



SUPPLEMENTARY AGENDA

CABINET

THURSDAY, 8 SEPTEMBER 2022 AT 2.30 PM

COUNCIL CHAMBER - THE GUILDHALL, PORTSMOUTH

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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

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

SUPPLEMENTARY AGENDA

4 **Tipner West Development** (Pages 3 - 26)

This is an additional appendix item to the main report which was published on 31 August 2022.

Purpose

This report provides members with information on the future developments for the area known as Tipner West and Horsea Island East (HIE), to support their decision making.

Cabinet is recommended:

1. **To agree recommendations 2.1 - 2.14 for onward submission to Full Council.**

2. That subject to confirmation of Council agreement of recommendation 2.10, Cabinet

- (i) Agrees to progress with the design of an option for the land at Tipner West and Horsea Island East that responds to the principles agreed by Full Council (2.10 above), that limits the residual financial burden (i.e. after all realistic attempts to attract further funding) to the Council to not more than £10m, and instructs the Director of Regeneration on behalf of PCC as the promoter of the site, to work up an associated planning application and business case;**
- (ii) Agrees further spending of up to £7.7 million from the City Deal funding (as described in 4.7-4.10) to prepare the planning application and business plan for the approved option; this expenditure will be subject to criteria and gateways which will be agreed by the Section 151 Officer and Leader of the Council and after consultation with the Group Leaders, prior to expenditure being incurred.; and**
- (iii) Agrees that the delivery programme will highlight in advance gateway review points in which updates and supporting information will be provided to Full Council.**

Tipner West Regeneration

Review of the options and way forward

Agenda

1. Terms of the City Deal
2. Next steps
3. Review of the options
4. Considerations

Portsmouth's City Deal

What were the terms of the City Deal?

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- 2,370 homes- 1250 at Tipner West
- 58,000 sqm of employment space
- 3,742 new permanent jobs
- 1,300 temporary construction jobs
- £640m of private sector investment
- £48.5m grant from central government
- £47.2m local investment commitment from PCC
- By May 2030
- Port Solent- 500 homes
- Tipner East- 620

What were the terms of the City Deal?

Southampton and Portsmouth Commitments

Portsmouth City Council to provide £47.2m in local investment (local authority funding, existing grant, local authority capital receipts, Community Infrastructure Levy and local business rates) to support the provision of enabling infrastructure and land remediation to make the Tipner-Horsea Island site ready for private sector investment.

Secure £87.8m in developer contributions to support the provision of enabling infrastructure and land remediation to make the Tipner-Horsea Island site ready for private sector investment.

What were the terms of the City Deal?

Portsmouth City Council has committed to providing £47.2m in local investment

£25.8m has already been provided as part funding for Tipner Motorway Junction and park and ride scheme.

A further £21.4m of local investment is to be provided by PCC and should be incorporated into the capital programme 2026-2038.

Portsmouth City Council has committed to securing a further £87.8m in developer contributions

Approx. £15m would be the anticipated CIL receipt from the 1,500 homes provided which the City could then reinvest in infrastructure forming part of the scheme.

Do nothing and nature reserve options



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Next steps

- Develop a clear vision for the site – working with members and community stakeholders
- Appoint a new master planning team – with an emphasis on designing for maritime environment and biodiversity
- Focus on community engagement and supportive communications throughout the design and planning process – as agreed at cross party working group
- Continue environmental surveys and engagement with wildlife groups
- Reengage with the investor and developer market
- Continue cross party engagement
- Members to instruct major projects team on which option to pursue

Review of the options

Significant land reclamation option (SLR)

