



NOTICE OF MEETING

CABINET

TUESDAY, 9 OCTOBER 2018 AT 12.00 PM

EXECUTIVE MEETING ROOM - THE GUILDHALL (FLOOR 3)

Telephone enquiries to Joanne Wildsmith, Democratic Services Tel 9283 4057
Email: joanne.wildsmith@portsmouthcc.gov.uk

If any member of the public wishing to attend the meeting has access requirements, please notify the contact named above.

Membership

Councillor Gerald Vernon-Jackson CBE (Chair)	
Councillor Steve Pitt (Vice-Chair)	
Councillor Dave Ashmore	Councillor Jeanette Smith
Councillor Ben Dowling	Councillor Lynne Stagg
Councillor Suzy Horton	Councillor Matthew Winnington
Councillor Darren Sanders	Councillor Rob Wood

(NB This Agenda should be retained for future reference with the minutes of this meeting.)

Please note that the agenda, minutes and non-exempt reports are available to view online on the Portsmouth City Council website: www.portsmouth.gov.uk

Deputations by members of the public may be made on any item where a decision is going to be taken. The request should be made in writing to the contact officer (above) by 12 noon of the working day before the meeting, and must include the purpose of the deputation (for example, for or against the recommendations). Email requests are accepted.

AGENDA

- 1 Apologies for Absence**
- 2 Declarations of Interests**
- 3 Record of Previous Decision Meetings - 6 July and 10 August 2018**
(Pages 5 - 16)

Copies of the records of the previous decisions taken at Cabinet on 6 July and 10 August 2018 are attached for approval.

RECOMMENDED that the records of decisions taken by Cabinet at meetings held on 6 July and 10 August 2018 be approved as correct records.

4 Portsmouth Youth Offending Team (YOT) Annual Youth Justice Strategic Plan 2018-19 (Pages 17 - 40)

The purpose of the item by the Deputy Director Children and Families Services is to share with the members details of Portsmouth Youth Offending Team's (PYOT) Annual Youth Justice Strategic Plan 2018/19 (Appendix 1) and seek approval for that Plan.

**RECOMMENDATION to Council:
to approve the plan and the priorities set out within it.**

5 Safer Portsmouth Partnership (SPP) Plan 2018-20 (Pages 41 - 82)

The report by the Director of HR, Legal and Performance sets out the background and priorities identified by the strategic assessment and the findings of the community safety survey. This will enable the Council to endorse the plan and align its budgets in line with the requirement under section 17 of the Crime and Disorder Act to:

'...exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area'

RECOMMENDED that Council endorses the long term strategic priorities contained in the Safer Portsmouth Partnership Plan 2018-20 (appendix 1) and aligns the relevant budgets to support activity in line with section 17 Crime and Disorder Act 1998 (as amended).

6 Provision of additional Community Wardens (Pages 83 - 96)

The report by the Director of Housing, Neighbourhoods and Building Services proposes the provision of additional community wardens.

RECOMMENDED that Cabinet approves the proposal to redesign the Community Warden Service on a trial basis until March 2020.

7 Revenue Budget Monitoring 2018/19 Quarter 1 to end June 2018 (Pages 97 - 108)

The report by the Director of Finance and Section 151 Officer is to update members on the current Revenue Budget position of the Council as at the end of the first quarter for 2018/19 in accordance with the proposals set out in the "Portsmouth City Council - Budget & Council Tax 2018/19 & Medium Term Budget Forecast 2019/20 to 2021/22" report approved by the City Council on the 13th February 2018.

RECOMMENDED that

(1) The forecast outturn position for 2018/19 be noted:

(a) An overspend of £4,980,800 before further forecast transfers from/(to) Portfolio Specific Reserves & Ring Fenced Public Health Reserve

(b) An overspend of £3,366,400 after further forecast transfers from/(to) Portfolio Specific Reserves & Ring Fenced Public Health Reserve.

(2) Members note that any actual overspend at year end will in the first instance be deducted from any Portfolio Specific Reserve balance and once depleted then be deducted from the 2019/20 Cash Limit.

(3) Members note that the overall financial forecast for Quarter 1 for the whole Council is a serious cause for concern with significant forecast overspends in the highest spending areas of Children's and Adult Social Care which in aggregate amount to £8,223,600 and the extent to which this cannot be remedied in the medium term will add to the Council's £4m per annum savings requirements for future years.

(4) Directors, in consultation with the appropriate Cabinet Member, consider options that seek to minimise any forecast overspend presently being reported and prepare strategies outlining how any consequent reduction to the 2019/20 Portfolio cash limit will be managed to avoid further overspending during 2019/20.

8 Development Programme Funding (5 sites) (Pages 109 - 156)

The report by the Director of Regeneration seeks agreement to proceed to redevelop five Council owned sites. The report proposes that the Council takes a pro-active approach to developing underused council assets in line with its corporate objectives, to support the physical, social, cultural and economic regeneration of the City.

RECOMMENDED that the Cabinet:

- (1) Note the cross directorate engagement undertaken to identify the five sites and the officer recommendations.**
- (2) Approve the principle of redevelopment of the five sites for the purposes of housing delivery, subject to a planning permission being granted.**
- (3) Delegate to the Section 151 Officer, in consultation with the Leader, Cabinet Member for PRED, Cabinet Member for Housing and Director of Regeneration, to agree the development strategy and preferred delivery route for each site, subject to a business case review.**
- (4) Delegate authority to the S151. Officer to lend monies to the Arms-Length Development Company (ALDC from hereon in referred to as Ravelin) within the limits of the Council's treasury Management Strategy and following production of a full and proper financial appraisal demonstrating viability of each project.**
- (5) Approve in principle the appropriation of land between the Council and Ravelin, to deliver the five site projects. The transfer of land will be delegated to the relevant Cabinet Member dependant on the site ownership and the Section 151 Officer with the timing of this subject to a final project specific business case being approved. All transfer will be carried out in line with treasury guidance using red book valuations.**

9 Exclusion of Press and Public

In view of the contents of the following item on the agenda the Cabinet is RECOMMENDED to adopt the following motion:

"That, under the provisions of Section 100A of the Local Government Act, 1972 as amended by the Local Government (Access to Information) Act, 1985, the press and public be excluded for the consideration of the following items on the grounds that the reports contain information defined as exempt in Part 1 of Schedule 12A to the Local Government Act, 1972"

The public interest in maintaining the exemption must outweigh the public interest in disclosing the information.

Under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012, regulation 5, the reasons for exemption of the listed item is shown below.

(NB The exempt/confidential committee papers on the agenda will contain information which is commercially, legally or personally sensitive and should not be divulged to third parties. Members are reminded of standing order restrictions on the disclosure of exempt information and are invited to return their exempt documentation to the Local Democracy Officer at the conclusion of the meeting for shredding.)

Item Property Investment Fund Exemption Para No 3*
(Exempt Appendix 3 only)

*Paragraph 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

10 Property Investment Fund (information report) (Pages 157 - 172)

The **information report** by the Assistant Director Property & Investment summarises the activity within the Property Investment Fund including the funds' financial performance as stated in the report to Full Council in July 2015.

(Appendix 3 contains exempt information)

Members of the public are permitted to use both audio visual recording devices and social media during this meeting, on the understanding that it neither disrupts the meeting nor records those stating explicitly that they do not wish to be recorded. Guidance on the use of devices at meetings open to the public is available on the Council's website and posters on the wall of the meeting's venue.

Whilst every effort will be made to webcast this meeting, should technical or other difficulties occur, the meeting will continue without being webcast via the Council's website.

This meeting is webcast (videoed), viewable via the Council's livestream account at <https://livestream.com/accounts/14063785>

Agenda Item 3

CABINET

RECORD OF DECISIONS of the meeting of the Cabinet held on Friday, 6 July 2018 at 4.00 pm at the Guildhall, Portsmouth

Present

Councillor Gerald Vernon-Jackson CBE (in the Chair)

Councillors Steve Pitt
Dave Ashmore
Ben Dowling
Darren Sanders
Lynne Stagg
Matthew Winnington
Rob Wood

27. Apologies for Absence (AI 1)

Apologies for absence had been received from Cabinet Members Councillors Suzy Horton and Jeanette Smith.

28. Declarations of Interests (AI 2)

There were no declarations of personal, prejudicial or pecuniary interests, however during discussion of the Local Plan update Cllr Gerald Vernon-Jackson reported that he is a council appointee on PUSH, which the City Solicitor advised was not a prejudicial interest.

29. Record of Previous Decision Meeting - 19 June 2018 (AI 3)

DECISION: the record of the previous decision meeting held on 19 June 2018 was agreed as a correct record to be signed by the Leader.

30. Annual Appointments to Outside Bodies - update (AI 4)

A deputation was made by Mr Jerry Brown who asked that independent representatives be made to some further bodies; deputations are not minuted in full but can be viewed as part of the webcast meeting here:

<https://livestream.com/accounts/14063785/Full-Cabinet-06Jul2018>

Councillor Vernon-Jackson thanked Mr Brown for his deputation and indicated that where companies are wholly owned by PCC there is an argument for an independent voice, but for the property portfolio this was core business for PCC.

DECISIONS: Appointments were made to fill some of the vacancies to outside bodies, which are listed on a separate schedule.

31. Armed Forces Champion and Liaison Members (AI 5)

Councillor Vernon-Jackson reported that he had spoken with Councillor Jonas who had kindly agreed to take on the Armed Forces Representative role to act on behalf of the Armed Forces Champion when required.

DECISION: Councillor Gerald Vernon-Jackson CBE was appointed as the Lead Armed Forces Champion and Councillor Frank Jonas was appointed to act as the Armed Forces Representative at times when the Champion is unavailable.

32. Local Plan Progress (AI 6)

Claire Upton-Brown, Assistant Director City Development and Toby Ayling, Principal Planning Officer, introduced the report which set out the timetable leading to public inquiry and the progress to date made with some partners in PUSH regarding deliverability of expected housing numbers. There would be more central government guidance on household projections in September and regarding a standardised approach to student housing. The timetable had been adjusted to consult on the draft plan at the end of the year with the formal consultation in summer 2019. If further adjustments were needed a report would be brought back to Cabinet.

Councillor Vernon-Jackson, as Leader, asked how many new houses per year were being delivered in Portsmouth? It was reported that the figure was approximately 400 per year since 2014. Councillor Vernon-Jackson noted that the Housing Needs Assessment figure were 584/740 (as seen in the table in section 12 of the report) whereas only 400 new dwellings per year were being delivered, and the government target was at the higher figure of 868, which would mean that the city was likely to be penalised for not being able to reach this.

Discussion took place regarding the 'duty to co-operate' with neighbouring authorities (in the local travel-to-work area) and the need to convince the Planning Inspectorate that efforts have been made to do this (otherwise the Local Plan can be sent back for further work). There is also the need to demonstrate how growth will be delivered via infrastructure.

It was therefore with reluctance that the Cabinet supported the officer recommendations and added a fourth resolution.

The Cabinet:

- (1) Noted the issues raised in this report and endorsed the proposed approach to dealing with them;**
- (2) Endorsed the approach to engagement with neighbouring authorities under the Duty to Cooperate;**
- (3) Approved the proposed revised timetable for the Local Plan set out in the new Local Development Scheme.**
- (4) regret the decision of the government to move away from locally produced and evidenced housing needs targets to a top down housing target created by national formula being imposed that has no relation to local housing need, the geographic constraints of being an island city or of our historic ability to deliver housing builds.**

33. Standing Order 58 - Charlotte Street (AI 7)

DECISION: The urgent decision taken under SO58 was noted.

The meeting concluded at 4.40 pm.

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Councillor Gerald Vernon-Jackson CBE
Leader of the Council

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Appointing body	Name of Body	Period of service	Number of Appointees required	Previous Appointments made on 19 June	Appointments
Cabinet Member for Culture, Leisure & Sport	City of Portsmouth Sports Council	Annual	3	Steve Pitt Scott Payter-Harris 1 Labour (to be notified)	(1 vacancy to be held for the Labour Group)
	Duke of Edinburgh Award Scheme – Hampshire Forum (Registered Charity)	Annual	1	No nominations	(Vacancy held - need to check if organisation would accept a non councillor appointment)
	Farlington Marshes Management Committee	Annual	4	Hugh Mason Simon Bosher Steve Pitt 1 vacancy (for Labour or Drayton & Farlington councillor)	Cllr Ken Ellcome
	Hampshire Countryside Access Forum	3 years	1	Alicia Denny We have since been notified that the council's representative must be a Councillor.	(Vacancy held)
	Paulsgrove Community Association (Registered Charity)	Annual	1	Jo Hooper Not able to take on this role.	Cllr Claire Udy
	West Paulsgrove Scout & Community Association	3 years	1 Not necessarily an elected member.	Gemma New Not able to take on this role.	(Vacancy held)
Cabinet Member for Environment & Community Safety	Project Integra Strategic Board	Annual	1 Historically the Cabinet Member for Environment & Community Safety + deputy	Dave Tompkins Not able to take on this role. + Vacancy for deputy	Cllr Dave Ashmore as Cabinet Member ECS
	Safer Portsmouth Partnership	Ongoing	Since June 2016 only Cabinet Member for Environment & Community Safety	Dave Ashmore George Fielding Request 1 Conservative	Conservative Member to be notified
	Hampshire & Isle of Wight Local Government Association	Annual	3	Lee Mason Judith Smyth 1 vacancy (Lib Dem)	Cllr Gerald Vernon-Jackson CBE

Appointing body	Name of Body	Period of service	Number of Appointees required	Previous Appointments made on 19 June	Appointments
Leader	PUSH Overview & Scrutiny Committee	For time being	1 + deputy	Donna Jones (full) Judith Smyth (deputy)	No new appointment, so 1 vacancy and Cllr Judith Smyth to be asked to be full member
	SIGOMA (Special Interest Group of Municipal Authorities admin by the LGA)	Annual	1 + deputy	Lee Mason Vacancy for deputy	(vacancy held)
Cabinet Member for PRED	Hampshire Buildings Preservation Trust – Annual Meeting (Registered Charity)	Annual	1	No nominations received	(vacancy held)
	PATCH Ltd (Registered Company)	Annual	Up to 3	Rob Wood Ryan Brent 1 vacancy	Cllr Tom Wood to be a PCC rep
	European City Twinning Committee	3 years	6 including the Leader and Lord Mayor + 2	Jeanette Smith (representing the Leader) Lynne Stagg Yahiya Chowdhury 2 vacancies for Conservative group or Independent members Lord Mayor (ex-officio)	Cllrs Claire Udy & Jo Hooper
	Haifa/ Portsmouth Friendship Committee	2 years	5	Hugh Mason Frank Jonas Lee Mason 2 vacancies	(2 vacancies held)
	South East Employers	Annual	2 (+ 2 deputies may also be appointed to attend full meetings of SEE on behalf of the authority's representatives)	James Fleming Stephen Morgan Vacancies for 2 deputies	Cllr Darren Sanders (as a deputy) (1 vacancy held)

CABINET

RECORD OF DECISIONS of the special meeting of the Cabinet held on Friday, 10 August 2018 at 4.30 pm at the Guildhall, Portsmouth

Present

Councillor Gerald Vernon-Jackson CBE (in the Chair)

Councillors Steve Pitt
Dave Ashmore
Ben Dowling
Darren Sanders
Jeanette Smith
Lynne Stagg
Matthew Winnington

Also in attendance - Councillor Donna Jones

34. Apologies for Absence (AI 1)

Cabinet Members Councillors Suzy Horton and Rob Wood had sent their apologies for absence.

35. Declarations of Interests (AI 2)

There were no declarations of members' interests.

36. Forward Plan Omission (AI 3)

(Information item)

The City Solicitor confirmed that the correct procedure had been followed to notify members and the public of the Forward Plan omission of a key decision.

The Cabinet agreed that:

- (1) the omission to the Forward Plan for August 2018 be noted and
- (2) that publication of the omission notice be noted.

37. Victory Energy Supply Limited - Expert Review of Business Case (AI 4)

Councillor Vernon-Jackson, asked that the deputations be heard before the presentation by Chris Ward the Section 151 Officer.

Deputations are not minuted in full as these are recorded as part of the web-cast of this meeting which can be viewed here:

<https://livestream.com/accounts/14063785/Special-Cabinet-10Aug2018/videos/178776860>

- (i) Hilary Reed, who had made a late request to speak, addressed the Cabinet, including reference to fuel poverty, the lack of Equalities

Impact Assessment and governance arrangements for the company.

- (ii) Jerry Brown's concerns included examination of the loan arrangements, his request for a non-executive director, how the suppliers were selected, the need for wider scrutiny of the business case and lack of accountability. He advocated making the company insolvent.
- (iii) Councillor Donna Jones, Leader of the Conservative Group, responded to the governance issues raised and confirmed that Energy Board meetings had taken place (she had chaired) and been audited, with legal checks made on the appointees. She explained the aims in setting up the company were to a) generate income, b) give the opportunity for residents to consume green energy and c) set up a Community Fund for the council to choose how to spend such as to help those in fuel poverty. Councillor Jones outlined the marketing strategy and opportunities for embracing technological advances locally. She stated that the independent reports had found the company investable and PCC's medium term budget forecast was for £2m income p.a.

Chris Ward, as Director of Finance and Section 151 Officer, presented his report and was grateful that members had attended briefings to give full consideration to the issues, including the Victory Energy proposition and Business Plan, evidence from the 3 independent expert reviews and his report summarising the overall investment return to the Council and the potential risks involved. He believed that the 4 key ingredients to a successful energy business were in place, namely: strong governance, a talented senior management team, an agile business plan and a robust risk management framework.

The Director of Finance went through the implications of the 4 options. He estimated the loss of between £2.5m and £3.5m if the company ceased and that whilst this involved no further risk it denied the opportunity of any future income. The Victory Energy Supply Limited (VESL) Business Case forecast a total investment return over a 5 year period of £24m, however the PricewaterhouseCoopers (PwC) report pointed out the potential risks, including those associated with price caps and achieving customer growth.

The Director of Finance explained that those risks identified by PwC had been modelled by PwC into a "Downside" Scenario and that this was the most severe of 10 scenarios that had been modelled. This "Downside" Scenario described by PwC produced an overall investment return to the Council of £50m over 10 years.

If the Administration chose to proceed with the venture he would recommend this be on a stage-gate approach, thereby not taking a 10 year decision now, but a series of annual decisions where continued future funding was subject to an annual review of how the company was performing and its future prospects and risks at that time. As recommended by Baringa, this was an effective way to mitigate the Council's risk.

Councillor Gerald Vernon-Jackson, as Leader, outlined his significant concerns when considering the level of risk when investing public money which was based on the expected number of customers that would need to be recruited. He referenced the varying numbers being quoted of 25,000 in the first business plan, increasing to 44,000 per year and at the briefing given the previous day 50,000 in the first year was mentioned. He was also concerned about the method of recruiting customers and the £15m he believed the council would need to lend to VESL. He felt that this business venture should have been the subject of earlier cross party discussion, and the subject was still not engaging all councillors. His further concern was that the energy price cap had not been factored into the business case. Councillor Vernon-Jackson was not confident that the 4 key elements for success, as stated by the Section 151 Officer, were in place and therefore he would not wish the venture to proceed further.

