly reviewing risks relating to the companies and establishing whether they are effectively managed and scrutinise.</i></li> <li>• <i>Instigating more formalised reporting to PCC regarding its shareholding interest in its wholly or partly owned companies</i></li> </ul>	Essential (within three months)
2.	<p><i>Establish an “overarching view” of PCC’s commercial activity which will facilitate knowledge sharing, identification of best practice and effective challenge of commercial ventures in order to provide the requisite support to Cabinet to enable it to optimise its shareholder role. It may be appropriate to establish a new forum or to utilise an existing forum to coordinate the activity. The key processes to be established should include:</i></p> <p><i>:</i></p> <ul style="list-style-type: none"> <li>• <i>Oversight of all PCC’s commercial activity, including a mechanism to review the implementation and development of PCC’s commercial approach including the entities it influences and owns</i></li> <li>• <i>A periodic review that the current delivery mechanism offers best value to PCC and that alternative arrangements could not do this better. Where appropriate a recommendation should be made to the Cabinet, as sole/principal shareholder, for the winding up of any commercial entities that no</i></li> </ul>	Essential (within three months)



Ref	Recommendation	Critical, Essential, Recommended
	<p><i>longer support its strategic aims or present unacceptable levels of risk</i></p> <ul style="list-style-type: none"> <li>• <i>Identification of innovation and best practice within individual entities which could be communicated and shared with others, thereby ensuring the performance of these companies is such that they offer best value to PCC</i></li> <li>• <i>Consideration of wider opportunities and growth for the entities</i></li> <li>• <i>The necessary oversight from a shareholder's perspective that the parameters, policies and boundaries that PCC has established are being adhered to</i></li> <li>• <i>A mechanism to communicate the shareholders' views to the company</i></li> <li>• <i>Evaluation of the effectiveness of the company board and the delivery of company performance against strategic objectives and the business plan</i></li> <li>• <i>A holistic review of risk to PCC offered by all active commercial entities. This should include in particular how the risks provided by individual Council companies aggregate and interact such that the total risk to PCC is accurately assessed</i></li> <li>• <i>Oversight of all reserved matters, business plan, strategy approval, lending approval, key appointments and key transactions (subject to consideration and approval by Cabinet)</i></li> <li>• <i>A process for making recommendations to Cabinet regarding allocation of PCC's investment between the entities</i></li> </ul>	
3.	<p><i>PCC should consider removing the Section 151 Officer from the Portico and HCB boards and placing the Section 151 officer exclusively into a shareholder role. This may in turn require the board of Portico and HCB to strengthen their finance capability.</i></p>	Critical (within three months)
4.	<p><i>PCC should only consider appointing an elected member(s) to the board if it is clear that they can bring specific skills and qualifications which are needed by the company (rather than by virtue of the fact that they are elected members) and that there is no potential for a conflict of interest arising.</i></p>	Recommended (within six months)



Ref	Recommendation	Critical, Essential, Recommended
5.	<i>Review composition of company boards, specifically considering the scope to recruit additional non-executive directors to the Ravelin boards to bring challenge, objectivity and new capabilities which are not currently represented in the current board composition.</i>	Recommended (within six months)
6.	<i>Ensure ongoing professional training is provided to ensure that all board members remain up to date in their understanding and are supported in their roles.</i>	Essential (within three months)
7.	<i>Clear documented processes and procedures should be in place for council appointed directors to report conflicts of interest to both the shareholder and the board of the investee company. Processes and procedures to identify and manage conflicts of interest as well as identify remedies to resolve unmanaged conflicts should also be documented.</i>	Essential (within three months)
8.	<i>PCC should take the necessary steps to ensure that it has processes and procedures in place to effectively set industry relevant performance targets for its investments and scrutinise performance on a periodic basis aligned with PCC's business planning cycle.</i>	Essential (within three months)
9.	<i>PCC should ensure that its documented terms of reference, governance regime, and rights as shareholder for each of its investee companies is based on the points raised in section 3.1 and the ten points outlined in section 3.4.</i>	Essential (within three months)

## 4.2 Next Steps

Local Partnerships recommends that PCC develops a focused action plan to implement the above recommendations.