3500 homes

58,000sqm marine employment

153ha SPA impact

180ha compensation area

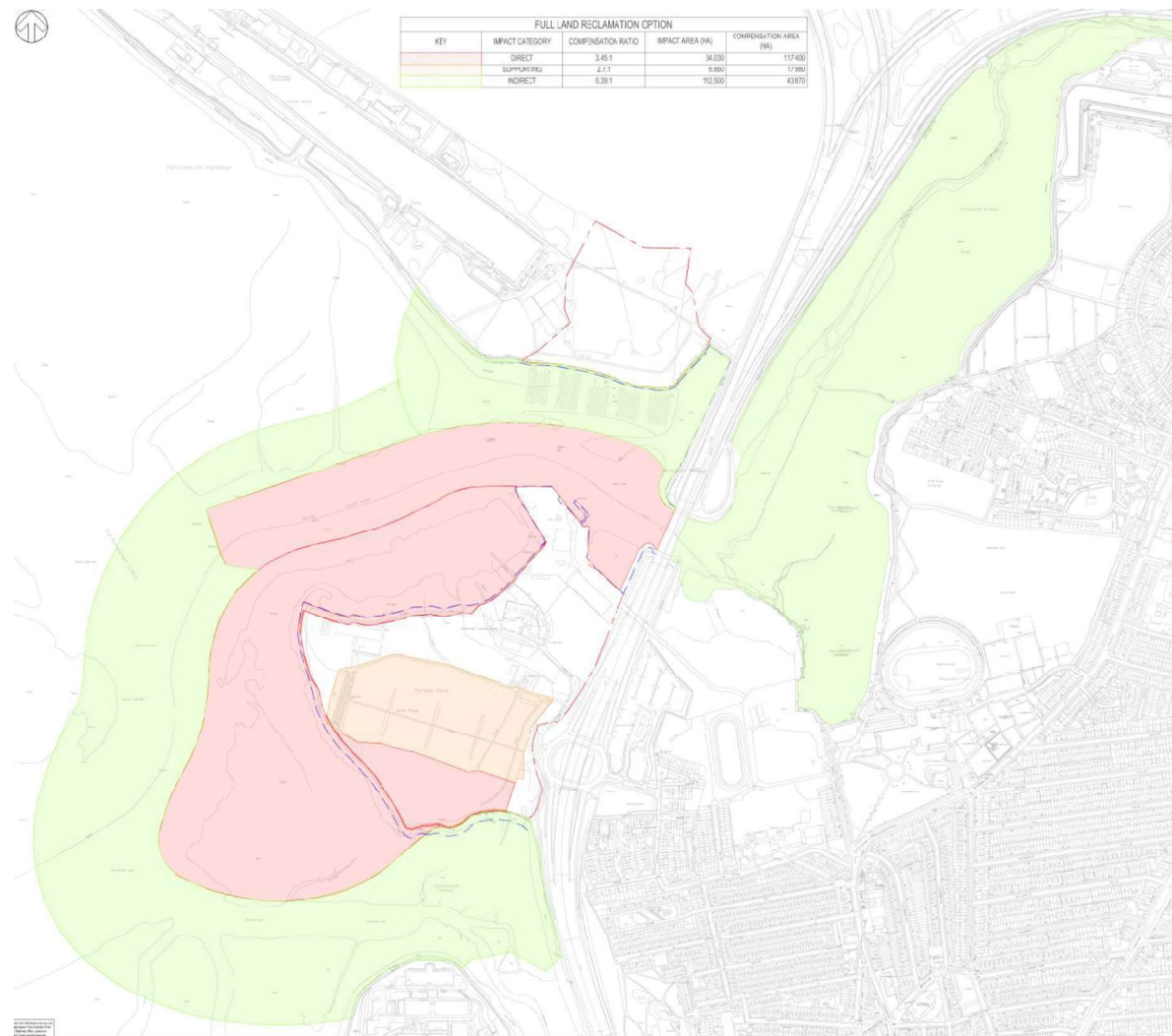
12.94ha open space

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Environmental Impact Zones SRL

FULL LAND RECLAMATION OPTION				
KEY	IMPACT CATEGORY	COMPENSATION RATIO	IMPACT AREA (HA)	COMPENSATION AREA (HA)
	DIRECT	3.45:1	34.03	117.4
	SUPPORTING	2.7:1	6.66	17.98
	INDIRECT	0.39:1	112.5	43.87
	TOTALS	-	153.19	179.25



Benefits

Meets City Deal aspiration of 58,000 sqm of employment space for marine and advanced manufacturing sectors. Creating over 5530 permanent jobs

Exceeds City Deal aspiration of 1250 homes and contributes more homes towards Portsmouth's housing need

Flood defences updated and enhanced

Homes England- opportunity for innovation / sustainability

Reduced funding gap for PCC compared to other options e.g. City Deal option

Provision of bridge link to Horsea Island. Better connections to Port Solent and ability to link up with other schemes as well as the SEHRT network. Maximises the opportunity to connect to the wider city, HIE and Tipner East.