David Williams, as Chief Executive, clarified that the PWC report (page 49 of the Cabinet paper) said that delivering the customer growth numbers appeared achievable, if challenging, over the 5 year period and that the additional cost of a contingency plan to deliver the customer numbers over 5 years was built into PwC's Downside Scenario (as previously referenced).

Councillor Jeanette Smith, as Cabinet Member for Resources, was concerned by how the Community Fund would be allocated by VESL (wishing this to be for PCC community projects) and by the risk in spending public money, wishing there to be prudent spending to tackle fuel poverty.

Councillor Darren Sanders, as Cabinet Member for Housing, was concerned that VESL's approach to tackling fuel poverty duplicated much of the work PCC was already undertaking, especially with Council tenants. His understanding was that the mid-market product Victory was offering was more expensive than the tariff used currently to set communal heating charges and that it was the Council's responsibility to offer the cheapest possible deal for those properties. Councillor Sanders stated that, at the time of greatest uncertainty around local government funding, the project, far from generating income, would see the Council losing money on the deal. As such, he did not wish to gamble on the basis of an unproven business plan when the Council had already agreed a range of measures, such as an energy-switching website and the energy project Cabinet had agreed in December 2016. Therefore, he proposed an expanded option 4 (which after discussion with the City Solicitor and Section 151 Officer formed the decision as set out).

Councillor Matthew Winnington, Cabinet Member for Health Wellbeing and Social Care, wanted fuel poverty to be at the heart of the process and was concerned by the aggressive marketing strategy proposed, targeting those who do not want to switch provider which could be the elderly, those with mental health problems and those on low income, which could cause reputational damage to the council.

Councillor Steve Pitt, Deputy Leader, clarified that it was not being suggested that VESL was not a fit or proper company, and this may be investable as a business. However, the level of investment of public money to make a non-

guaranteed return was a huge responsibility at a time of pressures on budgets which could compromise other PCC services.

Chris Ward, as Section 151 Officer, wished to counter some of the misinterpretation of numbers quoted on the level of risk to PCC. He explained that the maximum risk exposure, as set out in his report, amounted to £6.5m and that this was based on the PwC "Downside" Scenario (which included the impact of slower customer growth and price caps), rather than the range of other figures quoted during the meeting. He reiterated that there was general consensus from the independent expert reviews that the 4 key elements (strong governance, a talented senior management team, an agile business plan and a robust risk management framework) were in place.

The Section 151 Officer advised that any amendments would need to recognise that the new proposals referenced by members could not be funded by the loan facility in operation for VESL, and the funding source for these costs had not been specified or whether these were 'business as usual'. In light of this the City Solicitor advised that the proposed amendments could be phrased so that any report(s) back could investigate those matters which were of concern to the Cabinet Members.

Councillor Gerald Vernon-Jackson, as Leader, advocated the engagement of external professional help to wind up VESL at the least cost to PCC and had already asked that the Director of Finance bring an income generation strategy to a future meeting of the full Council.

DECISIONS:

The Cabinet considered the options set out in the report, taking account of the potential risks and rewards, and determined that:

- (1) Option 4 should proceed, i.e. to seek to enter into a "White Label" agreement with an existing fully licensed energy supplier;**
- (2) external support be sought to enable the Council to cease its investment in Victory Energy Supply Limited (VESL) at the lowest overall cost;**
- (3) any solar PV contracts entered into by VESL continue to be honoured by the Council;**
- (4) the Council develops a comprehensive campaign for tackling fuel poverty and look to resume the promotion of PCC's energy saving website;**
- (5) an Outline Business Case be brought forward by the Council's in-house Energy Savings Team to re-evaluate commercial opportunities (previously approved by Cabinet 8 December 2016).**

The meeting concluded at 5.45 pm.

Councillor Gerald Vernon-Jackson CBE
Leader of the Council

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Agenda Item 4



Portsmouth
CITY COUNCIL

Title of meeting:	Cabinet Meeting Council
Date of meeting:	9 th October 2018 16 th October 2018
Subject:	Portsmouth Youth Offending Team (PYOT) Annual Youth Justice Strategic Plan 2018-19
Report by:	Lisa Morgan, PYOT Service Leader.
Wards affected:	All
Key decision:	Yes
Full Council decision:	Yes

1. Purpose of report

1.1 To share with the Cabinet details of Portsmouth Youth Offending Team's (PYOT) Annual Youth Justice Strategic Plan 2018/19 (Appendix 1) and seek approval for that Plan.

2. Recommendations

2.1 To approve the plan and the priorities set out within it.

3. Background

3.1 The PYOT Annual Strategic Youth Justice Plan 2018/19 has been agreed by members of the YOT Partnership Management Board, provisionally submitted to the Youth Justice Board (YJB) due to deadlines set, and requires final approval in line with local governance processes.

3.2 This year's plan has been updated following a review of the previous plan and in accordance with the current operational and strategic priorities as agreed by the YOT Partnership Management Board. It has also been confirmed as meeting the requirements of the national YJB who have commended the service on:

- our work to identify and address wider exploitation.
- our proactive work to develop further understanding and address concerns around the national KPIs
- our improvement work on key processes such as Asset+ (the YOT assessment tool) and report writing

3.3 The Plan notes achievements in 2017/18 and identifies a range of partnership working activities which are in place. It also highlights work planned for 2018/19 in respect of key performance indicators.

4. Reasons for recommendations

4.1 Local Authorities have a statutory duty to submit an annual youth justice plan relating to their provision of youth justice services to the Youth Justice Board (YJB), which can be published in accordance with the directions of the Secretary of State. Key areas of content are stipulated within guidance issued by YJB, subject to local arrangements for governance and sign off. The Annual Plan 2018/19 has been agreed by members of the YOT Partnership Management Board, and provisionally submitted to the YJB due to timescales set, based on analysis of current risks and needs. It now requires final approval in line with local governance processes.

5. Equality impact assessment

5.1 An equality 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 for the following reasons:

5.1.1 This is a statutory requirement for us to produce Youth Justice Strategic plan under Section 40 of the Crime and Disorder Act 1998

5.1.2 The Youth Justice plan is an annual review to ensure the plan is up to date and relevant, various agencies and bodies have had the opportunity to comment on the review of the strategy for example: the YOT management board.

5.1.3 The overall aim of this review is to update on the progress made within the strategic plan to date and to make clear the objectives, priorities and necessary changes that are still required to improve service delivery within the YOT

5.1.4 The review does not include any changes to the service provision or policy so an EIA is not required in this instance.

6. Legal implications

6.1 Section 40 of the Crime and Disorder Act 1998 states:

1) It shall be the duty of each local authority, after consultation with the relevant persons and bodies, to formulate and implement for each year a plan setting out:

(a) How youth justice services in their area are to be provided and funded; and

(b) How the youth offending team or teams established by them (whether alone or jointly with one or more other local authorities) are to be composed and funded, how they are to operate, and what functions they are to carry out.

6.2 There are no other legal requirements to note, save that the current plan has been confirmed as meeting the content requirements set out by the Youth Justice Board.

7. Director of Finance's comments

7.1 The Portsmouth Youth Offending Team budget for 2018/19 reflects the new management and service delivery structure identified in the plan, and there are no direct financial implications associated with this report.

7.2 The Portsmouth Youth Offending Board are aware that the strategic plan needs to be delivered within the constraints of the budget, as identified in the priority listing, and receive quarterly financial monitoring reports.

7.3 The Board also recognises that the budget is currently being pressured by reducing grants and saving requirements in partner budgets. As a consequence they have requested a review of service needs and partner contributions to assist the process of establishing the 2019/20 budget.

Signed by: Sarah Newman, Deputy Director Children and Families Services,
Children, Families and Education

Appendices:

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
Youth Justice Strategic Plan 2018-19	Appendix 1

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

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PORTSMOUTH YOT YOUTH JUSTICE STRATEGIC PLAN 2018-19

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(As required under S40 of the Crime and Disorder Act 1998)

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Introduction

Under S40 of the Crime and Disorder Act 1998, it is the duty of each local authority, after consultation with partner agencies, to formulate and implement an annual youth justice plan setting out:

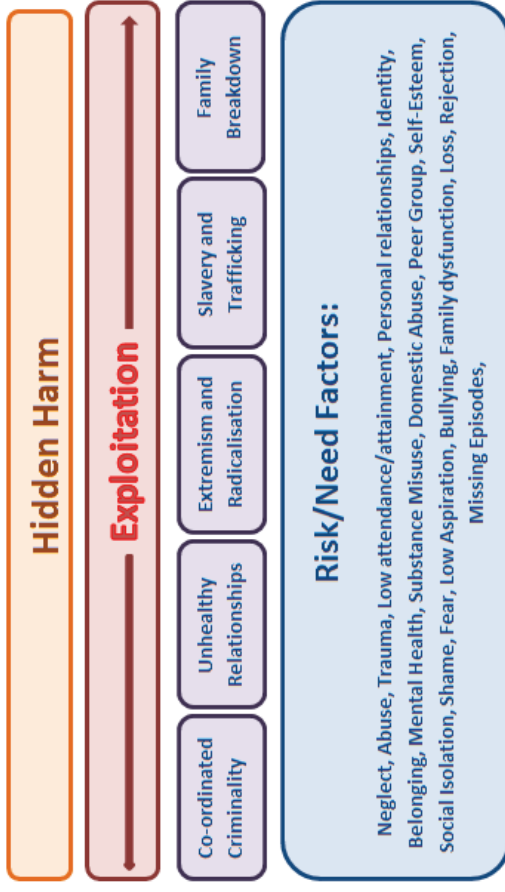
- How youth justice services in their area are to be provided and funded
- How the youth offending team (YOT) or equivalent service will be composed and funded, how it will operate, and what functions it will carry out.

Last year, Portsmouth YOT (PYOT) submitted a plan spanning 2017-19. This year, a fully updated plan will be submitted in recognition of changes which have occurred since then.

At the outset of 2017-18, PYOT was managed under a combined post comprising YOT Service Leader and Children's Social Care Service Leader for a locality team, reporting to the Head of Assessment of Intervention, as it had been for a period of 12 months. Following promotion of that post-holder, the position was re-appointed to an external candidate who commenced post in July 2017. Subsequently, following review of the YOT's delivery (referenced in last year's plan), the YOT Service Leader's capacity was increased to 1 FTE, reporting to the Head of Harm and Exploitation (itself a recently established branch of Children and Family Services). The YOT Service Leader commenced post at the end of 2017-18.

Therefore, whilst structures for frontline delivery of youth justice services have not altered greatly, the YOT's positioning within the wider children and families directorate has changed and offers new opportunities for development in relation to associated services working with children and families who are risk of harm and exploitation. These now include: YOT, Edge of Care, Prevent, Community Cohesion, Domestic Abuse and Young Person's Substance Misuse services. Increased capacity within the Service Leader post (as well as recent increases to Business Support resources) will support this development, as well as providing additional focus on continuous service improvement.

A working model (on page 2) is being developed within the YOT to identify the links between these services and the way in which YOT can contribute to the wider reduction of harm and exploitation, alongside its principle aim of reducing offending by children and young people (defined under the Crime and Disorder 1998). This will be developed further throughout 2018/19.



In 2018/19, PYOT will continue to focus efforts to reduce first time entrants (FTE), reoffending and use of custody within a developing recognition of the ways in which exposure to trauma, harm and exploitation can impact on resulting outcomes for children, including how offending behaviours develop. In response to recommendations made in inspectorate reports published in 2017/18 outlined in **Appendix A**, the YOT will also:

- consider the role of social media in terms of its use in, and influence on, children's lives
- make sure Assetplus is used effectively to reflect the young person's views, create intervention plans that change behaviour and ensure the public are protected
- make sure that the voice of both the child and the victim are not only heard, but applied in practice, particularly in decision making for out of court disposals

Summary of Achievements and Good Practice

Through 2017/18, PYOT continued to access clinical supervision via the Hampshire and IOW Forensic Child and Adolescent Mental Health Service (FCAMHS). The PYOT Education worker also undertook the role of "Online Safety Officer" for the Portsmouth Safeguarding Children's Board (PSCB). Appointment of a Referral Order and Volunteer Co-Ordinator post enabled an increase in YOT volunteers, and also development of a range of RJ placements in the City, with other specialist staff.

With regards to progress against last year's plan, steps have been made in a number of areas. Analysis was undertaken in relation to First Time Entrants to gain a better understanding of the cohort and 'what works' to reduce it. A Live Tracker Tool was purchased within the YOT's database to support understanding of reoffending rates. Ongoing efforts were made, particularly in the area of report writing, to reduce the number of custodial sentences imposed. PYOT have increased the number of volunteers contributing to the service and the range of reparation placements available. A number of new staff have been recruited to counter vacancies incurred and remaining staff demonstrate ongoing resilience and commitment in light of those changes. Work will now be completed to build on those successes, ensuring the views of children, parents, carer, victims and volunteers shape and influence ongoing improvement. Quality assurance mechanisms will be developed further alongside a refreshed performance framework to ensure accountabilities are understood across the service.

Structure and Governance

PYOT partnership provides youth justice services for the Portsmouth City Council (PCC) area comprising the local Youth Offending Team (YOT), Junior Attendance Centre (JAC) and Appropriate Adult (AA) services contracted out to The Appropriate Adult Service (TAAS). Broader preventative functions in the PCC area are served via Early Help and Prevention service.

Nationally, the YOT is supported and overseen by the Youth Justice Board for England and Wales, a non-departmental public body sponsored by the Ministry of Justice. Locally, the YOT is (as outlined above) positioned with the Harm and Exploitation branch of Children and Families Services. It is supported and overseen by the PYOT Partnership Management Board, which is chaired by the Local Superintendent. The local Management Board meets on a quarterly basis, and consists of representatives from the 4 statutory agencies (Children's Services, Hampshire Constabulary, National Probation Service and Health) alongside a representative of Her Majesty's Courts and Tribunal Services. It holds the YOT service to account by overseeing performance against both national and local indicators, reported on a quarterly basis via the YOT Service Leader, and requiring that the YOT maintains compliance with the terms and conditions of YJB Grant. Board members are keen to understand the barriers faced by staff in YOT, and identify effective solutions through consultation and contribution.

The Head of Harm and Exploitation attends the Safer Portsmouth Partnership, and is embedded within the wider Children and Families Senior Management Team, reporting to the Assistant Director for Children's Services. The new Service Leader is developing links across the PCC and pan-Hampshire landscape, having transitioned from another local, pan-Hampshire YOT. The post-holder has carried over a lead for Youth to Adult transitions within the pan-Hampshire area, as well as expertise and knowledge with regards to reducing the criminalisation of looked after children, reducing FTE, reoffending and custody and developing a performance culture within a YOT. YOT Team Leaders are well-established within the PCC area, and have links to key operational functions delivered across the City, including Resource Panel, Supported Housing Panel and local Courts. Links to Locality CSC Teams, and the recently established Early Help and Prevention locality teams, will be strengthened over 2018/19.

Resources and Value for Money

The PYOT Team Structure is provided in **Appendix B**.

For 2018/19, contributions to the YOT have been reviewed to ensure that they are reflective of in-kind contributions. The forecast budget as at 30.06.18 is:

Agency	Staffing Costs	Payments in kind	Other delegated funds	Total
Police		76,600		76,600
Police and Crime Commissioner	45,100			45,100
Probation	5,000	33,000		38,000
Health	30,900	30,700		61,600
Local Authority	326,700	12,900	87,000	426,600
Wales Assembly Government				0
YJB	182,100		33,000	215,100
Other	10,000			10,000
Total	599,800	153,200	120,000	873,000

The YJB Attendance Centre Grant is used to secure suitable venue and staffing levels to enable delivery of the JAC. Through both cash and in-kind contributions, the YOT partnership meets minimum staffing requirement set out within the Crime and Disorder Act 1998. The YOT has also recently commenced a practice review to understand reasons for its continued rise in caseload numbers and identify what can be done to reduce this, rather than seeking additional staff to manage. This will include consideration of how to continually drive performance improvement and practice delivery within existing resource.

PYOT continues to explore innovative and effective ways of delivering services, seeking out opportunities for additional funding and/or partnership arrangements as appropriate. Links are in place with local voluntary and charitable providers, and efforts made to develop other links via local business (e.g. for reparation placements). For example, in 2017/18, a successful initiative was launched to secure a fixed point reparation placement via colleagues in local leisure and other services within PCC with equipment being sought by way of donation and sponsorship.

Partnership arrangements

The PYOT Team are based at Portsmouth Civic Offices, accessing venues around the City by way of links with a range of local community groups. The team is co-located with Children's Social Care, situated next to Portsmouth MASH and South Locality Children's Social Care Team, close to the Through Care Team and Senior Managers for the wider service. Harm and Exploitation services are located on another floor within the same building which will facilitate growing links over time. Police, Health, Education and Housing representatives are also based within the Civic. Courts services are within walking distance of the office.

The YOT Management Team comprises professionals from Probation, Social Work and Education backgrounds, providing a good mix of knowledge, expertise and ability to serve the team. Secondments are made from Police, Probation and Health, alongside an 'in-house' Education worker and Restorative Justice specialists. A Referral Order and Volunteer Co-Ordinator post has been secured via funding from the OPCC, which is guaranteed until March 2019. As of September 2018, the YOT will also receive Speech and Language Therapy (SALT) services via contract with Solent NHS which will be in place for a period of 6 months initially.

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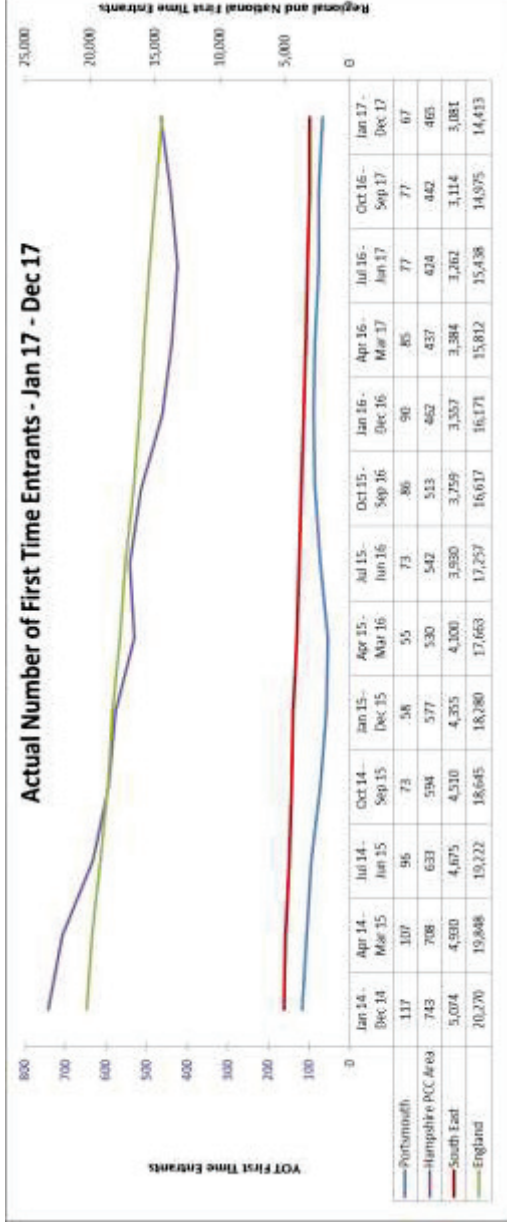
Appropriate Adult services are delivered via The Appropriate Adult Service (TAAS) under a contract held between them, Hampshire Constabulary and the pan-Hampshire YOTs (Portsmouth, Southampton, Hampshire and Isle of Wight). A new contract is under development for access to Prevention Of Offending (PROO) beds, co-ordinated for Portsmouth, Southampton and the Isle of Wight authorities. The Portsmouth Junior Attendance Centre (JAC) is delivered locally, funded via YJB Grant, and open to Hampshire YOT referrals given local geographical boundaries. Arrangements for Saturday/Bank Holiday court cover are also agreed with Hampshire YOT for the same reason.