## 5 Appendix A - Interviewees

<b>Name</b>	<b>Role</b>
CLlr Gerald Vernon-Jackson	Council Leader, and Liberal Democrats Group Leader
CLlr Simon Boshier	Conservative Group Leader
David Williams	PCC Chief Executive
Chris Ward	PCC Section 151 Officer
Peter Baulf	PCC Monitoring Officer
James Berry	Solicitor
Sophie Mallon	Solicitor
Mike Sellers	Port Director
Tristan Samuels	Director of Regeneration
Julian Pike	Deputy Director of Finance, and Deputy Section 151 Officer



## 6 Appendix B - Documents Reviewed

Company	Document
Portico	Conflict of interest policy
	Masterplan 2040
	MMD Site – Strategic Review of Options, Cabinet Paper, 26 February 2019
	Draft 20 Year Capital Programme
	Board minutes, September and December 2021
	P&L Summaries October and December 2021
	Summary Board Reports, October and December 2021
	Board meeting agenda, November 2021
	Operations Director update, October 2021
	HSE Performance Report, October 2021
	Articles and Memorandums of Association
Ravelin	Ravelin Group Certificate of Registration
	Ravelin Property Certificate of Registration
	RHL Business Plan, 2021-2026
	Ravelin Investment and Development Strategy, 2022-2032
	RHL Articles of Association
	PCC/Ravelin Group/Ravelin Housing Shareholders Agreement
	PCC/Ravelin Group Shareholders Agreement
HCB	Hampshire Community Bank 2020-2022 Business Plan
	Application to subscribe for shares in HCB Holding Limited
	HCB Holding Board minutes, 8 <sup>th</sup> October 2021
	Shareholder statement from the executive board of HCB, 15 <sup>th</sup> May 2021
	HCB Holding Board minutes, 10 <sup>th</sup> December 2021
Other Companies	PCC companies visual, 8 <sup>th</sup> November 2021
	Agenda and decision of the Shareholder sub-committee, 15 <sup>th</sup> December 2021
	Agenda and decision of Cabinet, 8 <sup>th</sup> February 2021
	Agenda and decision of Cabinet, 14 <sup>th</sup> February 2021
	PCC constitution extract, Cabinet portfolio responsibilities



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Ref	Recommendation	Critical, Essential, Recommended	PCC Action
1.	<p><i>Establish and document a robust governance framework for PCC which includes:</i></p> <ul style="list-style-type: none"> <li>• <i>Terms of reference of all new and refreshed governance forums</i></li> <li>• <i>Defining key roles and functions such as that of the shareholder, client/customer, supplier, observer</i></li> <li>• <i>Agreeing on key governance principles – such as keeping the role of shareholder separate from that of the board</i></li> <li>• <i>Establishing processes for regularly reviewing risks relating to the companies and establishing whether they are effectively managed and scrutinise.</i></li> <li>• <i>Instigating more formalised reporting to PCC regarding its shareholding interest in its wholly or partly owned companies</i></li> </ul>	Essential (within three months)	These basic good governance principles could be worked up by the forum established as a result of recommendation 2. They could then be put to Cabinet/Council/GAS as necessary for ratification.
2.	<p><i>Establish an “overarching view” of PCC’s commercial activity which will facilitate knowledge sharing, identification of best practice and effective challenge of commercial ventures in order to provide the requisite support to Cabinet</i></p>	Essential (within three months)	<p><u>Centralised responsibility</u></p> <p>It is proposed that this initially be achieved by centralising political and officer oversight of</p>