Scale of development creates demand for community facilities (education and medical), retail, food & beverage or other community commercial provision

Scale enables good place-making with opportunities for public realm, green space and play space

Sustainability opportunities are wide and varied – due to scale and mass

Ability to phase land mass/reclaimed area to suit development needs

Limitations

Loss of protected terrestrial habitat over and above the existing land mass and city deal. Potential ongoing concern over land reclamation could impact deliverability.

Complex consenting process- will require SoS approval

Lack of significant income producing uses, aside from residential (marine employment has limited financial profitability)

Infrastructure and engineering requirements over and above land reclamation and sea defences which impacts amount of developable land available

Requires a significant amount of initial infrastructure investment from PCC

City Deal (existing landmass)

1250 homes

58,000sqm marine employment

119ha SPA impact

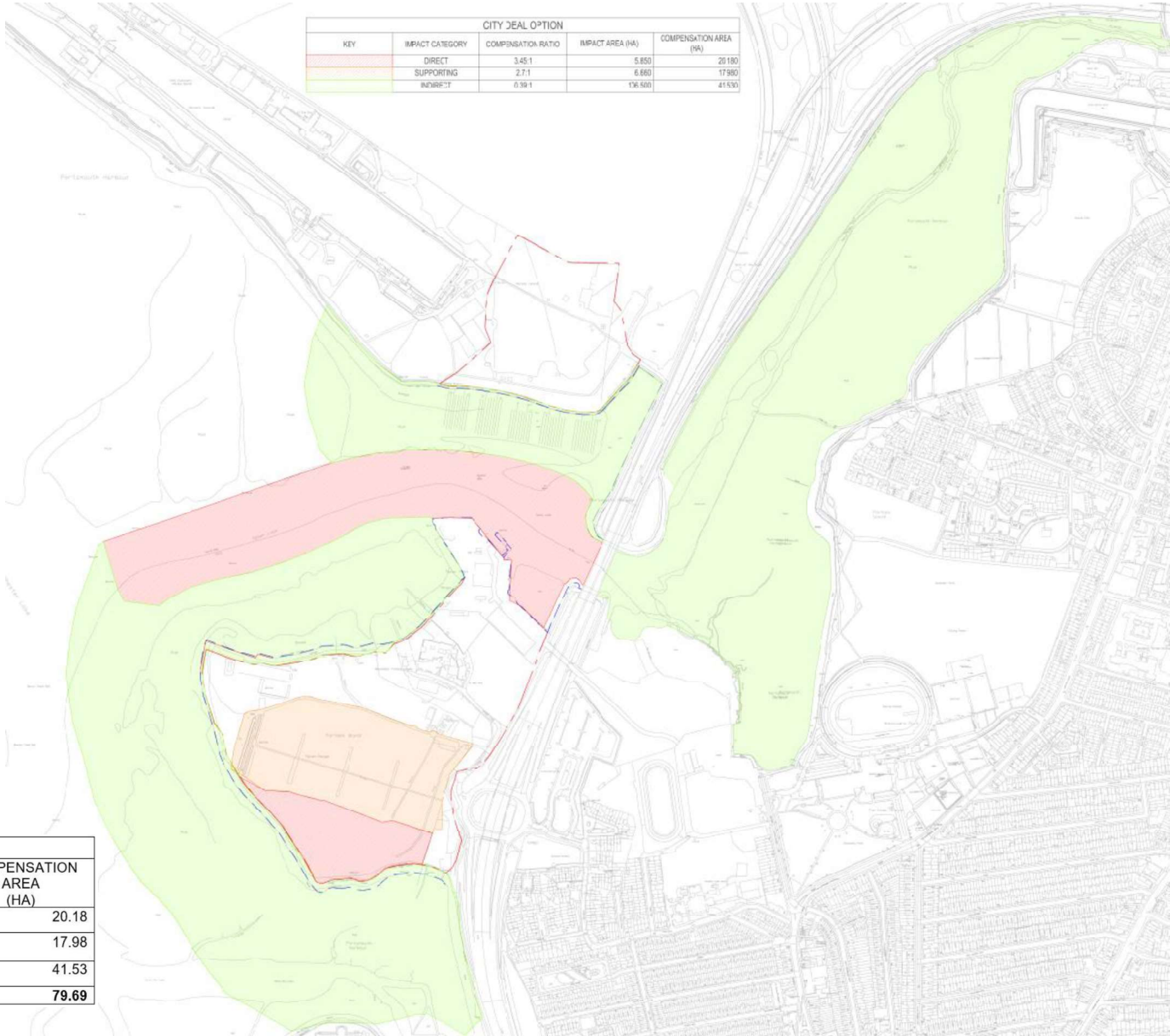
80ha compensation area

4.83ha open space

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Environmental Impact Zones Existing land mass