Between the 4 pan-Hampshire (formerly Wessex) YOTs, representation is provided to the Local Criminal Justice Board, MAPPA Strategic Management Board, and various OPCC Forums. The Portsmouth YOT Service Leader specifically attends the pan-Hampshire MAPPA Delivery Sub-Group and the OPCC Hate Crime Working Group. For Portsmouth YOT specifically, the YOT Service Leader attends the pan-Hampshire Liaison and Diversion Service (HLDS) meetings, Concordat on Children in Custody, TAAS Contract Review meetings (all on a quarterly basis) and Youth to Adult Transitions Meetings as well as the pan-Hampshire MET group. An invite to attend a new FCAMHS Stakeholder group is also awaited. For restorative justice (RJ), a pan-Hampshire practitioner network has been developed and is attended by PYOT RJ staff. They are also linked in to various community groups to maximise opportunities for growth of RJ placements. More locally, there are links to Children's Services Senior Management Team via the Head of Harm and Exploitation, who also oversees delivery of Prevent Services, with WRAP training to be delivered to YOT staff later this year.

Overview of performance against KPIs:

First Time Entrants

End of year returns for 2017/18 demonstrate the following:



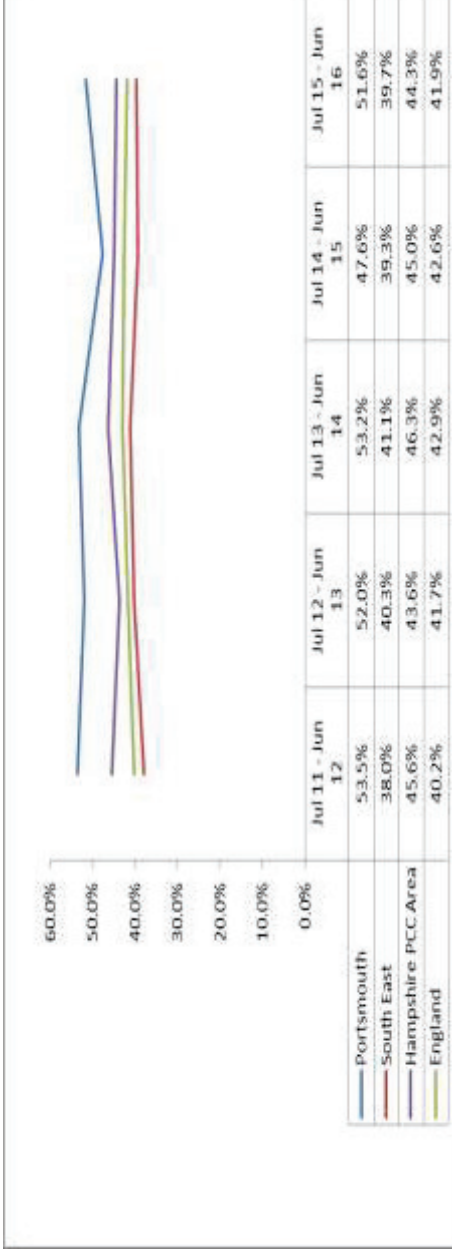
- Headlines:**
- The number of first time entrants has reduced to 67 in 2017 from 90 in 2016, and a previous a high of 117 in 2014.
 - End of year returns 2017/18 place Portsmouth YOT FTE rates mid-table in relation to our comparators.

- Work planned or 2018/19:**
- Further analysis of the FTE Cohort to support partnership planning
 - Increased links with Early Help and Prevention services
 - Enhanced delivery of Youth Community Resolution (YCR) disposals

- Work completed in this area 2017/18:**
- Ongoing internal development of the PYOT Triage process, including new processes to include representatives of Early Help and Prevention services.
 - Visit to a neighbouring 'family' YOT to explore ways in which they have reduced first time entrants and share learning from practice.
 - Report from Public Health to identify key characteristics and issues.
 - Revision of pan-Hampshire Out of Court Disposal (OCCD) processes with representatives of Hampshire Constabulary and local pan-Hampshire YOTs following publication of the HMIP Thematic Inspection on OOCDD

Reducing Reoffending

End of year returns for 2017/18 demonstrate the following:



Headlines:

- Annual weighted data shows fluctuation in the binary rate for latest figures, and a slight reduction from a previous high in July 2011 - June 2012.
- The cohort size has reduced, whilst the binary rate has remained relatively high.

Work planned or 2018/19:

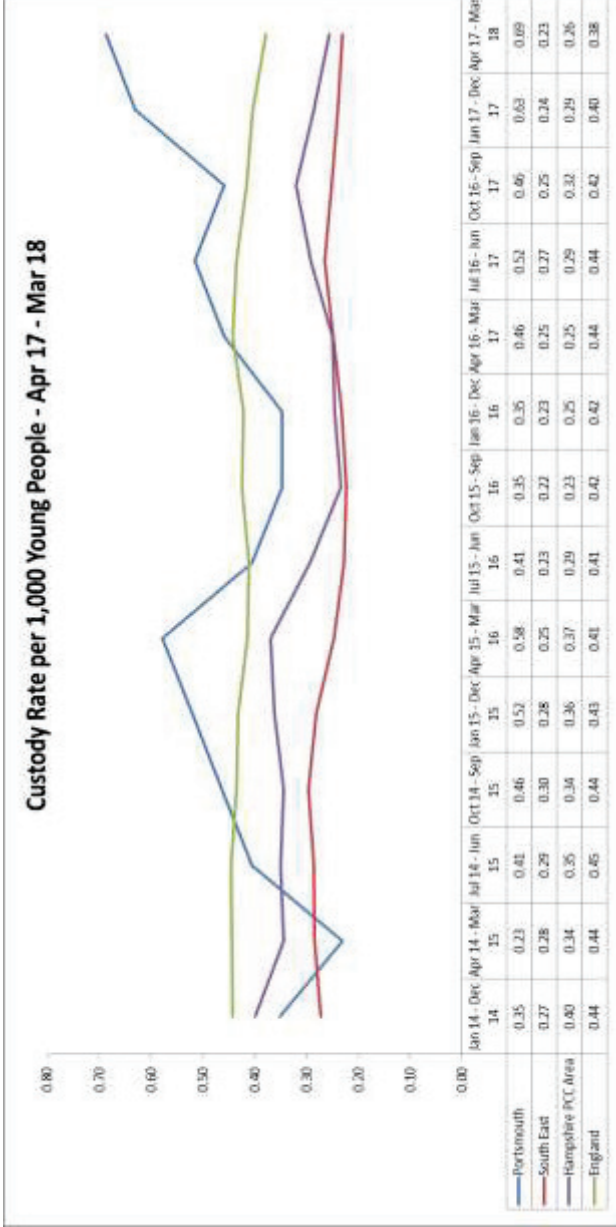
- Further analysis of the reoffending cohort via the reoffending tracker to support partnership planning
- Re-modelling of the PYOT Priority Young People (PYP) Scheme
- Review of intervention and engagement strategies across the YOT (including use of JAC and RJ)
- Strengthening of performance and QA framework to improve timeliness and quality of assessment and plans

Work completed in this area 2017/18:

- Purchase of a reoffending tracking tool to support ongoing understanding and analysis.
- Links with data analysts in Portsmouth Safer Portsmouth Partnership to improve understanding of the cohort.
- Enhanced delivery of Referral Orders via creation of a Referral Order and Volunteer Co-Ordinator post (funded via OPCC)
- Increased range of Restorative Justice options and placements.
- Work with partners to identify and understand the impact of changes to the way in which this area is measured (since October 2017)

Reducing Use of Custody:

End of year returns for 2017/18 demonstrate the following::



Headlines:

- The number of custodial sentences has increased in 2017/18 to 12 from 8 in 2016/17, showing fluctuation since a high of 24 in 2011/12.
- End of year returns place PYOT custody rates mid-table in relation to our comparators.

Work planned or 2018/19:

- Further analysis of the custody cohort to support partnership planning
- Develop the range of robust requirements for PSR proposals
- Review of QA processes of PSR and development of 'good practice' examples
- Enhance resettlement planning processes with partners

Work completed in this area 2017/18:

- Continued focus on report writing
- Continued working relationship with HMCTS
- Maintained delivery of visits and contacts for increasing number of cases
- Emerging recognition of the need to develop practice and partnership responses in this area (linked to work planned for 2018/19)

Self Assessment- Strengths and Stretch:

Following review of the service in late 2017, PYOT has embarked upon a self-assessment of strength and stretch, supported by recently published HMIP Inspectorate criteria and various effective practice literature.

Areas of strength:

Frontline staff are motivated to engage effectively with children and young people, and committed to continuous service improvement. Creativity in intervention delivery is evident, particularly with regards to Restorative Justice. Team members are supported via regular supervision with YOT Managers who are equally keen to develop good practice models across the service. Performance improvement work undertaken in response to previous inspections provides a good foundation for further, ongoing improvement, and is now supported by additional resource within the leadership and business support areas of the team which has increased capacity for development. The YOT has also sought to increase its understanding of the cohort via enhancement of its data reporting abilities, which again provides a basis for increased awareness and understanding which can then translate into action planning and implementation.

Areas of stretch:

Recent self-assessment has highlighted a need to expand and embed robust systems and processes in the YOT, to support the work of its staff and decision making by the Management Board. Frontline staff (particularly those joining YOT within the past 12 months) will be supported to understand their own roles and responsibilities, and how these contribute to wider partnership aims (including the YOT's performance monitoring framework), within a developing culture of accountability across the Team. Links between strategic governance and oversight (e.g. The YOT Management Board) and operational delivery (frontline staff) functions will be strengthened, and mutually reinforced, through this process also. Use of performance data will be refined to support accuracy and effectiveness of local analysis, which in turn will inform intervention review and delivery over time.

As a result of self-assessment, the PYOT Management Board have agreed a Service Development Plan to be delivered in conjunction with this Strategic Youth Justice Plan - identifying key actions and milestones to be achieved over the next 12 months. Progress against both will be monitored via quarterly Board meetings, and secured via a range of activities delivered within the Team over the same period.

Risk to Future Delivery against the youth justice outcome measures:

Fundamentally, risks to PYOT's future delivery against youth justice outcome measures are inherent within the reducing contributions from some of its partners, and the uncertainties under which they are provided which inhibit effective, long term planning. Budgetary pressures are experienced across the partnership, though commitment remains to ensure it is appropriately resourced and youth justice services adequately supported. In relation to PYOT's delivery against youth justice outcome measures, a summary of identified risks (and actions intended to mitigate) are as follows:

	Risks	Mitigation/Intended Actions
First Time Entrants	Reduction in use of OOCd despite delivery of Triage Joint Decision Making Panel.	OOCd/FTE analysis to update the YOTs understanding of issues and identify measures needed
	FTE rates placing pressure on the service which, combined with reducing budgets, may result in non-statutory prevention offer being reduced or ceased.	Caseload analysis to assess patterns, trends and issues and then identify solutions (without reducing the quality of YOTs work or weakening the provision of non-statutory disposals).
	Changes outside the service impacting on FTE rate	Strengthening of work in within Children and Families and Early Help provision to identify and reduce criminogenic need.

	Risks	Mitigation/Intended Actions
Reoffending	Limited understanding of the cohort due to developing understanding of how the Live Tracking tool (introduced in 2017) can be used	Increased use of Live Tracker Tool to support analysis. Review of Priority Young Person (PYP) Strategy for awareness and addressal to enhance understanding of themes/trends.
	Timeliness of assessments inhibiting delivery of effective interventions underpinned by evidence base.	Strengthening of performance frameworks to support and monitor improvement in timeliness of assessments and plans
	Under-use of formal, structured intervention programmes to reduce reoffending.	Review and refresh of YOT-led interventions, developing or sourcing new programmes as needed.

Use of Custody	Risks	Mitigation/Intended Actions
	<p>Reduction in availability/viability of 'alternatives to custody' (linked to reducing resource and demand)</p> <p>Increase in use of custody due to 'repeat visitors' to police and courts (linked to rate of re-offending)</p> <p>Potentially, emerging or increasing 'revolving door' trends due to increase in custodial sentencing</p>	<p>Develop and deliver viable alternatives via the range of community options and requirements, in collaboration with partners, and maintain confidence of the Courts</p> <p>Enhance PSR proposal through identification of robust requirements, and develop robust resettlement planning</p> <p>Analysis of DTO cohort to identify actions required, combined with the above</p>

Within activities outlined above, consideration will be given to potential disproportionality to ensure that it is both identified and addressed (when present). This will extend past 'protected' characteristics such as age, gender and ethnicity and also include factors such as Looked After status and SEND. Wherever possible, analysis undertaken from this point forward will include consideration of these factors to explore the possibility of disproportionality as a matter of course.

Risks to delivery against youth justice outcomes (both national and locally defined) will be assessed and re-assessed on an ongoing basis, via discussion within the PYOT team and at quarterly board meetings.

Overall Summary:

Portsmouth YOT remains within the Children and Families directorate of Portsmouth City Council, and has transferred to its Harm and Exploitation services branch in recognition of the clear overlap between offending and exploitation. Work will be undertaken to embed the links between relevant services over the coming year.

Additional resource has supported increased focus on the YOTs delivery of services, and recent self-assessment identified key priorities for the YOT which will be delivered via a distinct service development plan. Analysis of relevant cohorts, planned to take place across 2018/19, will contribute to the YOT's understanding of its own areas of stretch and strength and form a basis for future consolidation and/or service development work as required. This will be reported on at the end of the current financial year (2018/19) and underpin the PYOT's Strategic Plan for the following year (2019-20).

This Strategic Youth Justice Plan will provide an over-arching framework under which that plan can be delivered, and clearly outlines headline activities to be completed over 2018/19. As a result, the PYOT Strategic Youth Justice Plan for 2018/19 will focus on 5 key outcomes:

- Portsmouth Youth Justice services are offered innovatively, within resource available, across the partnership
- A culture of performance and accountability is embedded within PYOT (linking to separate, service development plan)
- Reduction in First Time Entrants
- Reduction in Reoffending
- Reduction in Use of Custody

Progress against outcome measures, and supporting service development plan, will be subject to internal review in December 2018, with full year updates provided via PYOT's Strategic Youth Justice Plan to be submitted for 2019/20.

PYOT Priorities 2018/19 - Strategic Youth Justice Plan

Outcome	Team lead officer	Service Activity	Target/Success Measure	Actions
<p>1. Portsmouth Youth Justice services are offered innovatively, within resource available, across the partnership</p>	<p>Chair of YOT Partnership Board and YOT Leadership Team</p>	<p>Overall: Developing links with partners to support wider strategic priorities e.g CSE, LAC, Missing</p> <p>Ongoing review of YOT budget/contributions, alongside needs analysis.</p> <p>a) YOT embedded within 'Harm and Exploitation' branch of C&F Services</p> <p>b) Range of YOT Interventions reviewed (including RJ and JAC) - including those re: use of social media- and use of local toolkits</p> <p>c) Clear links and pathways in place to other local services (e.g. Early Help, CSE, Troubled Families)</p>	<p>YOT services delivered effectively within budget in 2018/19.</p> <p>YOT evidences 'hidden harm' approach within day to day work.</p> <p>YOT intervention programmes reflect risk/need and offending profile of YOT cohort</p> <p>Casework evidences use of pathways to develop and support sustainable change</p>	<p>Linking PSCB toolkits to support YOT intervention.</p> <p>Resource/contribution review to be completed by October 2018 for consideration by YOT Board. Opportunities for additional funding to be explored.</p> <p>Workshops with staff to embed 'harm and exploitation' agenda in YOT. Development of e-learning on YOT for partners to include 'harm and exploitation' agenda.</p> <p>Collate FTE/Reoffending/Custody cohort analysis along with caseload profile to confirm programmes required.</p> <p>Review programmes available; match against profile and develop as required.</p> <p>Pathways mapped to confirm services available and ways to access.</p> <p>Discussion in PDR/1:1 to confirm and embed offers available. Dip sample via QA to evidence use.</p>

Outcome	Team lead officer	Service Activity	Target/Success Measure	Actions
<p>2. Culture of performance and accountability is embedded within PYOT</p>	<p>YOT Service/Team Leader</p>	<p>Overall: PYOT Performance and QA Framework to identify key areas and trends to inform service delivery and continuous development; ensuring roles and responsibilities within this are understood and consistently applied.</p> <p>a) Engagement and evaluation mechanisms in place to inform service delivery</p> <p>b) Strengthened Quality Assurance processes in place.</p>	<p>Adherence to YOT Service Development Plan</p> <p>Strengthened performance framework in place to inform decision making by YOT Board.</p> <p>Mechanisms in place and pro-actively evaluated (including annual report to YOT Board)</p> <p>QA Framework in place, informing service delivery and demonstrating good practice is in place</p>	<p>Embed via workshops for staff , PDR process and regular 1:1s. Monitor progress via qtrly YOT Mgt Board.</p> <p>Review YOT Performance Measures (including introduction of assessment timeliness and alignment with local YOT Scorecard)</p> <p>Develop evaluation mechanism for children, parents/carers, victims, volunteers and other professionals.</p> <p>Embed analysis and annual reporting schedule.</p> <p>Review existing QA measures.</p> <p>Develop new QA process within overall 'management oversight' framework.</p> <p>Delivery QA processes within agreed framework, aligned with wider C&F services.</p>

Outcome	Team lead officer	Service Activity	Target/Success Measure	Actions
3. First Time Entrants rate reduced	YOT Service Leader	PYOT FTE cohort is analysed and understood, and relevant factors addressed through work across the partnership.	Reduction in FTE (G= <313, A= 314-400, R=>401)	Review FTE analysis (also exploring Triage outcomes) Develop FTE reduction strategy Strengthen PCC prevention 'offer'
4. Reoffending rate reduced	YOT Service Leader	Reoffending cohort is analysed and understood, and relevant factors addressed through work across the partnership	Reduction in reoffending rate (G= <36%, A= 36.1-39%, R=>39%)	Complete reoffending analysis alongside review of PYP model Develop reoffending reduction strategy Review interventions available against need/risk profile.
5. Use of Custody reduced	YOT Service Leader	Custody cohort is analysed and understood, and relevant factors addressed through work across the partnership.	Reduction in use of custody rate (G=<0.38, A=0.39-0.45, R= >0.45)	Complete custody analysis alongside review of PYP model Develop custody reduction strategy Review resettlement pathways and sources of support

Appendix A: Recommendations arising from Thematic Inspections 2017/18.