Ref	Recommendation	Critical, Essential, Recommended	PCC Action
	<p><i>to enable it to optimise its shareholder role. It may be appropriate to establish a new forum or to utilise an existing forum to coordinate the activity. The key processes to be established should include:</i></p> <p><i>:</i></p> <ul style="list-style-type: none"> <li><i>• Oversight of all PCC's commercial activity, including a mechanism to review the implementation and development of PCC's commercial approach including the entities it influences and owns</i></li> <li><i>• A periodic review that the current delivery mechanism offers best value to PCC and that alternative arrangements could not do this better. Where appropriate a recommendation should be made to the Cabinet, as sole/principal shareholder, for the winding up of any commercial entities that no longer support its strategic aims or present unacceptable levels of risk</i></li> <li><i>• Identification of innovation and best practice within individual entities which could be communicated and shared with others, thereby ensuring the performance of these companies is such that they offer best value to PCC</i></li> <li><i>• Consideration of wider opportunities and growth for the entities</i></li> <li><i>• The necessary oversight from a shareholder's perspective that the parameters, policies and</i></li> </ul>		<p>Company/Commercial activity with one cabinet member and one officer. This will enable centralised leadership of all such activity and responsibility being apportioned to ensure that the recommendations under this paper are delivered. These two appointments will then be champions in ensuring good practice is embedded across the Council's activities and knowledge is disseminated, both amongst officers and member.</p> <p>There will be a need to establish a budget to support this function e.g. the provision of training, the commissioning of specialist legal and commercial advice etc.</p> <p><u>Shareholder representative</u> It is suggested that the officer lead for this be the Council's Chief Executive and that he be nominated as the <b>Shareholder Representative</b>. The role would be to act as the conduit between the companies and the cabinet member / cabinet as a whole.</p> <p>The Shareholder Representative would not have any powers to act as the shareholder on behalf of Cabinet, although for practical reasons Cabinet may in future delegate some functions in relation to specific companies where decisions are needed to be made urgently.</p> <p>The appointment of a Shareholder Representative (or corporate representative) is common practice where a corporate entity (such as the Council) has a</p>

Ref	Recommendation	Critical, Essential, Recommended	PCC Action
	<p><i>boundaries that PCC has established are being adhered to</i></p> <ul style="list-style-type: none"> <li>• <i>A mechanism to communicate the shareholders' views to the company</i></li> <li>• <i>Evaluation of the effectiveness of the company board and the delivery of company performance against strategic objectives and the business plan</i></li> <li>• <i>A holistic review of risk to PCC offered by all active commercial entities. This should include in particular how the risks provided by individual Council companies aggregate and interact such that the total risk to PCC is accurately assessed</i></li> <li>• <i>Oversight of all reserved matters, business plan, strategy approval, lending approval, key appointments and key transactions (subject to consideration and approval by Cabinet)</i></li> <li>• <i>A process for making recommendations to Cabinet regarding allocation of PCC's investment between the entities</i></li> </ul>		<p>shareholder in another entity. The individual will represent the shareholder (i.e. Cabinet) at company meetings to represent and communicate the interests of the shareholder to the company.</p> <p>The appointment should then be communicated to the companies to ensure they are aware of the appointment.</p> <p><u>Forum for co-ordinating the activity</u></p> <p>The member and officer leads should work up a proposal for a suitable forum for co-ordinating the activities required to scrutinise and oversee the Council's commercial and company activity.</p> <p>This forum could for example be a quarterly meeting, chaired by the cabinet member or alternative the Chief Executive, which draws in expertise from around the authority (Directors of Regeneration and the Port, key finance leads) as well as the statutory officers (s151 officer and the Monitoring Officer). This forum would scrutinise and challenge reports from the companies and then report back to the cabinet lead/ Cabinet with any concerns or recommended action.</p>
3.	<p><i>PCC should consider removing the Section 151 Officer from the Portico and HCB boards and placing the Section 151 officer exclusively into a shareholder role. This may in turn require the board of Portico and HCB to strengthen their finance capability.</i></p>	Critical (within three months)	<p>As part of recommendation 5, the Council (through the forum established in recommendation 2), should ascertain the necessary skills needed to replace the skills and knowledge that the s151 brings to the</p>