CITY DEAL OPTION				
KEY	IMPACT CATEGORY	COMPENSATION RATIO	IMPACT AREA (HA)	COMPENSATION AREA (HA)
	DIRECT	3.45:1	5.85	20.18
	SUPPORTING	2.7:1	6.66	17.98
	INDIRECT	0.39:1	106.5	41.53
	TOTALS	-	119.01	79.69

Benefits

Meets City Deal aspiration of 58,000 sqm of employment space for marine and advanced manufacturing sectors. Creating over 3,700 permanent jobs

Meets City Deal aspiration of 1250 homes

Flood defences updated and enhanced

Minimum invasive work to habitat (c.0.5 hectares to support sea defence and bridge)

Provision of bridge link to Horsea Island. Better connections to Port Solent and ability to link up with other schemes as well as the SEHRT network

Harbour School retained – anticipated within the City Deal and results in a cost saving but not the school's preference

Limitations

Complex consenting process- will require SoS approval

Requires a significant amount of initial infrastructure investment from PCC

Insufficient demand for community facilities, limited support for Tipner East and Limited ability for supporting retail, food & beverage or other community commercial provision

No new open green space – reliance on the country park. Limited opportunity for play space – reliance on Mountbatten only small doorstep play

Limited ability for innovation and sustainability in housing

Loss of protected terrestrial habitat – firing range and necessary offsite compensation

Not a self-sustaining community – Homes England may not look favourably on the development in terms of funding – “Bog Standard” high density housing estate with limited connection to City Centre or wider Portsmouth

Contribution to housing need would require additional houses elsewhere in the city

Not as well aligned with Portsmouth’s City Vision - lack of good place-making, community amenities and facilities including public realm, green space and play space

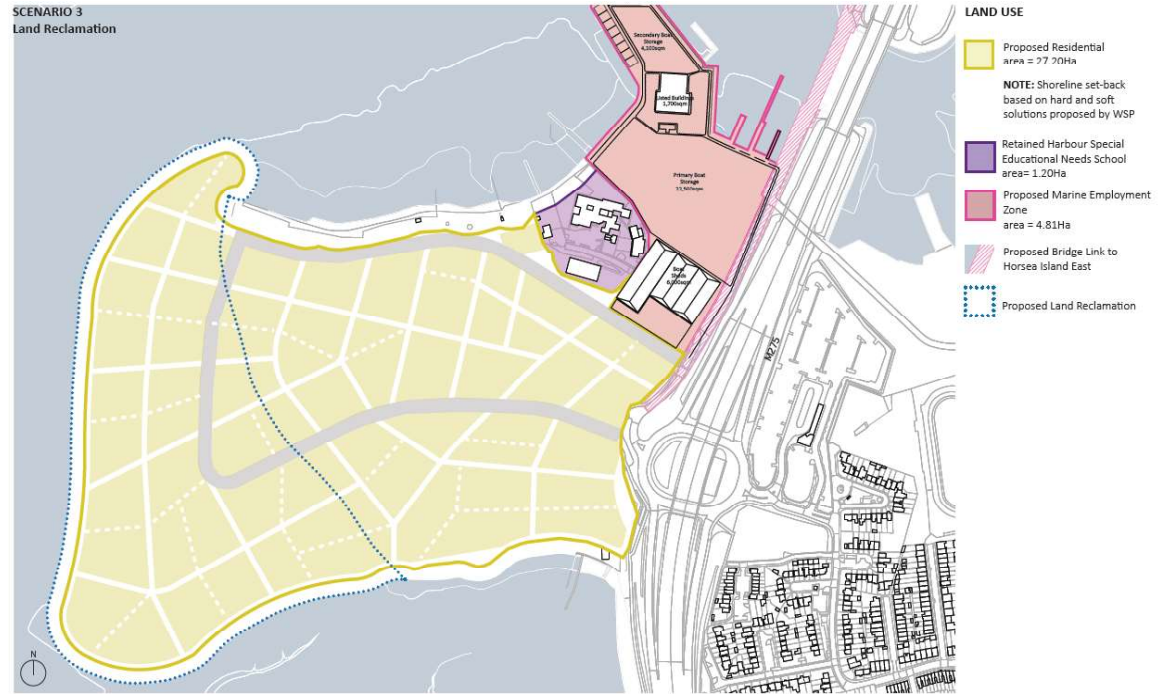
Still has a direct impact on 3ha of the Special Protection area