HMIP Thematic: The Work of Youth Offending Teams to Protect the Public (October 2017)

Youth Offending Team Management Boards should:

- make sure that practice takes account of trauma experienced by young people
- review their understanding of social media and young people, and establish if there is sufficient local policy and practice guidance for staff to operate effectively and legally when monitoring young people's social media activity
- make sure that they have an understanding of the work being undertaken by YOTs with young people who pose the greatest risks to themselves and others.

Youth Offending Teams should:

- make sure that the design and delivery of services takes account of the impact of trauma on young people
- make sure local practice guidance and resources available for responding to social media related offending reflects current behaviour of young people
- review the implementation of AssetPlus to make sure it is used effectively to reflect the young person's views, create intervention plans that change behaviour and ensure the public are protected
- make sure that internal intervention planning and review meetings are effective in helping to protect the public and that they are properly recorded

HMIP Thematic: Out of Court Disposals Work in Youth Offending Teams to Protect the Public (March 2018)

Youth offending team management boards should:

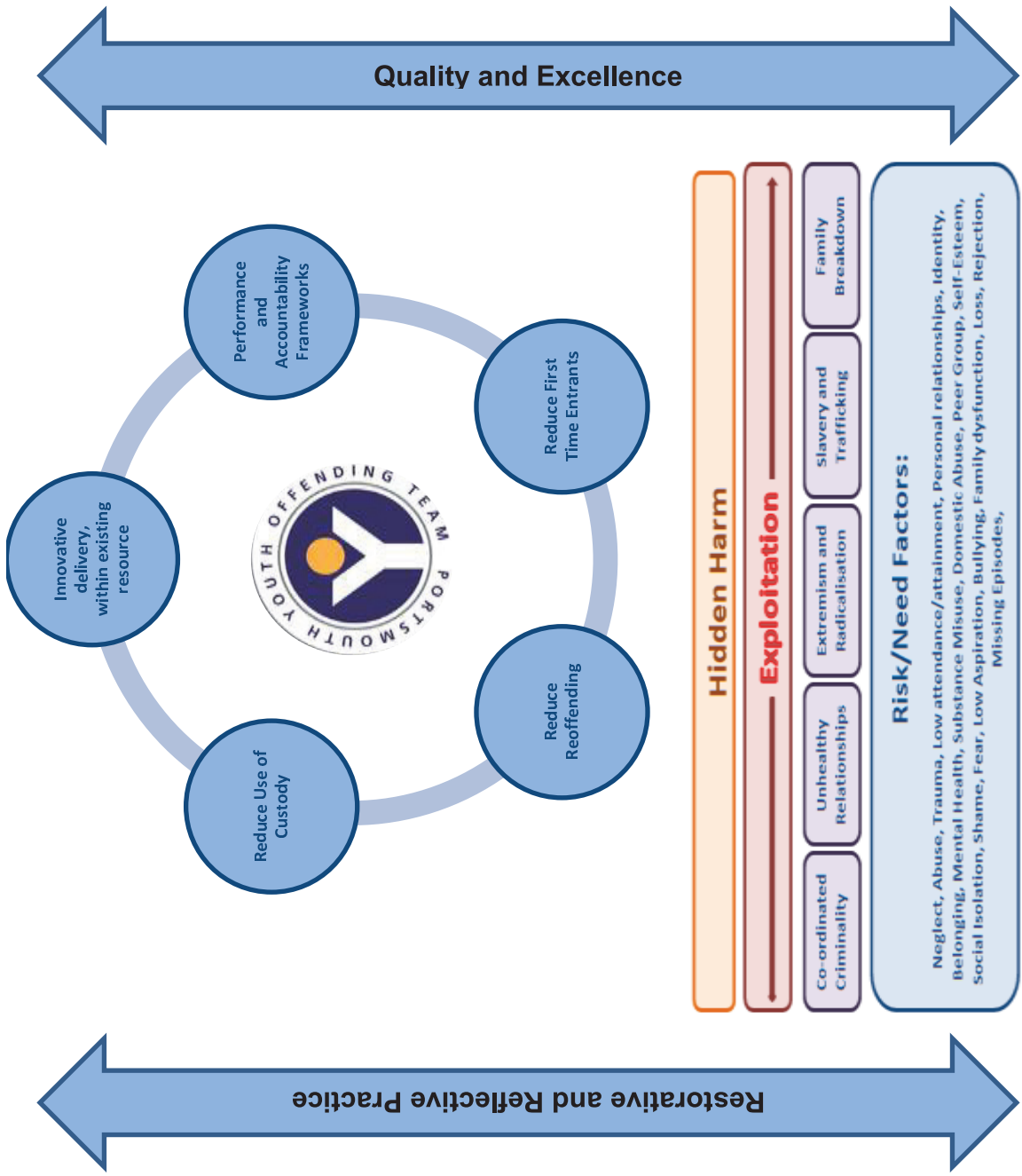
- make sure that out-of-court disposal work is evaluated, is of good quality and is effective

Youth offending teams and chief constables should:

- make sure that the requirements of youth conditional cautions are meaningful to children, and describe the desired outcomes and how these will be achieved
- make sure that all victims have a fully informed and effective opportunity to have their views heard, and to receive an appropriate restorative intervention.
- make sure that children understand the implications of receiving an out-of-court disposal before they are asked to accept it.

Youth offending teams should:

- Make sure that assessment and planning are of good quality, and take account of the child's views on what may help them to avoid offending.
- Make sure that decision making is informed by assessment of the child.
- Give specific attention to victims and the protection of the public in the assessment, planning and delivery of out-of-court disposal work.





Title of meeting:	Cabinet
Date of meeting:	9 th October
Subject:	Safer Portsmouth Partnership Plan 2018-20
Report by:	Jon Bell, Director of HR, Legal and Performance
Wards affected:	All
Key decision:	No
Full Council decision:	Yes

1. Purpose of report

To set out the background and priorities identified by the strategic assessment and the findings of the community safety survey. This will enable the Council to endorse the plan and align its budgets in line with the requirement under section 17 of the Crime and Disorder Act to:

'...exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area'¹

2. Recommendations

That the Cabinet recommends to Council that it endorses the long term strategic priorities contained in the Safer Portsmouth Partnership Plan 2018-20 (appendix 1) and aligns the relevant budgets to support activity in line with section 17 Crime and Disorder Act 1998 (as amended).

3. Background

3.1 The Safer Portsmouth Partnership is the vehicle through which five statutory partners - council, fire, police, health and probation² - work together to reduce crime, anti-social behaviour, substance misuse and reoffending as required by Sections 5 and 6 of the Crime and Disorder Act 1998 (as amended).³

3.2 The Cabinet Member for Environment and Community Safety sits on the partnership alongside the Chief Executive and Director of Children's Services. The partnership is currently chaired by Supt. Maggie Blyth, Portsmouth Police Commander (see current membership list at appendix 2).

¹ <https://www.legislation.gov.uk/ukpga/1998/37/section/17>

² Also referred to as the 'responsible authorities'

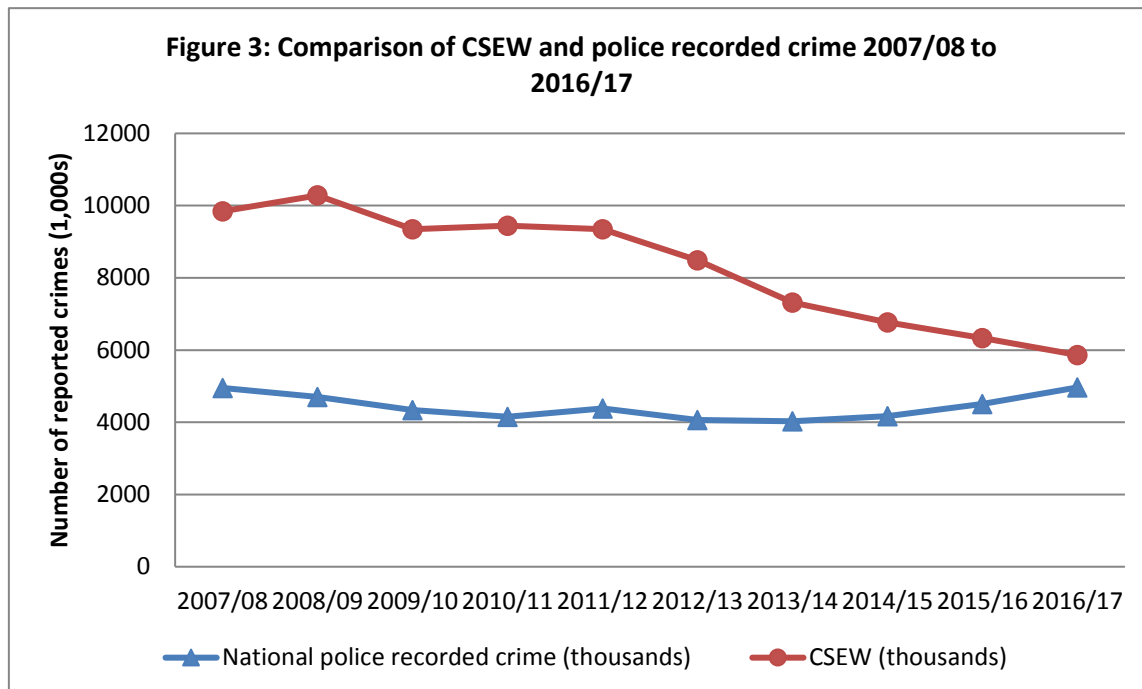
³ <https://www.legislation.gov.uk/ukpga/1998/37/section/5> and <https://www.legislation.gov.uk/ukpga/1998/37/section/6>

- 3.3 Partners are required by sections 5 of the Act to produce a detailed piece of analysis (strategic assessment), that identifies local priorities for action. These priorities translate into the 4 main themes of the statutory partnership plan. In 2013 the SPP developed a five year plan, refreshed annually, however due to the changing nature of public sector funding, the 2018-2020 plan has been revised significantly with a reduced number of priorities and a two year delivery period.
- 3.4 The structure of the plan is prescribed, to an extent, and must contain a review of the previous year's performance as well as specific activity that will reduce crime, anti-social behaviour, substance misuse and reoffending.
- 3.5 The partnership strategic assessment is produced every two years by a 'partnership support team' that includes a part time analyst funded by a small pooled budget⁴. This detailed document uses a range of data from partner agencies, including police recorded crime, and provides a summary of local and national analysis and research that:
- Check the partnership's current priorities and identifying any emerging issues
 - Provide a better understanding of local issues and community concerns, and
 - Provide knowledge of what is driving the problems to help identify appropriate responses
- 3.6 The most recent strategic assessment (2016/17) shows police recorded crime has continued to increase since 2014 when Her Majesty's Inspector of Constabulary (HMIC) examined the integrity of crime recording across the UK. Recorded crime has risen by 17% since 2015/16; there have also been increases in 999 calls and a slight increase in calls to 101. This would indicate a genuine increase in demand and suggests we are now seeing real increases in some types of crime⁵ although the ONS suggests the effects of improved recording practices are likely to continue for some time⁶.
- 3.7 Portsmouth has seen a larger increase in police recorded crime than the national average (10%) since 2015/16 and a 3% (n757) increase on 2007/8 levels. These increases are in contrast to a 7% reduction in crime measured by the Crime Survey of England and Wales (CSEW, see figures 3).
- 3.8 Five years ago the CSEW estimated almost twice as much crime as that recorded by police, but now the two sources are converging. This could indicate that police recording is becoming more consistent with the public's experience of crime. See figure 3 below:

⁴ <http://www.saferportsmouth.org.uk/our-research/>

⁵ Hampshire Constabulary Analysts and SPP Plan Introduction, p.3)

⁶ <https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/bulletins/crimeinenglandandwales/yearendingmar201>



3.9 Portsmouth's local community safety survey⁷ found resident's experience of crime was up from 18% in 2016 to 38% in which supports the view that crime has started to increase.

3.10 The plan is a high-level strategic document based on evidence in the strategic assessment.⁸ The 2018-20 local priorities are:

- Tackling violent crime: continuing to focus on sexual offences, domestic abuse, hate crime and night-time economy violence.
- Tackling extremism.
- Early identification of and interventions with children at risk of exploitation or abuse.
- Early identification of and interventions with adults and young people at risk of perpetrating anti-social behaviour, offending or substance misuse.
- Supporting local substance misuse services and addressing gaps in service provision to reduce drug and alcohol related harm.
- To support multi-agency work by improving understanding and co-ordination between services particularly for adults with complex needs.
- Develop awareness of the role of technology in exploitation and coercion.
- Support a partnership community safety survey and conduct further research to better understand youth-related violence, alcohol and drug-related anti-social behaviour, first time adult offenders and costs of crime

⁷ 1200 face to face interviews with Portsmouth residents undertaken every two years by the partnership support team in partnership with the University of Portsmouth.

⁸ <http://www.saferportsmouth.org.uk/strategic-assessments/>

These priorities have been translated into four key themes: ***young people at risk, anti-social behaviour, substance misuse, and violence.***

- 3.11 The plan also includes national priorities in relation to preventing violence extremism and serious violence.
- 3.12 Progress is monitored by the partnership support team and reported by exception to the Safer Portsmouth Partnership at its quarterly meetings.

4. Reasons for recommendations

Crime and Disorder Act 1998 (as amended) Secs 5 and Sec 6 set out the requirements for the council to work with the responsible authorities previously mentioned to produce the partnership plan. The partnership plan identifies four main priorities that address the underlying issues of crime and anti-social behaviour. By providing collaborative leadership alongside our partners in order to address these issues, the levels of crime and anti-social behaviour should reduce and make residents safer

5. Equality impact assessment

A preliminary EIA has been completed for this plan - see appendix 3. Separate EIAs for agreed delivery activity are undertaken as necessary.

6. Legal implications

The report is clear in addressing the relevant issues. The report is compliant in that it is a statutory function to produce a community safety plan. The plan seeks to cover a number of key areas without placing any group that may have particular protected characteristics in a disadvantaged position.

7. Director of Finance's comments

There are no direct financial implications arising from the recommendations contained within the report. The services being monitored through this plan by the Safer Portsmouth Partnership will need to continue to operate within their approved Cash Limit.

.....
Signed by:
Director of HR, Legal and Performance

Appendices:

- Appendix 1 - SPP Plan**
- Appendix 2 - SPP membership**
- Appendix 3 - Preliminary Equalities Impact Assessment**

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
Safer Portsmouth Partnership Strategic Assessment 2016/17 2. Community Safety Survey 2018 3. Safer Portsmouth Partnership plan 2013-18	Strategy Unit and/or www.saferportsmouth.org.uk

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

.....
Signed by:

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SAFER PORTSMOUTH PARTNERSHIP PLAN 2018 – 2020



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INTRODUCTION

CLLR DAVE ASHMORE, CABINET MEMBER FOR ENVIRONMENT AND COMMUNITY SAFETY AND SUPT. MAGGIE BLYTH, PORTSMOUTH POLICE COMMANDER AND CHAIR OF THE SAFER PORTSMOUTH PARTNERSHIP

Police recorded crime has continued to increase since the data integrity report in 2014 by HMIC, and has risen by 17% since 2015/16. There has also been an increase in 999 calls and a slight increase in 101 calls to the police for the whole force area, which indicates an increase in demand and suggests that we are now seeing a genuine increase in some types of crime.¹

This rise in crime has largely been driven by an increase in violence, particularly violence without injury, but there have also been increases in other types of crime, including serious acquisitive crime, theft and handling offences, criminal damage, sexual offences and racially or religiously aggravated offences.

Although we know that the change in police recording practices as a result of the HMIC report may partially account for some of the increases seen, it is likely that it does not account for all of the increases. However, comparing the rate of increase in 2017/18 with the previous year we seem to be seeing a stabilisation in overall crime.² The Strategic Assessment for 2016/17 provides comprehensive and detailed analysis upon which this plan is based.³

The last plan⁴ set out how much financial resources have reduced since 2010; despite this our continued local investment in research and analysis means we understand much more about what drives crime, anti-social behaviour and substance misuse. Whilst our local strategic priorities have not changed significantly - domestic abuse, substance misuse and adults with complex needs, there is increasing focus on a small cohort of young people who may be at significant risk of harm.

The challenge now is to use this improved understanding to change the way we design and deliver services to reduce harm and improve outcomes for those affected. Even more important is *when* we deliver services.

Learning from places like Manchester⁵, collaboration, co-location and service re-design will be our strategic focus as well as improving links between long term strategic planning and operational activity. We can achieve much more by targeting our interventions based on strong evidence and co-ordinating our efforts, than by working in organisational silos.

Alongside the new focus on service design, we want to recast the language used to explain some of our pressing problems. Children who are sexually exploited are sometimes described as making ‘lifestyle choices’ implying they are complicit in their abuse or exploitation. We have learnt in recent years that this is not the case. Homeless adults with mental health and substance misuse problems living on the street are described in similar terms yet research tells us that 85% have experienced childhood trauma. Somewhere in the transition from childhood to adulthood things go very wrong for this small minority of our community.

The collaborative leadership required to tackle ‘wicked’⁶ issues like homelessness, domestic abuse, exploitation of children, anti-social behaviour, offending, and radicalisation and extremism, will take renewed focus and commitment from our senior leaders.

Embedding this collaborative approach towards a cohesive community across the workforce and dispersing leadership⁷ is a continuing task. The role of SPP partners is to find the right balance between resourcing targeted early intervention and managing increasing acute demand, to enable us to respond appropriately to new funding initiatives from central government such as the Serious Violence Strategy.

We are in challenging times across the public sector, but with increased collaboration we know that we are well placed to prioritise our respective resources.

¹ Hampshire Constabulary Analysts

² Scan Feb 2017–Jan 2018, Sam Graves

³ Strategic Assessment 2016/17 www.saferportsmouth.org.uk/images/PDF/Strategic_Assessment_2016-17_web_version.pdf

⁴ 2013–2018

⁵ See appendix 4 Place based integration – Greater Manchester Police and Greater Manchester Combined Authority

⁶ A wicked problem is a problem that is difficult or impossible to solve because of incomplete, contradictory, and changing requirements that are often difficult to recognize. The use of the term “wicked” here has come to denote resistance to resolution, rather than evil.