Ref	Recommendation	Critical, Essential, Recommended	PCC Action
			companies to identify suitably qualified and knowledge replacement board members.
4.	<i>PCC should only consider appointing an elected member(s) to the board if it is clear that they can bring specific skills and qualifications which are needed by the company (rather than by virtue of the fact that they are elected members) and that there is no potential for a conflict of interest arising.</i>	Recommended (within six months)	This can be captured as part of the Council's review of the composition of its company boards (see recommendation 5). The consideration should particularly note issues around conflicts of interest management as per recommendation 7.
5.	<i>Review composition of company boards, specifically considering the scope to recruit additional non-executive directors to the Ravelin boards to bring challenge, objectivity and new capabilities which are not currently represented in the current board composition.</i>	Recommended (within six months)	<p>The Council (through the forum established in recommendation 2) should broaden this review to incorporate a review of all of its appointments to company boards, not just Ravelin.</p> <p>The review will need to seek the views of the respective companies as the Council as shareholder has not been involved in the appointments to, for example, the Portico board.</p>
6.	<i>Ensure ongoing professional training is provided to ensure that all board members remain up to date in their understanding and are supported in their roles.</i>	Essential (within three months)	The new centralised responsibility (established per recommendation 2) will enable better oversight of the directorship appointments to the Council's companies. This oversight should include ensuring that any appointment is suitably qualified and experiences (see recommendation 5) to discharge the role and ensure that there is a regular program of training, provided by the Council, to such individuals.
7.	<i>Clear documented processes and procedures should be in place for council appointed directors to report conflicts of interest to both the shareholder and the board of the investee company. Processes and procedures to identify</i>	Essential (within three months)	<p>This work is twofold - on the company side and the council side.</p> <p><u>Company side</u></p>

Ref	Recommendation	Critical, Essential, Recommended	PCC Action
	<i>and manage conflicts of interest as well as identify remedies to resolve unmanaged conflicts should also be documented.</i>		<p>This should form part of the regular review process by the forum established as part of recommendation 2. The forum should seek assurance (with evidence) from the respective companies that they have in place processes to manage and report conflicts of interest.</p> <p><u>Council side</u></p> <p>The need to identify conflicts of interest are, to a degree, captured in both the Member and Officer Code of Conduct</p> <p>Where however the code of conduct does not work is where there is a confusion over the respective roles being undertaken (as referred to in recommendation 1) for example where company directors are also acting as the shareholder.</p> <p>As part of the Council's review of the composition of its company boards (see recommendation 5), the Council should give due consideration to the potential for conflicts of interest to arise and seek to minimise them as far as possible.</p> <p>The forum (established as part of recommendation 2) should be asked with working up a suitable conflicts policy for PCC councillors/officers appointed to companies.</p>
8.	<i>PCC should take the necessary steps to ensure that it has processes and procedures in place to effectively set industry relevant performance targets for its investments</i>	Essential (within three months)	This will be the responsibility of the forum (established as part of recommendation 2). There will to some degree be internal expertise to help inform these

Ref	Recommendation	Critical, Essential, Recommended	PCC Action
	<i>and scrutinise performance on a periodic basis aligned with PCC's business planning cycle.</i>		performance targets, but equally the Council may need to buy in such support (for example from Local Partnerships) until it is able to develop this expertise and knowledge in-house.
9.	<i>PCC should ensure that its documented terms of reference, governance regime, and rights as shareholder for each of its investee companies is based on the points raised in section 3.1 and the ten points outlined in section 3.4.</i>	Essential (within three months)	<p>This will be the responsibility of the forum (established as part of recommendation 2).</p> <p>The governance regime will need to be bespoke for each company, dependant as it is on the nature of ownership of the respective company.</p>