Access to water will be limited due to mud flats and the tide




Moderate Land Reclamation option (MLR)

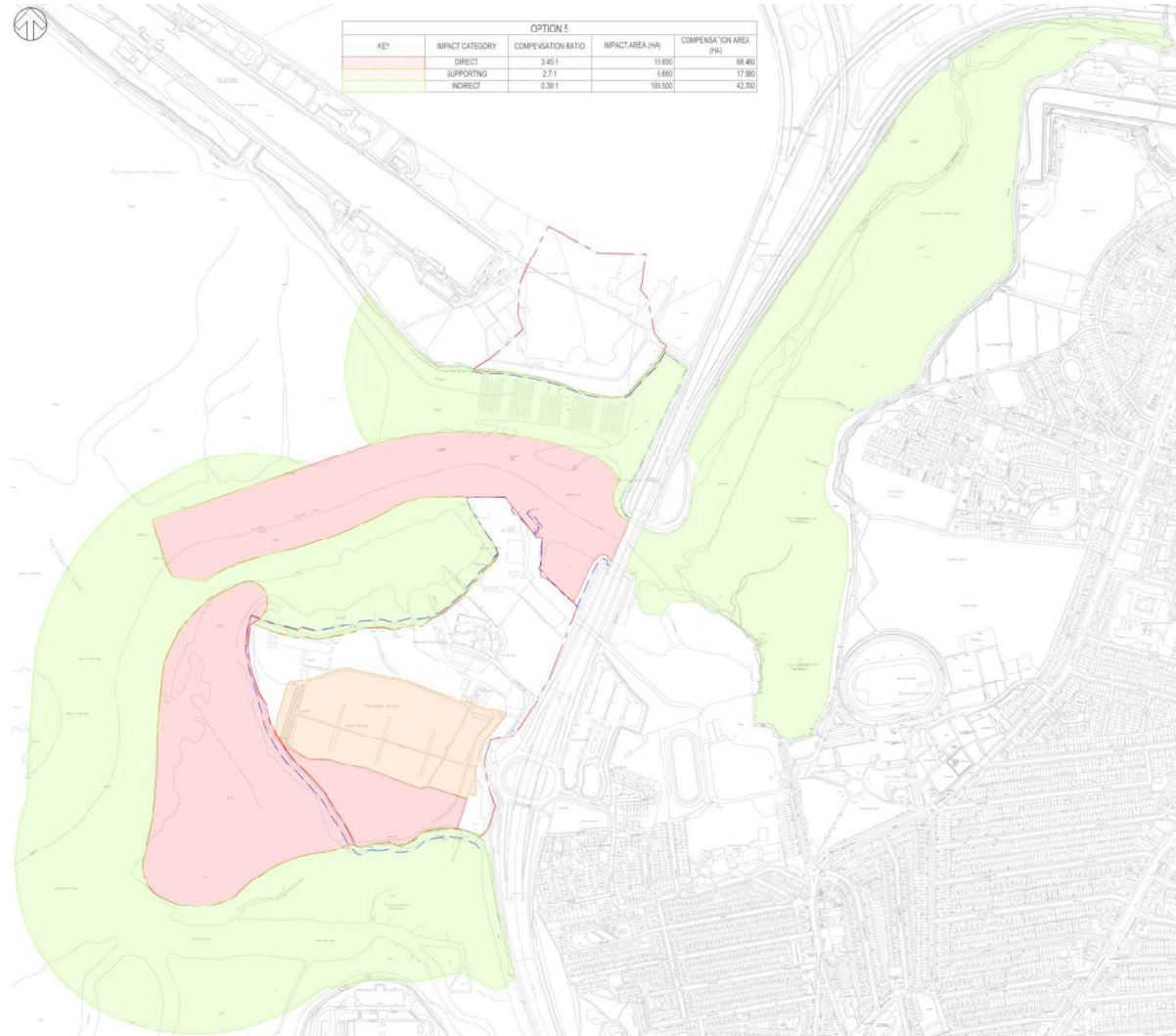
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2000 homes
58,000sqm marine employment
136ha SPA impact
130ha compensation area
7.72ha open space