⁷ On Leadership – John Gardner, 1993, p.9

Background

BACKGROUND

The Safer Portsmouth Partnership is responsible for working together to reduce crime, substance misuse and reoffending in Portsmouth. Police and fire services, local authority, health services, the National Probation Service and the community rehabilitation company for Hampshire (Purple Futures) have been working together for many years to make the city a safe place to live, work and visit.

The partnership is required to produce a 'Strategic Assessment' that analyses a range of different data from partner agencies, including crime and anti-social behaviour incidents recorded by the police.⁸ This plan, a statutory requirement, reflects the priorities identified by the analysis. The plan, which is shared with and takes account of the priorities of Hampshire's Police and Crime Commissioner as well as national priorities, sets out local priorities for action.

There are no longer separate 'action plans' associated with this community safety plan. Activity described in this plan is embedded within existing work plans, meaning the statutory 'mainstreaming' requirement of the Crime and Disorder Act⁹ reflects the changing structural and resource landscape across SPP partner agencies. Austerity measures over the past few years have presented significant financial pressures in terms of delivery for all public services, particularly in relation to the ability to intervene earlier where there are known risk factors.

The SPP's work also delivers on key city priorities set out in the Health and Wellbeing Strategy¹⁰ such as supporting people with complex needs, and reducing the harm caused by alcohol and substance misuse.

The five year plan published in 2013 identified 24 aims across the priorities to be achieved by 2018. Of these, 23 have either been achieved (9 green) or are on the way to being achieved (14 amber). Only one has not been achieved (red). See appendix 5 for more details.

⁸ See appendix 2 for summary and priorities

⁹ Section 17, C&D Act 1998

¹⁰ Ref H&WB strategy

PARTNERSHIP REVIEW

The SPP's terms of reference, membership and operating protocol have all been reviewed to strengthen governance arrangements and the links between operational and strategic groups. Performance management has moved away from fixed targets to a monitoring approach connecting the experience of residents with key measures and commentary which will free up analytical capacity. Documentation and notes from meetings are available on the SPP website. A wider review is underway to look at improving key partnership arrangements across the city.



COMMUNITY SAFETY RESIDENTS SURVEY 2018

Alongside the detailed analysis in the strategic assessment, the community safety plan includes the views of residents to make sure the work we do delivers positive outcomes for the people of Portsmouth on the issues they care about. Working with University of Portsmouth students, the research and analysis team completed 1,200 face to face interviews with Portsmouth residents; this provides a good representative sample of the population and the findings have been taken into account when setting priorities for action as required by the Crime and Disorder Act¹¹ in the following pages:

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78% (n937) of respondents thought anti-social behaviour was causing problems in their area, which is slightly higher than in 2016 (75%).

68% (n820) of respondents personally experienced or witnessed anti-social behaviour in their area which is higher than in 2016 (59%). The most commonly reported issues were: people hanging around (16%, n196), people using/supplying drugs (13%, n154) and street drinking (12%, n148). The biggest increases were people using/supplying drugs (7 percentage point (pp) increase), people hanging around (6.9 pp increase) and bullying and intimidating behaviour (5.4 pp increase).

- » **62% of respondents (n742) were worried about being a victim of crime**, which is slightly higher than in 2016 (60%) and in 2014 (59%). The crimes people were most worried about happening to them were: burglary (24%, n284), robbery (22%, n267) and being assaulted or beaten up (19%, n223). However, fear of burglary has been decreasing rapidly since 2014. Conversely, fear of robbery and assault has been increasing since 2014. The biggest increase was in fear of assault (5.3 pp).

- » There was a **large increase in the number of respondents who had been a victim of crime** in the previous 12 months; 35% (n419) in 2018 compared with 18% in 2016. The **crimes most commonly experienced** by participants were: harassment or intimidation (n93, 7.6%), damage to car or motorbike (5.1%, n61) and bike theft (4.9%, n58). The biggest increase compared to 2016 was for harassment / intimidation (5.1pp from 2.5% to 7.6%).
- » **Half of the crimes experienced by participants (n379, 56%) were reported to an agency.** Only 42% of crimes were reported to the police. The most common reason for not reporting seemed to stem from a feeling that the crime either was not that serious or that the police would not be able to do anything to rectify the situation. The **crimes most likely to be reported** were: burglary (84%), theft of car/motorbike (78%) and online financial loss (77%). The **crimes least likely to be reported** were: hate crime (25%) online harassment / intimidation (33%) and damage to car / motorbike (36%).
- » **Somerstown and Buckland have consistently been named as the top two most commonly avoided areas in Portsmouth since 2001.** Whereas Portsea has dropped from 3rd in 2001 to 7th this year. Both Commercial Road and Fratton have been rising in the ranking since 2014 and are now the 3rd and 4th most avoided areas respectively.

A copy of the full report on the survey findings is available on the partnership website alongside more information about the Safer Portsmouth Partnership, detail on crime trends, causes and analysis – visit: www.saferportsmouth.org.uk/about/our-research

¹¹ www.legislation.gov.uk/ukpga/1998/37/section/5

NATIONAL PRIORITIES FOR ACTION

1. NATIONAL SERIOUS VIOLENCE STRATEGY

The government published a Serious Violence Strategy in April 2018 in response to rising violent crime in the UK's major urban centres with gun and knife crime especially concerning in London.

Serious Violence Strategy, April 2018

We need an approach that involves partners across different sectors, including police, local authorities and the private and voluntary sector. Communities and local partnerships will be at the heart of our response. This issue must be understood and owned locally so that all the relevant partners can play their part. We will support local partnerships, working with Police and Crime Commissioners to galvanise the local response to tackling serious violence and ensure that they are reflecting local challenges within their plans'.

www.gov.uk/government/publications/serious-violence-strategy
p.10

Local analysis of 'most serious violence'¹² in Portsmouth found the main drivers to be violence in the evening economy, domestic violence and drug related harm. Whilst the local enforcement response to these findings is led by the police (see drug related harm below), the role of partners is vitally important in addressing another key element of the Serious Violence Strategy – early intervention. Risk and protective factors associated with serious violence, including witnessing domestic violence, are very similar to those associated with substance misuse and youth offending – both of which are existing priorities for the SPP – and were identified in partnership analysis at least 10 years ago. Having these risk factors set out so clearly in the national strategy provides an opportunity for the SPP to emphasise the importance of really using these risk factors to target early intervention and effect lasting system change.

'Drug related harm' is a term used by police to describe the impact of drug related offences. The term is also used by Public Health professionals to describe activity that describes the harm to the health of individuals using drugs. This is acknowledged in the foreword to the 2017 National Drugs Strategy:

2017 Drugs Strategy - foreword by the Home Secretary

The harms caused by drug misuse are far reaching and affect our lives at every level. It includes crime committed to fuel drug dependence; organised criminality, violence and exploitation which goes hand in hand with production and supply; and the irreparable damage and loss to the families and individuals whose lives it destroys.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/628148/Drug_strategy_2017.PDF

Although drug related criminality is a priority for the police across Hampshire (indeed for all police forces across the county), Portsmouth has seen a rise in serious incidents linked to drug related harm since January 2017. Both organised crime groups and 'county lines'¹³ are operational in the city as they are across Hampshire, and often linked with the exploitation of vulnerable children and adults. These are issues that have been identified as priorities for the Safer Portsmouth Partnership, and once again demonstrate the complex relationship between the drivers for crime, substance misuse and anti-social behaviour.

Partners will take a fresh look at serious violence together in the months following publication of this plan; Hampshire Constabulary's Force Control Strategy and the Portsmouth Police local business plan include the development of a serious violence strategy, regular focus on drug related harm and the launch of a 'pilot' project with under 18s that go missing repeatedly.

2. PREVENTING VIOLENT EXTREMISM AND COUNTER EXTREMISM ACTIVITY

The 'Prevent' priority is one part of the wider CONTEST¹⁴ strategy which is designed to reduce the risk to the UK from terrorism. Another element of the national strategy is counter terrorism which is largely led by the police but supported by partners. The third element is counter extremism. Portsmouth's counter extremism strategy was approved by the SPP in October 2017. As a priority area, Portsmouth receives Home Office funding to employ three staff (co-ordinator, education officer and community engagement officer) who deliver a range of activity across three areas although this will cease at the end of 2018/19 in line with the government's revised threat assessment of Portsmouth.

During 2017 the Home Office led a 'peer review' in the city covering all aspects of delivery. The findings identified many areas of excellent practice as well as areas for improvement such as improving the SPP's governance and senior leadership arrangements. The local prevent board is now tasked with delivering against an agreed action plan. The council's Director of Children's Services and senior managers from Adult Social Care have now taken a more prominent leadership role. Staff have also established a panel¹⁵ that considers individual cases where there is concern about radicalisation and provides appropriate referral pathways and interventions. Many of these cases involve adults with mental health problems so strong links have also been established with Portsmouth's Safeguarding Adults Board. We have also reduced duplication and strengthened community cohesion arrangements to include counter extremism and links to hate crime. We are developing more proactive communications plans between partners.



¹² 'Most serious violence' is a Home Office term that covers a specific group of offences including murder, attempted murder, grievous bodily harm and wounding with intent.

¹³ Home Office definition: term used to describe gangs and organised criminal networks involved in exporting illegal drugs into one or more importing areas [within the UK], using dedicated mobile phone lines or other form of "deal line". They are likely to exploit children and vulnerable adults to move [and store] the drugs and money and they will often use coercion, intimidation, violence (including sexual violence) and weapons."

LOCAL STRATEGIC PRIORITIES FOR ACTION

The findings from the community safety survey and the priorities identified in the strategic assessment (see appendix 2) translate into the following themes. Over the next two years, the collaborative work of SPP partners will focus on:

1. YOUNG PEOPLE AT RISK

Partners have begun to pilot more integrated working practices across police and children and family services to deliver a new model of support for adolescents who have been identified as at particular risk of harm. Tackling child sexual and criminal exploitation, and disrupting county lines drug trafficking will be a key focus. This work builds on the Stronger Futures Programme developed by the Children's Trust.

2. ANTI-SOCIAL BEHAVIOUR

Continuing to support the co-ordination of both operational and longer term responses to vulnerable people with complex needs who are often involved in long standing cases of anti-social behaviour and cause community concern. The Health and Wellbeing Board has included this work in its strategic plan in order to underline the importance of this work, providing additional support from city leaders responsible for health and social care.

3. SUBSTANCE MISUSE

Reduce the harms from alcohol and substance misuse, support the recovery community, reduce the availability of low-cost, high strength alcohol, use licensing powers to promote the responsible drinking, improve outcomes for people with complex needs (toxic trio – mental health, substance misuse, domestic abuse). This work is also reflected in the Health and Wellbeing Strategy.

4. VIOLENCE

Particularly domestic abuse, sexual offences and hate crime. Support services available to those suffering domestic abuse have been redesigned and restructured to improve multi-agency responses for young people and families at risk. We will also improve understanding of the impact on children, and increase work with repeat perpetrators.

Adults who pose a high risk of re-offending often have problems with substance misuse, mental health and housing. So whilst reducing re-offending is not a priority in itself, the work that is in place to address all four of the SPP's key priorities will also help to reduce reoffending. A summary of the priorities and our collective approach is set out at appendix 6.

1. YOUNG PEOPLE AT RISK – OFFENDING, EXPLOITATION, SUBSTANCE MISUSE AND HATE CRIME

Studies have shown that chronic traumatic stress in early life affects brain development, and also impacts on the nervous, hormonal and immunological system. This can lead to a higher state of alertness to potential danger and put a strain on a person's body, leading to an increased risk of premature ill-health. This heightened emotional state may also lead to anxiety or other mental health conditions or make it difficult to concentrate, leading to poor educational attainment.

Where children witness or experience violence in their household, these behaviours can be normalised and increase the likelihood of them either perpetrating or being the victim of violence themselves in adulthood. Furthermore, experiencing adverse childhood experiences (ACEs) can leave an individual with low self-esteem and the propensity for behaviours offering short term relief at the expense of longer-term health, such as smoking, drug and alcohol misuse, poor diet and early or risky sexual activity¹⁶.

These patterns of behaviours are often carried through to successive generations, making the cycle hard to break. It's therefore important to act early when these risk factors are identified to 'turn off the tap', hopefully reducing the numbers of adults with complex needs in future years. Children's physical health and wellbeing is a priority in the Portsmouth Children's Trust Plan¹⁷ and is likely to focus on the impact of adverse childhood experiences.

The 'Stronger Futures' programme builds on the development of the Multi-Agency Teams for children and families set up in 2015/16, co-locating children's social workers, family support workers, health visitors, and other staff in three areas across the city (co-terminus with police areas). The service seeks to further improve integrated preventative and early help support for families with a strong focus on those that fall below the thresholds for statutory services.

A central plank of the programme is restorative practice¹⁸ providing 'high support and high challenge'. This programme is also the local response to the national Troubled Families agenda whose key aims are to reduce

offending, anti-social behaviour and domestic abuse. There is also a renewed focus on making sure children and young people attend school regularly, particularly the most vulnerable, which will help to reduce the risks of offending, exploitation and substance misuse.

Local charities now provide a substantial amount of early intervention and primary prevention work (some of which is funded by the Police and Crime Commissioner) that may prevent children entering the criminal justice system. Whilst changes to the way young people were dealt with by police brought the number of first time entrants down significantly in 2011/12, numbers have remained relatively stable since then. The Portsmouth Youth Offending Team (based in Children's Services) has seen an injection of extra resource this year and will be undertaking more detailed analysis to better understand the most recent cohort of young offenders before further action is recommended.

During 2016/17, 10,477 missing person reports were recorded in Hampshire, relating to 4,920 people – almost two thirds of the recorded occurrences were related to young people. According to a police problem profile Portsmouth recorded the highest volume of missing young people in 2017 and this is disproportionate for its youth population. Repeat instances are also the highest in Portsmouth and these young people were also more strongly linked to a variety of vulnerabilities and criminality.

Young people and vulnerable adults caught up in county lines activity frequently go missing from home and school and were likely to be linked to drugs intelligence, assaults and theft offences. Going missing should be considered as a key indicator of potential gang or county lines exploitation¹⁹.

Portsmouth Safeguarding Children Board's annual report identifies children at risk of exploitation, going missing and children affected by domestic abuse as priority areas for 2017–19.

¹⁶ Strategic Assessment 2016/17, p. 21

¹⁷ http://brightfutures.portsmouth.gov.uk/files/PCC_portsmouth_childrens_trust_plan.pdf

¹⁸ See also SPP's Restorative Justice Strategy 2013

¹⁹ Young MISPER executive summary, 16/5/18, v.1.1 Hampshire Constabulary

10

WHAT ACTIVITY WILL PARTNERS PRIORITIES OVER THE NEXT 2 YEARS?

- » Work with the Police to develop missing and edge of care services - co-location pilot - with particular focus on victims of child sexual and criminal exploitation
- » Police will work with partners in Children's Services and NHS services to ensure children engaged in serious violence are supported, appropriate information is shared (including information from the local community)
- » Police will implement Operation Fortress by targeting known drug dealers, disrupting drugs markets and 'county lines' using automatic number plate recognition, mobile phone blocking, criminal behaviour orders, and civil orders.
- » Support 'out of court disposals'²⁰ for those children who are at early stages of offending to divert them from crime in the first place and make appropriate use of the Modern Slavery defence where young people are being exploited
- » Implement Children's Physical Health strategy, led by Public Health that includes a focus on ACEs²¹.
- » Undertake a detailed analysis of the first time entrants cohort
- » Detailed monitoring of school attendance, fixed term exclusions, reduced timetables and elective home education, followed up by 'challenge meetings' lead by the director and deputy director of children's services where levels are high
- » A refresh of the Portsmouth School Attendance Strategy which will be completed over summer 2018 in advance of a new school attendance campaign to be launched in the Autumn
- » Provide support for the roll out of the strategy to improve wellbeing and resilience in education including restorative practice within schools
- » Provide support for Inclusion Support Panel 'managed move process' for hard to place pupils and use of other schools as an alternative to exclusion
- » Ensure all chronic absentees (below 50% school attendance) have a lead professional, in school or in the targeted early help service
- » Development of a refreshed strategy for Alternative Provision that will support reintegration of KS3 pupils from The Harbour School back into mainstream secondary schools
- » Work of the Virtual School to ensure all looked after children (LAC) have a Personal Education Plan in place and that schools are challenged and supported if attendance falls and exclusions rise, including targeted use of the LAC Pupil Premium grant. The Virtual School introduced 'Welfare Call' last year which provides up to date, daily information on LAC attendance.
- » Work with schools to identify and record hate crime

²⁰ Out of court disposals are appropriate legal sanctions that do not involve prosecution and entry into the criminal justice system. These could involve restorative justice, community order etc.

²¹ <https://democracy.portsmouth.gov.uk/documents/s18382/Portsmouth%20draft%20hwb%20strategy%2016032018%20Cabinet.pdf>

SELF-HELP AND EARLY INTERVENTION

The Early Help and Prevention Service, which includes health visitors, staff from the Family Nurse Partnership and school nurses, provide a lead professional service for all children aged 0–19. Services are delivered in family homes, schools and from six family hubs which also provide behaviour management help and activities delivered by Homestart Volunteers.

We also work with the family to develop an 'Early Help Plan' in order to address the problems identified and improve outcomes. The service provides a wide range of practical help, for example getting children back to school and attending regularly.

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- » Establish the Targeted Health Visiting service (called ECHO) to work intensively with children and families who are most at risk of poor outcomes
 - » Continue to adapt the Family Nurse Partnership programme in line with national requirements to make sure more of our vulnerable teenage parents are able to benefit from the programme
 - » Launch the Early Years and Child Care Strategy to integrate our early years settings further with early help for children aged 0–5 year and schools to improve outcomes when measured at Year R
 - » Develop the Behaviour Management approach more widely across the city by engaging wider partners in the delivery of this

- » Develop the offer from family hubs to include volunteer run groups for parents of teenagers
- » Continue to develop the Dadzclub offer from Family Hubs and other community venues which engages all male carers in a variety of innovative and positive ways to support their children
- » Review the early help offer for children and young people aged 5–19 years to make sure that the right children and families are being seen and the most effective interventions are being provided
- » Continue to develop the Team Around the Worker approach through Early Help and the Multi Agency Locality Teams to reduce referrals and improve the offer to families
- » Embed the Health Related Absence project delivered through School Nursing in all schools to reduce health related absences
- » Continue to embed Restorative Approach through all of the Early Help services
- » Increase awareness of the Troubled Families programme to embed whole family, early help working and increase revenue as a result back into Portsmouth City

2. ANTI-SOCIAL BEHAVIOUR – VULNERABILITY AND COMPLEX NEEDS

Past analysis of complex cases of anti-social behaviour²² has identified a range of associated risk factors (mental health, substance misuse, persistent offending, domestic abuse, child abuse/neglect, learning disabilities) and a blurring of the distinction between victims and perpetrators. We know from academic research with users of homeless services that 85% of those using low-threshold homeless services²³ reported childhood trauma in their lives (sexual abuse, loss, physical abuse or neglect), yet often the language used to describe these most challenging cases - abusive, uncooperative, failure to engage – does not recognise this. If we see these adults through the same lens as we see children who have been exploited or abused, we can begin to develop a different understanding about what 'support' may look like and begin to change the 'victim blaming' language often used to describe them.

Partners approved a business case to co-ordinate existing work streams in June 2017. Supported housing services have been carefully reviewed from the perspective of the clients and work undertaken to improve the delivery of drugs services in the city. Whilst the transformation programme for mental health services is part of wider sub-regional work across Portsmouth and South East Hampshire there is a focus on community mental health services becoming integral to new models of care as part of the local offer²⁴. The next phase of integration of health and social care services will begin in 2018.

Co-ordination of the operational response to reduce rough sleeping and problematic begging across the city has improved and includes a range of different services - community wardens, police and substance misuse services now work together. Important data has been gathered from people that used the night shelter - the majority of whom are Portsmouth residents - using this will help us improve services for the homeless and reduce rough sleeping. The voluntary sector continues to improve the co-ordination of their contributions but when we are unable to support people, enforcement action is taken as a last resort. Multiple meetings have been streamlined and duplication reduced. The city has now developed a strategy to address both these and the

wider systematic issues and has secured funding from the Ministry of Housing, Community and Local Government to support delivery.



²² SA 2013–14, p55

²³ Lankelly Chase (2015) Hard Edges, p28

²⁴ Multi-speciality Community Provider

WHAT ACTIVITY WILL PARTNERS PRIORITISE FOR THE NEXT TWO YEARS?

- » Work more closely with Southampton
- » Overcome barriers to services sharing the right information and prioritising the needs of the client over the organisation
- » Develop and deliver a rough sleeping strategy for the city, which is likely to include a night shelter all year round, a rough sleeping support team, and locally developed data system to identify, support and track the small cohort of vulnerable people that continue to cause concern in the community
- » Revise contract specification and re-commission supported housing and homelessness services in line with recommendations from a detailed review focused on the experience of customers
- » Continue to develop a pathway for people with low level mental health needs, increasing the use of peer support from the voluntary sector.
- » Develop a psychiatric decision making unit at Queen Alexandra Hospital and the emotionally unstable personality disorder pathway.
- » Continue to work with all service providers to improve the experience of the clients with the most prevalent co-existing issues - substance misuse, mental health and housing
- » Deliver a comprehensive needs assessment for the armed forces community (including veterans) and support the development of local services in both voluntary and statutory sectors, to address those needs

EARLY INTERVENTION AND SELF HELP

The majority of early intervention work will be taken forward under the young people at risk theme - see page 09.



3. SUBSTANCE MISUSE – HARM REDUCTION

The term substance misuse covers issues with both drugs and alcohol. Although alcohol problems are by far the most prevalent, drug related violence is one of the main drivers for 'most serious violence'. Portsmouth suffers more alcohol-related harm than the England average across a range of measures, including alcohol related deaths and many of these measures are worsening. After being on a downward trend since 2010 alcohol-related hospital admissions have risen for the second year in a row. Alcohol related violence is also rising in our night time economy areas (particularly in North End and Central Southsea) and was found to be the most common driver for the most serious violent crime. These measures should be viewed in the context of a significant reduction in the number of people receiving treatment for alcohol dependency (down 54%, n173 since last year, but down 84%, n762 since 2014/15). Anticipated funding for all substance misuse treatment in 2020 will be below £2.7m – a 44% reduction since 2010.

The use of drugs like crack and heroin often result in a chaotic lifestyle likely to drive offending behaviour and has become increasingly visible with the increase in rough sleeping. Portsmouth has a higher rate of opiate and crack cocaine users than the national estimated average and one of the highest rates of drug-related deaths in England. Analysis of these deaths showed that in addition to the illicit drugs which contributed to a number of the deaths, a high percentage also involved prescribed opiates and benzodiazepines. This has highlighted a gap in support available for those addicted to prescribed medicines, which the substance misuse service does not have the capacity to provide. There has also been an overall decline in the numbers of people in drug treatment services, (particularly those aged 18–24 years, by 28%), also linked to reductions in service capacity. Only 40 young people aged 18–24 received treatment in 2016/17 compared to 164 in 2013/14,

While drug offences and drug-related offences only account for a small volume of total crime, this type of crime can be particularly harmful and is often linked to other crimes of exploitation such as modern slavery, human trafficking, child sexual exploitation, criminal exploitation of

children and vulnerable adults. The annual reports from Portsmouth Safeguarding Boards for children and adults pick up the majority of work to combat these types of crime.²⁵

WHAT ACTIVITY WILL PARTNERS PRIORITISE FOR THE NEXT TWO YEARS?

- » Work more closely with Southampton and across Hampshire to share learning and best practice
- » Update our alcohol needs assessment
- » Whilst maintaining a focus on recovery²⁶, increase our focus on harm reduction approaches which are evidence based to improve outcomes and save lives.
- » Continue to support Safe Space in the Guildhall Walk
- » Work with partners to ensure best practice within licensed premises and the evening and late night economy to reduce crime
- » Work together to address drug related crime
- » Understand more about the increasing numbers of drug related deaths
- » Provide support and low threshold prescribing to drug users most at risk of overdose and drug related death
- » Provide Naloxone²⁷, the heroin antidote, to a range of settings, including a scheme to distribute through pharmacies
- » Improve joined-up/multi-agency working, particularly to engage the most complex/vulnerable/challenging people to meet their treatment and support needs and reduce risks to themselves and others (linked to ASB, see page 12)
- » Make better use of buildings and develop co-location of services

²⁵ Insert link to annual reports

²⁶ www.scottishrecovery.net/what-is-recovery/

²⁷ www.drugs.com/naloxone.html

SELF-HELP AND EARLY INTERVENTION

- » Public Health to deliver population level behaviour change programmes
- » Develop the Drug and Alcohol Support Service (DASS) for young people in need of support with substance misuse
- » Personal, Social, Health Education (PSHE) Officer (new post) based in Public Health Team, will work with schools to deliver high quality support, guidance and advice to primary, secondary and special schools
- » Develop resources and materials which support the personal and health development of young people in schools and other settings
- » Re-establish and lead the PSHE school leads network
- » Develop a PSHE traded service for schools
- » Explore options to provide targeted early support to young people identified as at high risk of exploitation



4. VIOLENT CRIME – DOMESTIC ABUSE

Domestic abuse has been the most significant driver for violent assault in the city since at least 2006 and more recently, the second most significant driver for 'most serious violence'. Witnessing violence is a risk factor for perpetrating and/or experiencing further abuse and for serious violence. The majority of victims are women, and the majority of perpetrators are male, it is the crime with the highest level of repeat offending (which has more than doubled since 2014/15), and the reason most children come into care.

In relation to children, one third of all contacts with the Multi-Agency Safeguarding Hub (MASH) involve domestic abuse and the response to children living with domestic abuse is also a priority for the Portsmouth Safeguarding Children Board. According to police analysis nearly 40% of sexual offences across Hampshire are domestic related – increasing to 50% of rapes in Portsmouth²⁸. The national picture is similar – the Office of National Statistics published the findings of a self-completion survey in 2017 which provide stark headlines and suggests domestic abuse is likely to be intergenerational²⁹ (see Cycle of Abuse – appendix 3)

It is estimated that domestic abuse costs Portsmouth services around £13.5 million per year. This includes costs of over £6 million to health services, over £3 million to the criminal justice system (excluding police), over £2 million to the police, over £1 million to children's social care and £600,000 to local authority housing services³⁰. The 2017-20 domestic abuse strategy recognises that a family focussed approach that understands the whole family is more effective than a one person approach that focuses on a single incident.

It recognises that understanding the whole family's needs, including the dynamics of the relationship and the world of the child will identify the right support to be offered at the right time, and that this support must not be predicated on the relationship between the adults ending. Therefore, to prevent opportunities for identification being missed, all professionals need to recognise all forms of domestic violence and abuse, with both women and men as victims, and be prepared to identify

and deal with issues at the earliest point, including holding perpetrators to account. The work to address domestic abuse set out below will also contribute to the long term reduction of serious violence.

DOMESTIC ABUSE IN ENGLAND AND WALES 2017

- » Estimates for the year ending March 2015 showed that around four in five victims of partner abuse did not report the abuse to the police
- » An estimated 7.5% of women (1.2 million) and 4.3% of men (713,000) experienced domestic abuse in the last year. Women were more likely than men to have experienced all types of domestic abuse in the last 12 months
- » Those with a long-term illness or disability were more likely to be victims of domestic abuse in the last year than those without one; this was true for both men (8.5% compared with 3.7%) and women (15.9% compared with 5.9%).
- » Sexual assault (including attempts) by a partner is where the largest difference between men and women was observed, with women being five times more likely than men to have experienced this type of abuse in the last year.
- » <https://www.ons.gov.uk/releases/domesticabuseinenglandandwalesyearendingmarch2017>

²⁸ Serious Sexual Offences presentation January 2018

²⁹ Also see Strategic Assessment 2016/17 p.21

³⁰ Graves, S. (2015) The cost of domestic abuse in Portsmouth – available from csresearchers@portsmouthcc.gov.uk

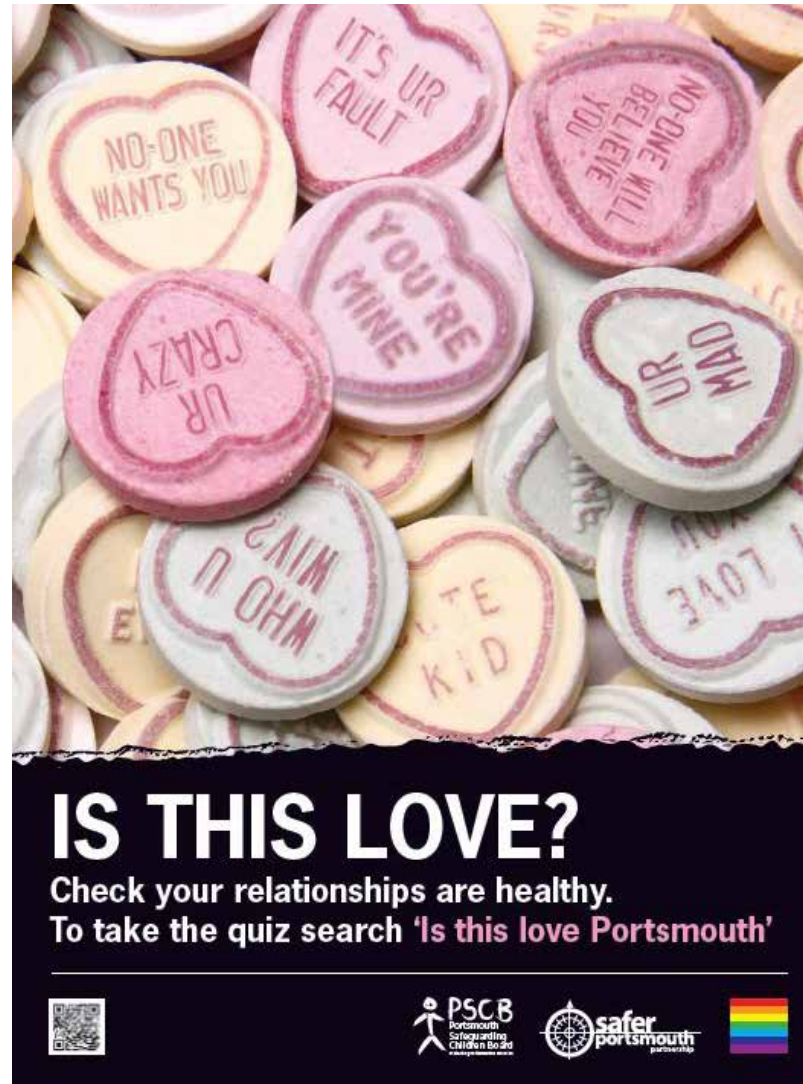
WHAT ACTIVITY WILL PARTNERS PRIORITISE OVER THE NEXT 2 YEARS?³¹

- » Develop the Multi-Agency Risk Assessment Conference process to ensure that those most at risk are receiving the right response
- » Increase the use of processes and resources to hold perpetrators to account
- » Improve links between police and schools when children experience or witness domestic violence and abuse

Commissioners of all public services to ensure all contracts set out clearly the expectations of providers in relation to the identification and response to domestic violence and abuse

SELF-HELP AND EARLY INTERVENTION

- » Develop capacity amongst non-specialist services to identify and respond to victims of domestic abuse
- » Embed systems within schools to ensure all children develop an understanding of healthy relationships
- » All agencies to have more confidence to understand and manage the competing needs of victims and children including early years to enhance attachments and opportunities for young people to increase awareness and choices around healthy relationships
- » Continue to deliver comprehensive targeted publicity campaigns
- » Support families to feel more confident
- » Continue to encourage self-help by publicising information and advice on the SPP site and awareness raising communications campaigns



³¹ See Domestic Violence and Abuse Strategy for full action plan – www.saferportsmouth.org.uk/domestic-abuse-priority

APPENDIX 1 – MEMBERS OF THE SAFER PORTSMOUTH PARTNERSHIP

MEMBERS OF THE SAFER PORTSMOUTH PARTNERSHIP BOARD INCLUDE:

- » Portsmouth's police commander
- » Portsmouth City Council's Cabinet Member for Environment & Community Safety
- » Portsmouth City Council's Chief Executive
- » Senior leaders from Hampshire Probation Trust
- » Senior leaders from Hampshire Fire & Rescue Service
- » Chief Operating Officer for the NHS's Clinical Commissioning Group
- » A representative from the voluntary and community sectors
- » A representative from University of Portsmouth

APPENDIX 2 – PRIORITIES IDENTIFIED IN THE STRATEGIC ASSESSMENT 2016/17

APPROVED BY SPP DECEMBER 2017

- » Tackling violent crime: continuing to focus on sexual offences, domestic abuse, race hate crime and night-time economy violence.
- » Tackling extremism.
- » Early identification of and interventions with children at risk of exploitation or abuse.
- » Early identification of and interventions with adults and young people at risk of perpetrating anti-social behaviour, offending or substance misuse.

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Supporting local substance misuse services and addressing gaps in service provision to reduce drug and alcohol related harm.

To support multi-agency work by improving understanding and co-ordination between services particularly for adults with complex needs.

- » Develop awareness of the role of technology in exploitation and coercion.
- » Support a partnership community safety survey and conduct further research to better understand youth-related violence, alcohol and drug-related anti-social behaviour, first time adult offenders and costs of crime

APPENDIX 3 – COMMUNITY SAFETY SURVEY 2018

20

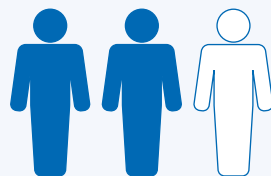
The survey spoke to 1,200 participants.

To access the full report, visit saferportsmouth.org.uk

ANTI-SOCIAL BEHAVIOUR

78%

of respondents thought ASB was causing problems in their area. *Up from 75% in 2016.*



2 in 3

had experienced ASB.

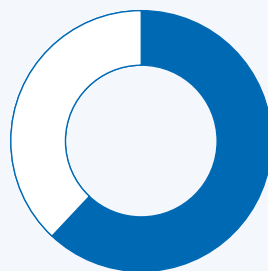
The most common types of ASB experienced were:

13% Drug use/dealing

12% Street drinking

16% Loitering

FEAR OF CRIME



62%

of respondents are worried about being a victim of crime. *Up from 60% in 2016.*

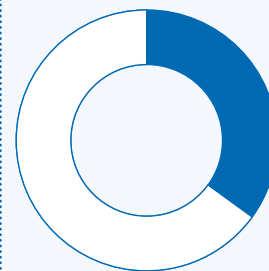
The most feared crimes were:

24% Burglary

22% Robbery

19% Assault

EXPERIENCE OF CRIME



35%

of respondents were a victim of crime. *Up from 18% in 2016.*

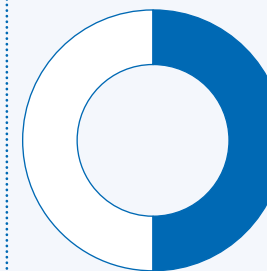
The most experienced crimes were:

8.2% Harrassment or intimidation

5.5% Damage to car

4.9% Bike theft

FEELING SAFE



50%

of respondents feel safe in Portsmouth.

Areas where people feel unsafe:

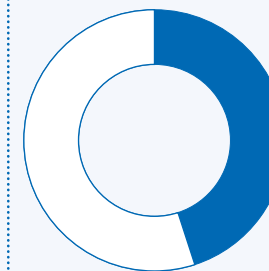


18% Somerstown

11% Buckland

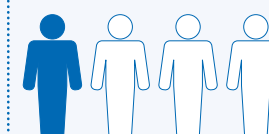
9% Commercial Rd

REPORTING



42%

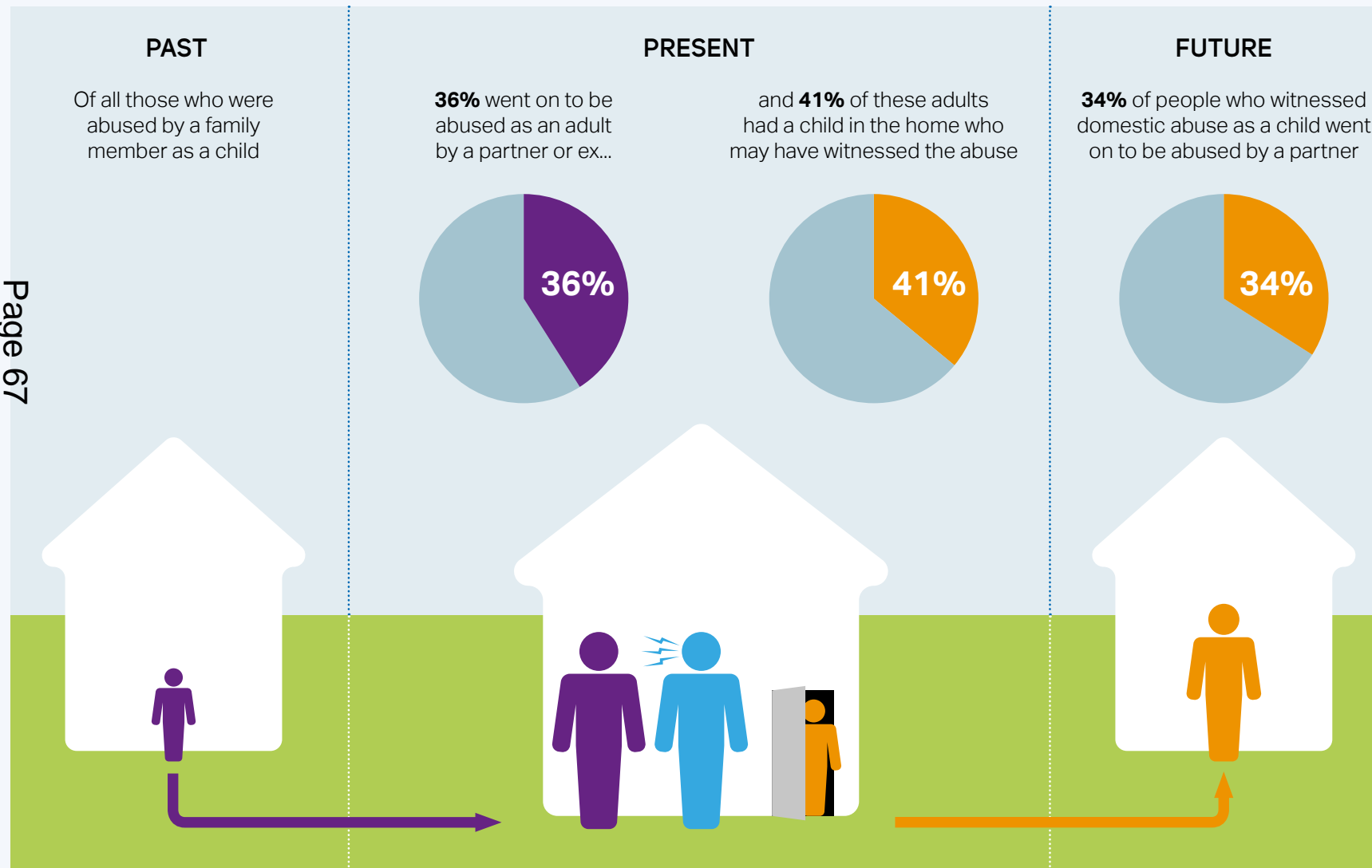
of all crimes were reported to the police.