Environmental Impact zones MLR

OPTION 5				
KEY	IMPACT CATEGORY	COMPENSATION RATIO	IMPACT AREA (HA)	COMPENSATION AREA (HA)
	DIRECT	3.45:1	19.85	68.48
	SUPPORTING	2.7:1	6.66	17.98
	INDIRECT	0.39:1	109.5	42.7
	TOTALS	-	136.01	129.16



Benefits

Meets City Deal aspiration of 58,000 sqm of employment space for marine and advanced manufacturing sectors. Creating over 3,700 permanent jobs

Exceeds City Deal aspiration of 1250 homes – up to 2000 homes

Flood defences updated and enhanced

Reduced impact on habitat areas compared to SLR

Provision of bridge link to Horsea Island. Better connections to Port Solent and ability to link up with other schemes as well as the SEHRT network

Some, albeit limited, opportunity for community facilities, open space and play space

Ability to phase land mass/reclaimed area to suit development needs

Limitations

Loss of protected terrestrial habitat over and above the existing land mass and city deal. Potential ongoing concern over land reclamation could impact deliverability.

Complex consenting process- will require SoS approval

Lack of significant income producing uses, aside from residential (marine employment has limited financial profitability)

Infrastructure and engineering requirements over and above land reclamation and sea defences which impacts amount of developable land available

Requires a significant amount of initial infrastructure investment from PCC

Access to water will be limited due to mud flats and the tide

Not as well aligned with Portsmouth's City Vision - lack of good place-making, community amenities and facilities including public realm, green space and play space

Limited new open green space – reliance on the country park. Limited opportunity for play space

Homes England- opportunity for innovation / sustainability

Delivery

	City Deal	MLR- Moderate Land reclamation option	SLR- Significant land reclamation option
Homes	1,250	2,000	3,500
Mix (houses : apartments)	60 : 40	60 : 40	45 : 55
Population	2,608	4,174	6,993
ME employment	9 ha / 58,000sqm	9ha / 58,000sqm	9ha / 58,000sqm
Max height	6	6	10
Open space @ 1.85Ha per 1,000 population	4.83ha	7.72ha	12.94ha
Reclamation	Minimal	14ha to provide 12ha additional developable land)	27ha
SPA impact (ha)	119ha	136ha	153ha
Compensation Area (Ha)	80	130	180

Viability

	Do Nothing***	City Deal (1,250 units)*	Medium Land Reclamation (2,000 units)*	Lennox Point / Significant Land Reclamation (3,503 units)**
Residential, Employment & Other Sale Revenue	£ -	£ 123,743,650	£ 248,902,637	£ 449,435,194
City Deal Grant Revenue	£ -	£ 53,648,000	£ 53,648,000	£ 53,648,000
Anticipated further Grant Revenue*	£ -	£ 18,750,000	£ 30,000,000	£ 105,090,000
Total Revenue	£ -	£ 196,141,650	£ 332,550,637	£ 608,173,194
IDP Costs	-£ 52,640,000	-£ 235,484,555	-£ 346,788,381	-£ 603,852,969
Borrowing Costs	£ -	-£ 15,458,272	-£ 31,696,091	-£ 56,914,692
Funding Gap	-£ 52,640,000	-£ 54,801,178	-£ 45,933,835	-£ 52,594,466
Overall Grant/Other Funding Requirement for scheme	£ 52,640,000	£ 73,551,178	£ 75,933,835	£ 157,684,466
Overall Grant/Other Funding Requirement per unit	N/A	£ 58,841	£ 37,967	£ 45,014

* Members have been advised that based on other schemes anticipated further grant revenue would likely be reduced to £15,000 per unit due to the quality of place being delivered against Homes England priorities for housing delivery and placemaking

** Members have been advised that based on other schemes the proposal for significant land reclamation would likely attract anticipated further grant revenue of £30,000 per unit due to its exemplar design and quality of place being delivered against Homes England priorities for housing delivery and placemaking

*** The £52.64 million gap (consisting of abortive costs and required sea defence works) will have to be funded from PCC sources other than the City Deal grant, which will have to be repaid to government.