People were least likely to report hate crime.

Only 1 in 4 reported a hate crime incident to the police.

APPENDIX 4 – CYCLE OF ABUSE – OFFICE OF NATIONAL STATISTICS³²

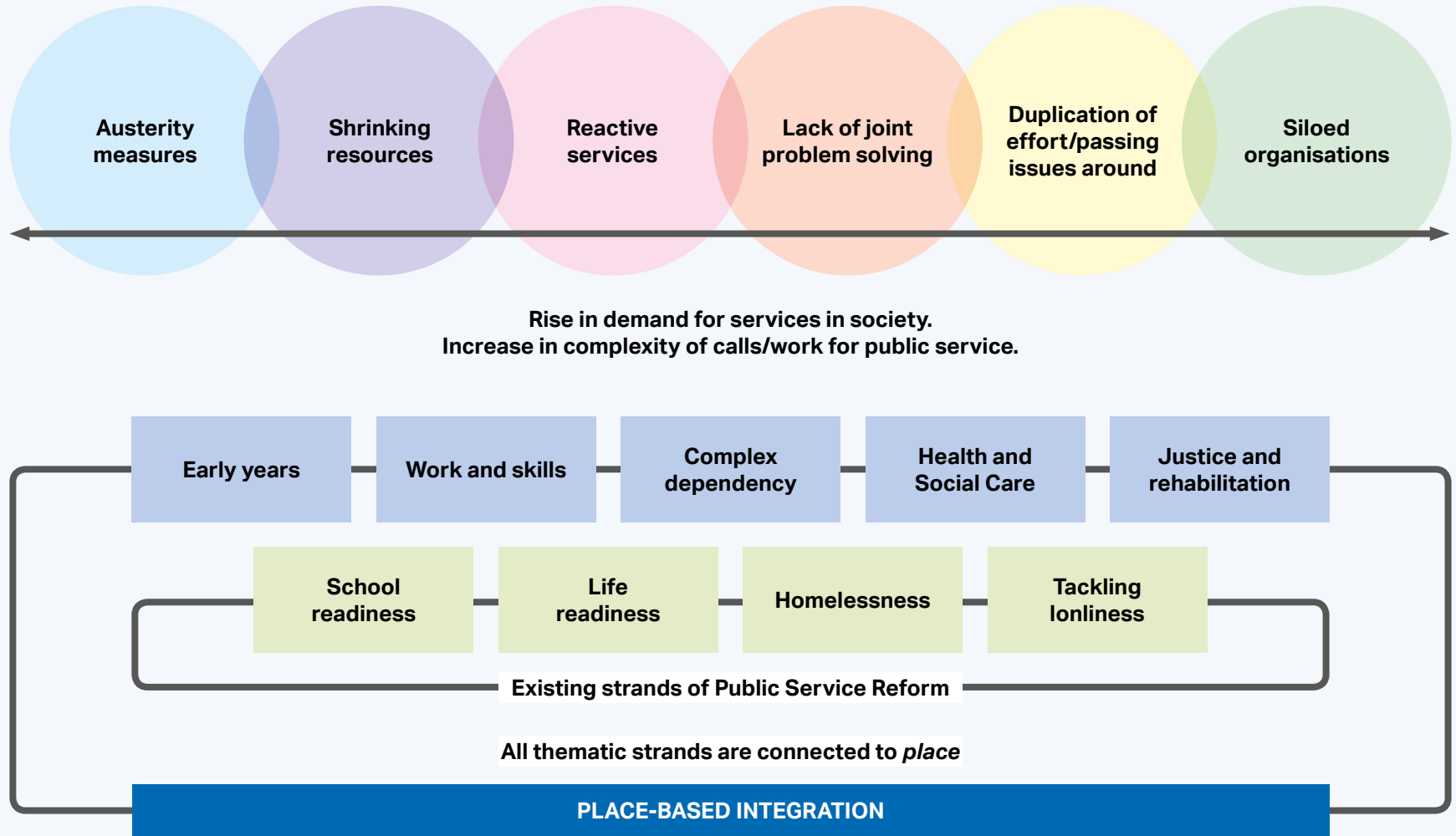


³² Source: Impact of child abuse on later life, Crime Survey for England and Wales, year ending March 2016

APPENDIX 5 – PLACE-BASED INTEGRATION³³

22

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³³ Source: Greater Manchester Police

APPENDIX 6 – PROGRESS TOWARDS THE AIMS OF THE 2013–18 PLAN

YOUNG PEOPLE AT RISK

	Five year aims	2018	
Page 69	1	To significantly reduce the number of young people committing 5 or more offences	By the end of February 2018 only 19 young people had committed 5 or more offences over a rolling 12 month period, compared to 48 young people who committed 5 or more offences in 2012/13
	2	To continue to reduce the number of first time entrants (FTE) into the criminal justice system	Whilst the number of first time entrants has dropped from 128 in 2011/12 to 69 in 2017/18, these numbers have remained stable over the past 4 years and more analysis is required to understand and identify the key characteristics of this cohort of young people.
	3	To support other city priorities to reduce poor outcomes for young people	In 2017/18 the structure and governance of the YOT was strengthened with an increase in management and administration and by becoming part of the new Harm and Exploitation service within Children and Families to strengthen support for the City's most vulnerable young people.
	4	To continue to reduce the number of young people entering custody	The number of young people receiving custodial sentences was down from 24 in 2011/12 to 12 in April 2018 though numbers are still higher than they should be. Portsmouth's rate is above the national average and comparison to similar areas shows a mixed picture. More analysis is required to understand the reasons for this.

ANTI-SOCIAL BEHAVIOUR

	Five year aims	2018
1	A reduction of 3% each year in anti-social behaviour reported to the police.	There has been a 3% reduction (n269) to the previous year and 14% Reduction (n1423) from 2012/13. Based only on the police data, this aim has been achieved.
2	Fewer people believe anti-social behaviour is a problem in their area	Community Safety residents' survey shows slightly less residents believed anti-social behaviours is a problem in their area.
3	Reduced fly tipping and littering	Community Wardens and Environment Enforcement Officers have formed a safe, clean and tidy team to tackle fly tipping and littering. The Community Wardens are now all trained and will issue Fixed Penalty Notices for littering.
4	Reduced complaints about noise	There has been a 10% reduction in noise nuisance cases referred to the Noise Pollution Control Team (n243) although this could be connected with fewer referrals from the police. More research is required to understand what particular issues are driving noise complaints and whether these issues are linked to risk factors in other areas.
5	Vulnerable and repeat victims are identified early and have appropriate support in place.	Individual agencies continue to work towards this but there is no central recording system currently being used by all partners to capture numbers. This will be prioritised in 2018/19 and linked to the complex needs work.

SUBSTANCE MISUSE

	Five year aims	2018
1	A successful outcome-focused, user-led community treatment model established within the city	On target with many milestones achieved, including Portsmouth Users Self Help (PUSH) successfully completing process to become a charitable company.
2	An increased number of people successfully completing drug treatment and achieving sustainable recovery	Partially achieved; ambitions to improve this further need to have a funding stream.
3	Fully implemented family-focused working across the substance misuse treatment and recovery services to improve outcomes for young people affected by familial substance misuse	This has been well embedded into Recovery Hub working practices. The re-modelling of young people's services, including "Roundhouse" has introduced different aspects to this which are being worked through between the hub and young people's public health team.
4	An increased range of peer-led support and interventions, to further increase the visible recovery community in Portsmouth	We have expanded the availability of SMART groups and introduced RAW group for women in recovery ³⁴ . Brokers are embedded in all the delivery teams in the pathway, contributing to achieving this aim.
5	An increased number of people accessing 'detox' in an appropriate and effective setting leading to long-term sustained recovery	We have shifted the detox model away from the hospital in-patient only to a more diverse and responsive range of units matched to people's needs; the next step in this process is to increase the use of home/community detox to further reduce costs and hopefully improve outcomes.

³⁴ SMART (Self-Management and Recovery Training), is a recovery support initiative based on motivational interviewing and cognitive behavioral therapy approaches. RAW (Recovery Available for Women) a women only support group. For more information visit: <http://pushrecoverycommunity.org/>

6	A reduction in rates of substance misuse related offending, including acquisitive crime and violent crime.	Achievements against this aim have levelled off in the past year following several years of good progress. Evidenced links between substance misuse and crime mean we are likely to see increases in levels of crime and ASB in the coming years.
7	Reduce alcohol related hospital admissions, to at or below the England average by 2018	Portsmouth's rate of admissions is now consistently below the England average. In 2014/15 the Portsmouth rate per 100,000 was 2,035, compared to the England average rate of 2,151 per 100,000
8	An increase in the number of people completing alcohol treatment successfully	We have recently been able to increase the percentage of people successfully completing alcohol treatment successfully; however this is primarily due to recording changes. During 14/15 and 15/16 we have seen a reduction in the number of people engaged in alcohol treatment as capacity has reduced due to funding reductions.
9	A reduction in the percentage of under 18s getting drunk	More young people have never drunk alcohol (40% in 2014), which has been steadily increasing since 2011 (26%). There has been a slight increase in the % of pupils getting drunk (22.6%), however this increase is not statistically significant.

DOMESTIC ABUSE

	Five year aims	2018				
Page 71	1	Co-ordinated community response where each individual agency understands their unique role in responding to domestic abuse.	There has been a consistently high rate (85–90%) of agencies that completed the Section 11 audit judging themselves good or better for staff responsibilities and competencies. However referrals from partners to specialist domestic abuse provision are inconsistent which could imply other services do not regularly consider their clients being victims of domestic abuse.	3	Front line staff from key public services are confident to 'ask the question'; they can identify domestic abuse (it is not just violence) and are confident in assessing risk in order to target demand for specialist services.	Referrals to multi-agency risk assessment conference (MARAC) from agencies other than the police have increased to 24% and this is now only 1% outside the recommended measure of 25 to 35% of all referrals.
		Residents in the city, particularly young people, understand the difference between a healthy relationship and domestic abuse and come forward to seek support at an early stage.	There has been ongoing work to raise awareness of domestic violence and abuse (DVA) amongst residents including young people. There were 6,625 views on the SPP website in 2017/18 of which 61% were through a search engine. While this is a drop on the previous year this is probably due to the "is this love" campaign not being run. In the "You Say" school health survey 51% of young people thought information and advice on "relationships" was helpful but the vast majority (93%) reported that they felt it was "not at all OK" to hit a boyfriend/girlfriend.	4	Those working with children and families fully understand the impact of domestic violence, substance misuse and mental health on healthy child development and family functioning. They are confident to work with children and families to reduce risk and increase safety and capacity for recovery.	Awareness raising of domestic violence and abuse is delivered through specialist domestic abuse training, offered to specific agencies on a bespoke basis and embedded within safeguarding children training. However referrals to specialist domestic abuse victim provision remains inconsistent.
				5	Specialist services have sufficient capacity to manage an open referral process, including self-referrals, and provide a high quality, nationally accredited and effective service.	The recent updated domestic abuse strategy identified a need for an increase in independent domestic violence advocate (IDVA) provision to 7 full time posts. A joint commissioning process between the city council and Hampshire Police Crime Commissioner Office has increased capacity for outreach and children's provision.

APPENDIX 7 – SUMMARY PRIORITIES AND APPROACH

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In order to tackle:

Anti-social behaviour <i>Vulnerability and complex needs</i>	Substance misuse <i>Harm reduction</i>	Violent crime <i>Domestic abuse</i>	Serious violence <i>National priority</i>	Extremism <i>National priority</i>
Continued local research shows the distinction between victims and perpetrators is blurred, significant increases in rough sleeping and links to adverse childhood experiences (ACEs).	Drug and alcohol misuse remains a significant driver for acquisitive ³⁵ and violent crime in the evening economy. There are also links to adverse childhood experiences.	Violent crime is rising. Violence now accounts for 47% of all crime and 38% of all assaults in Portsmouth happen in the home, whilst the evening economy accounts for 14%	The increase in most serious violence in Portsmouth is driven by the evening economy, domestic violence and drug related harm. The national serious violence strategy includes a focus on knife and gun crime and gang related activity	Whilst preventing all forms of violent extremism is a national priority, it is also important to develop the local evidence base in order to inform effective activity.
Priority: collaborative working and co-ordination of existing work	Priority: protecting local services and addressing gaps in service provision to reduce drug and alcohol related harm	Priority: domestic abuse, sexual offences, hate crime, and night time economy	Priority: pilot to improve co-ordination between services for vulnerable children and police	Priority: develop broader community cohesion strategy within which counter extremism is embedded

Our approach:

Whole system design - redesign services from the perspective of the clients	Using known risk and protective factors to intervene earlier	Focus on transition from children to adult services in relation to ACEs/vulnerable adults	Collaboration across services
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We will continue to monitor:

The number of children entering the criminal justice system for the first time	Rates of adult reoffending and integrated offender management
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We will improve our knowledge and develop our responses to:

First time adult offenders	Cyber-crime and internet safety	Modern day slavery	Repeat perpetrators of domestic abuse	Gang related activity and knife carrying
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You can get this information in large print, braille, audio or in another language by calling 023 9284 1560

APPENDIX 2 - SAFER PORTSMOUTH PARTNERSHIP - MEMBERSHIP - July 17 2018

	Organisation	Representative	Role
1	Portsmouth Voluntary and Community Sector	Claire Martin	Represent and feedback to the voluntary sector
2	Hampshire Constabulary	Supt Maggie Blyth	Portsmouth Commander, Chair of YOT Management Board,
3	Hampshire Fire and Rescue Service	Mick Thompson	Portsmouth Group Manager
4	National Probation Service	Sarah Beattie	Assistant Chief Officer, National Probation Service - Southampton, Portsmouth & IOW
5	Purple Futures Community Rehabilitation Company (CRC)	Melanie Pearce	Director of Offender Services, Hampshire & IOW CRC,
6	University of Portsmouth	Bernie Topham	Chief Executive, Portsmouth University
7	Portsmouth NHS Clinical Commissioning Group	Innes Richens	Chief Operating Officer
8	Portsmouth City Council	David Williams	Chief Executive - represents all City Council services
9	Portsmouth City Council	Cllr Ashmore	Cabinet Member for Environment and Community Safety,
10	Portsmouth City Council	Dr Jason Horsley	Director of Public Health,
11	Portsmouth City Council	Alison Jeffery	Director of Children's Services
13	Portsmouth City Council	Cllr Ryan Brent	Conservative representative
14	Portsmouth City Council	Cllr George Fielding	Labour spokesperson
15	Portsmouth City Council	James Hill	Director of Housing and Property Services

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Equality Impact Assessment

Preliminary assessment form 2018

www.portsmouthccg.nhs.uk

www.portsmouth.gov.uk

The preliminary impact assessment is a quick and easy screening process. It should:

- identify those policies, projects, services, functions or strategies which require a full EIA by looking at:
 - negative, positive or no impact on any of the equality groups
 - How are going to mitigate or remove any potential negative impacts
 - opportunity to promote equality for the equality groups
 - data / feedback
- prioritise if and when a full EIA should be completed
- justify reasons for why a full EIA is not going to be completed

Directorate:

HR, legal and performance

Service, function:

Strategy Unit

Title of policy, service, function, project or strategy (new or old) :

Safer Portsmouth Partnership Plan 2018-20

Type of policy, service, function, project or strategy:

- Existing
- New / proposed
- Changed

Q1 - What is the aim of your policy, service, function, project or strategy?

This multi-agency strategy is designed to reduce crime, anti-social behavior, substance misuse and re-offending, by identifying local priorities and agreeing activity to address them. The priorities are:

- Young people at risk
- Anti-social behaviour
- Substance misuse
- Violence

Q2 - Who is this policy, service, function, project or strategy going to benefit or have a detrimental effect on and how?

Portsmouth residents, visitors to the city and those who work here. In addition this strategy will benefit certain specific groups; homeless people, children and risk of exploitation, those using drug and alcohol services and individuals and families affected by domestic violence and abuse.

Q3 - Thinking about each group below, does, or could the policy, service, function, project or strategy have a negative impact on members of the equality groups below?

Group	Negative	Positive / no impact	Unclear
Age	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sex	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual orientation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Marriage & civil partnership	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other excluded groups	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Note: Other excluded groups examples includes, Homeless, rough sleeper and unpaid carers. Many forms of exclusion are linked to financial disadvantage. How will this change affect people on low incomes, in financial crisis or living in areas of greater deprivation?

If the answer is "negative" or "unclear" consider doing a full EIA

If there are any potential negative impacts on any of the protected characteristics, What have you put in place to mitigate or remove the negative impacts/barriers?

No negative impacts

Q4 - Does, or could the policy, service, function, project or strategy help to promote equality for members of the equality groups? e.g. A new service has been created for people with a disability to help them gain employment this would mean that this helps promote equality for the protected characteristic of disability only.

Group	Yes	No	Unclear
Age	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Disability	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Race	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sex	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gender reassignment	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sexual orientation	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Religion or belief	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pregnancy or maternity	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Marriage & civil partnership	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other excluded groups	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

If the answer is "no" or "unclear" consider doing a full EIA

Q5 - Do you have any feedback data from the equality groups that influences, affects or shapes this policy, service, function, project or strategy?

Please add in the text boxes below what feedback / meetings you have attended for each specific protected characteristic

Group	Positive or negative feedback
Age	N/A
Disability	N/A

Race	N/A
Sex	N/A
Gender reassignment	N/A
Sexual orientation	N/A
Religion or belief	N/A
Pregnancy and maternity	N/A
Marriage & civil partnership	N/A
Other excluded groups	N/A

Q6 - Using the assessments in questions 3, 4 and 5 should a full assessment be carried out on this policy, service, function or strategy?

yes No

PCC staff-If you have to complete a full EIA please contact the Equalities and diversity team if you require help Tel: 023 9283 4789 or email: equalities@portsmouthcc.gov.uk

CCG staff-If you have to complete a full EIA please email: sehccg.equalityanddiveristy@nhs.net if you require help

Q7 - How have you come to this decision? Summarise your findings and conclusion below

The Safer Portsmouth Partnership Plan 2018-20 is based on local and national evidence presented in the Strategic Assessment. The evidence is considered alongside the findings of a local community safety survey in order to make sure partners are addressing resident's priorities. Partners will consider the need to undertake Equality Impact Assessments on individual initiatives/projects as they are developed.

Q8 - Who was involved in the EIA?

Lisa Wills

This EIA has been approved by: Jon Bell

Contact number:

Date:

PCC staff-Please email a copy of your completed EIA to the Equality and diversity team. We will contact you with any comments or queries about your preliminary EIA.

Telephone: 023 9283 4789, Email: equalities@portsmouthcc.gov.uk

CCG staff-Please email a copy of your completed EIA to the Equality lead who will contact you with any comments or queries about your preliminary EIA

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Title of meeting:	Full Cabinet
Date of meeting:	9 th October 2018
Subject:	Provision of additional Community Wardens
Report by:	Director of Housing, Neighbourhoods and Building Services
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Purpose of report

- 1.1. To propose the provision of additional community wardens

2. Recommendations

- 2.1. That the Cabinet:

- 2.1.1 Approves the proposal to redesign the Community Warden Service on a trial basis until March 2020.

3. Background

- 3.1. The administration's priorities include a commitment to providing additional community wardens.
- 3.2. The council employs a team of 4 FTE **High Street Wardens** who have been in post since early 2018. This team costs approx. £150,000 per annum and is funded from Environment and Community Safety (ECS) reserves. As this is a revenue cost, this can only be funded in this way for 1 year.
- 3.3. The team work to 'help keep the City safe, clean and tidy and to provide support and advice when needed'.
- 3.4. The work of the team has been focussed on a variety of demands including providing support and advice to individuals who are rough sleeping or homeless. They also deal with other environmental enforcement issues.
- 3.5. In the first 6 months, the team have dealt with over 650 demands. The highest demands are for rough sleeping, drugs, ASB and begging and this makes up for more than 60% of this demand. Other issues are highways issues such as obstruction, fly tipping, and waste issues.

- 3.6. The team has a significant workload which is contributing to improving the High Street areas.
- 3.7. The team has provided support and advice (appendix a) to rough sleepers in the City which has led to improved uptake of support services.
- 3.8. The team has also carried out some enforcement in the High Street areas related to littering and waste issues.
- 3.9. **Local Authority Housing** also has a temporary arrangement with a security company to carry out patrols relating to anti-social behaviours in the blocks.
- 3.10. This has been in place for the past year and residents are supportive of this work as they feel reassured that they will get a response if they have an issue in their block.
- 3.11. This provision is 7 evenings per week from 7pm to 4am.
- 3.12. The security team are providing the service for which they were contracted, this work has highlighted other issues occurring out of hours and there are opportunities to co-ordinate a more cohesive out of hours response to these issues.
- 3.13. The patrol team have also reported 598 other demands outside of normal operating hours. These are largely for cleansing issues (560) along with bulk (34) and trolleys (4). A very large proportion of the cleansing issues are related to drug paraphernalia, and body spillages. The team currently report these to the Out of Hours team who prioritise health and safety issues. The security team do not carry any sharps equipment, or any cleaning equipment with them.

4. Proposal for additional community wardens

- 4.1. The proposal is to provide an additional community warden team (8ftes) to carry out this work - in the High Street areas by day and in the Local Authority Housing Areas by evening/night. This would be a remodelling of the existing High Street Warden team.
- 4.2. There would be 2 staff members on for each day and each evening shift covering 8am - 2am Monday to Friday and from 10am - 2am at the weekend. These hours would be flexible to meet the demands placed upon the service.
- 4.3. They would provide this service every day of the year (except Christmas day, New Years day)
- 4.4. The team would complement the work of the existing community wardens team who would cover the demands across the rest of the City between 10am-10pm Monday to Sunday. The teams would work together to tackle issues and deal with demands across the City.

5 Costs of implementation and future revenue cost

- 5.1 The cost of providing the redesigned community warden team would be £293,000 per annum.
- 5.2 This will be funded from the Housing Revenue Account, Environment and Community Safety portfolio reserves and Flexible Supported Homelessness Grant (FSHG) funding. The funds from the portfolio reserve and the FSHG grant are only provided until 31 March 2020 (appendix b). This would mean that for the full team to continue after April 2020, additional funding of £129,000 per annum would need to be secured.
- 5.3 Re-evaluation of the team would be undertaken with a further report on the future of the team will be brought back to cabinet in October 2019.

6. Reasons for recommendations

- 6.1. Both the High Street Warden team and services provided by the security firm have made progress to resolve and reduce issues impacting on the community, and businesses.
- 6.2. The High Street Warden team is funded until the end of 2018 and no other funding is available to replace this team.
- 6.3. The security patrols have highlighted additional demand that occurs out of hours which impact on residents.
- 6.4. This proposed team would be able to benefit from working across both of these geographical areas and provide support and advice to rough sleepers. Additionally they would be able to address anti-social behaviour, repairs and environmental issues.

7. Equality impact assessment

- 7.1. A preliminary EIA was carried out and there are no significant impacts or need to carry out a full EIA (Appendix c)

8. Legal implications

- 8.1. The report speaks for itself and there are limited legal implications beyond those that arise as between the Authority and the individual staff member within the employer/employee construct. There will be potential costs associated with staff if the Service is discontinued in the future (notice and potential redundancies etc).

9. Director of Finance's comments

9.1 As the report sets out the redesigned Community Wardens Service is to commence 1 January 2019 and run until the 31st March 2020 at a cost of £366,300.

9.2 Table 1 - Funding for Redesigned Community Wardens Service

	Redesigned Community Wardens Service			
	Source Of Funding			
	HRA (56%)	GF (22%)	FHSG (22%)	Total Cost
	£	£	£	£
January 2018 - March 2019	41,000	16,100	16,100	73,200
April 2019 - March 2020	164,100	64,500	64,500	293,100
Total	205,100	80,600	80,600	366,300

9.3 The table above sets out the funding model for the trial for the Redesigned Community Wardens service. As you will see the Housing Revenue account will fund just over half of the Service during this trial period.

9.4 A further 22% is funded from the Environment and Community Safety Portfolio reserve; this cannot be relied upon as an ongoing funding source due to calls on the reserve to meet other obligations.

9.5 The Council only has surety over the amount of Flexible Homeless Support Grant it will receive up to 31st March 2020, the grant is likely to continue but the Council will not know the amount until an announcement is made mid-way through 2019/20.

9.6 Given the above funding model the Council can only commit to this redesigned trial until the 31st March 2020, officers will need to ensure that when the Service is mobilised that it does not enter into commitments that would obligate it past 31st March 2020.

9.7 The report that will be brought back to Cabinet in October 2019 will need to identify where the additional £129,000 will be funded from if the trial is a success and the Council wishes it to continue indefinitely.

.....

Signed by:
Director of Housing, Neighbourhood and Building Services

Appendices:

- Appendix a - High St. Wardens - support and advice provided
- Appendix b - Funding streams
- Appendix c - preliminary Equality Impact Assessment

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:
Leader of the Council

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Appendix a

High Street Warden - Support and advice provided

Support for homeless/rough sleepers

The HSW team have encountered 121 individuals between 15 January to 11 June 2018. Of these, 98 have been engaged with the team and shared names, and details about their situation.

52 of those 98 that engaged have had some type of resolution to their homeless/rough sleeping (current situation):

Hope House or housed	18
Night beds (regular user)	10 - currently
Left City	19
HMP	05

Additionally the team have engaged with other services to support these individuals:

Mental Health	01
Probation	06
SSJ	25
MASH	03
Housing options	08

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Appendix b - funding streams

	Source Of Funding			Total Cost
	HRA (56%)	GF (22%)	FHSG (22%)	
8 x Community Wardens	£ 164,100	£ 64,500	£ 64,500	£ 293,100

HRA = Housing Revenue Account

GF = Portfolio Reserve

FHSG = Flexible Homelessness Support Grant

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Equality Impact Assessment

Preliminary assessment form v5 / 2013

www.portsmouth.gov.uk

The preliminary impact assessment is a quick and easy screening process. It should:

- identify those policies, projects, services, functions or strategies which require a full EIA by looking at:
 - negative, positive or no impact on any of the equality groups
 - opportunity to promote equality for the equality groups
 - data / feedback
- prioritise if and when a full EIA should be completed
- justify reasons for why a full EIA is not going to be completed

Directorate:

Director of Housing, Neighbourhood and Building Services

**Function e.g. HR,
IS, carers:**

Clean City

Title of policy, service, function, project or strategy (new or old) :

Community Warden team

Type of policy, service, function, project or strategy:

- Existing
- New / proposed
- Changed

Q1 - What is the aim of your policy, service, function, project or strategy?

To deliver the purpose of 'to help keep the City safe, clean and tidy and provide advice and support when needed'. To increase the number of CWs by 8 ftes

Q2 - Who is this policy, service, function, project or strategy going to benefit or have a detrimental effect on and how?

This will benefit the residents and visitors to the City by improving our response to issues which impact on the safety and cleanliness of the City.

It will increase the numbers of staff required to deliver the service.

Q3 - Thinking about each group below, does, or could the policy, service, function, project or strategy have a negative impact on members of the equality groups below?

Group	Negative	Positive / no impact	Unclear
Age	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Transgender	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual orientation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other excluded groups	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If the answer is "negative" or "unclear" consider doing a full EIA

Q4 - Does, or could the policy, service, function, project or strategy help to promote equality for members of the equality groups?

Group	Yes	No	Unclear
Age	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Disability	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Race	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gender	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Transgender	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sexual orientation	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Religion or belief	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pregnancy or maternity	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other excluded groups	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

If the answer is "no" or "unclear" consider doing a full EIA

Q5 - Do you have any feedback data from the equality groups that influences, affects or shapes this policy, service, function, project or strategy?

Group	Yes	No	Unclear
Age	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Disability	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Race	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Gender	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Transgender	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Sexual orientation	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Religion or belief	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Pregnancy and maternity

Other excluded groups

If the answer is "no" or "unclear" consider doing a full EIA

Q6 - Using the assessments in questions 3, 4 and 5 should a full assessment be carried out on this policy, service, function or strategy?

yes No

Q7 - How have you come to this decision?

The data collected and learning that has led to this change has come about by working with all the demands that are placed on these teams regardless of the groups shown above. This increase in staffing numbers will help to support the existing team and the demands that they receive.

If you have to complete a full EIA please contact the Equalities and diversity team if you require help
Tel: 023 9283 4789 or email:equalities@portsmouthcc.gov.uk

Q8 - Who was involved in the EIA?

Colette Hill

This EIA has been approved by: James Hill, Director for Housing, Neighbourhoods and Building Serv₊

Contact number: 023 9283 4872

Date: 26/09/2018

Please email a copy of your completed EIA to the Equality and diversity team. We will contact you with any comments or queries about your preliminary EIA.

Telephone: 023 9283 4789

Email: equalities@portsmouthcc.gov.uk

Agenda Item 7

Agenda item:

Decision maker: Cabinet 9th October 2018

Subject: Revenue Budget Monitoring 2018/19 (1st Quarter) to end June 2018

Report by: Director of Finance & Information Technology

Wards affected: All

Key decision (over £250k): No

1. Purpose of Report

- 1.1 The purpose of this report is to update members on the current Revenue Budget position of the Council as at the end of the first quarter for 2018/19 in accordance with the proposals set out in the "Portsmouth City Council - Budget & Council Tax 2018/19 & Medium Term Budget Forecast 2019/20 to 2021/22" report approved by the City Council on the 13th February 2018.

2. Recommendations

- 2.1 It is recommended that:

- (i) The forecast outturn position for 2018/19 be noted:
 - (a) An overspend of £4,980,800 before further forecast transfers from/(to) Portfolio Specific Reserves & Ring Fenced Public Health Reserve
 - (b) An overspend of £3,366,400 after further forecast transfers from/(to) Portfolio Specific Reserves & Ring Fenced Public Health Reserve.
- (ii) Members note that any actual overspend at year end will in the first instance be deducted from any Portfolio Specific Reserve balance and once depleted then be deducted from the 2019/20 Cash Limit.
- (iii) Members note that the overall financial forecast for Quarter 1 for the whole Council is a serious cause for concern with significant forecast overspends in the highest spending areas of Children's and Adult Social Care which in aggregate amount to £8,223,600 and the extent to which this cannot be remedied in the medium term will add to the Council's £4m per annum savings requirements for future years.
- (iv) Directors, in consultation with the appropriate Cabinet Member, consider options that seek to minimise any forecast overspend presently being reported and prepare strategies outlining how any consequent reduction to the 2019/20 Portfolio cash limit will be managed to avoid further overspending during 2019/20.

3. Background

3.1 A Budget for 2018/19 of £164,776,000 was approved by City Council on the 13th February 2018. This level of spending enabled a contribution to General Reserves of £0.30m since in year income exceeds in year spending.

3.2 Since the 13th February City Council meeting, the Council has been allocated additional one off non ring-fenced grants totalling £588,704 in 2018/19, In order to achieve the government's priorities in these areas, service budgets have been adjusted as appropriate.

3.3 In summary, changes to the budget as approved on 13th February 2018 are as follows:

	£
Budget Approved 13 th February 2018	164,776,000
Adult Social Care Support Grant	556,500
Extended Personal Advisor Duty - New Burden	12,700

Adjusted 2018/19 Budget **165,345,200**

3.4 Once the above budget changes are taken into account, the Budget (as adjusted) for 2018/19 has increased to £165,345,200. After the additional non ring fenced grant funding is taken into account this results in an overall contribution to General Reserves of £0.32m for 2018/19 (i.e. assuming no overall budget variance).

3.5 This is the first quarter monitoring report of 2018/19 and reports on the forecast 2018/19 outturn as at the end of June 2018. The forecasts summarised in this report are made on the basis that management action to address any forecast overspends are only brought in when that action has been formulated into a plan and there is a high degree of certainty that it will be achieved.

3.6 Any variances within Portfolios that relate to windfall costs or windfall savings will be met / taken corporately and not generally considered as part of the overall budget performance of a Portfolio. "Windfall costs" are defined as those costs where the manager has little or no influence or control over such costs and where the size of those costs is high in relation to the overall budget controlled by that manager. "Windfall costs" therefore are ordinarily met corporately from the Council's central contingency. A manager / Cabinet Member however, does have an obligation to minimise the impact of any "windfall cost" from within their areas of responsibility in order to protect the overall Council financial position. Similarly, "windfall savings" are those savings that occur fortuitously without any manager action and all such savings accrue to the corporate centre.

3.7 The Financial summary attached at Appendix A has been prepared in Portfolio format and is similar in presentation, but not the same as, the more recognisable "General Fund Summary" presented as part of the Budget report approved by Council on 13th February 2018. The format presented at Appendix A has been amended to aid understandability for monitoring purposes by excluding all non cash items which have a neutral effect on the City Council's budget such as Capital Charges. In addition to this, Levies and Insurances are shown in total and have therefore been separated from Portfolios to also provide greater clarity for monitoring purposes.

4 Forecast Outturn 2018/19 – As at end June 2018

4.1 At the first quarter stage, the revenue outturn for 2018/19 after further forecast transfers from/to Portfolio Specific Reserves (Underspends are retained by right) is forecast to be overspent by £3,366,400 representing an overall budget variance of 2.0%.

4.2 The quarter 1 variance consists of a number of forecast under and overspends.

The most significant overspendings at the quarter 1 stage are:

	Quarter 1 Forecast Variance	Quarter 1 Forecast Variance (After Transfers From Portfolio Reserves)
	£	£
Children & Families	5,078,000	5,078,000
Education	413,800	184,000
Health, Wellbeing & Social Care	3,084,500	1,700,000
Housing	253,400	Nil
Port	213,400	Nil

These are offset by the following significant forecast underspends at the quarter 1 stage:

	Quarter 1 Forecast Variance	Quarter 1 Forecast Variance (After Transfers To Portfolio Reserves)
	£	£
Environment & Community Safety	294,800	Nil
Planning, Regeneration & Economic Development	227,000	163,600
Resources	379,700	272,600
Treasury Management	123,200	123,200
Contingency	3,036,500	3,036,500

5 Quarter 1 Significant Budget Variations – Forecast Outturn 2018/19

5.1 Children & Families – Overspend £5,078,000 (or 20.6%)

The cost of Children's Social Care is forecast to be £5,078,000 higher than budgeted (£3,382,800 in 2017/018).

The overspend is primarily related to higher costs and numbers of child placements, (£4,887,500) of which the largest area of overspending relates to children requiring external residential placements (3,705,900). Approximately £1.3m of the £3.7m of overspending relates to the difference in the cost of caring for Unaccompanied Asylum Seeking Children and the grant received from the Home Office. In addition increasing numbers of families with support and accommodation requirements with no recourse to public funds (£104,000) and increased staffing requirements within Support Activities and Safeguarding and Monitoring (£117,000) has further contributed to the forecast overspending in 2018/19.

Of the £5.08m forecast overspending in 2018/19, £4.5m relates to an underlying budget deficit within the Portfolio. The Service is currently working with other local authorities across the region to identify joint strategies for cost reductions, particularly in relation to placements. Proposals to eliminate any deficit arising in the medium term are currently being developed in conjunction with the budget setting process.

Should it not prove realistic to close the underlying budget deficit over the medium term, given the scale of the deficit it will be necessary to increase the Council's savings requirements upwards from £4m per annum by any identified shortfall.

5.2 Education – Overspend £413,800 (or 7.4%) or After Transfer From Portfolio Reserve £184,000 (or 3.2%)

The cost of Education is forecast to be £413,800 higher than budgeted.

The principle reason for the overspend is increased spending within Inclusion Support (£434,000) of which £376,000 relates to home to school transport costs being higher than budgeted coupled with a small number of very high costs pupils which are adding to the forecast overspend.

This forecast overspending is offset elsewhere within the Portfolio due to lower staffing costs as a result of staff vacancies.

Whilst there are individual variances within budget areas covered by the Dedicated Schools Grant, in aggregate these are neutral.

5.3 Health, Wellbeing and Social Care – Overspend £3,084,500 (or 7.3%) or After Transfers To Public Health Reserve and From Adult Social Care Transformation Reserve £1,700,000 (or 3.9%)

The cost of Health, Wellbeing and Social Care is forecast to be £3,084,500 higher than budgeted (£1,601,200 in 2017/18).

The key variances are:

- The cost of Public Health is forecast to be £61,100 lower than budgeted. This underspending will be transferred to the ring fenced Public Health Reserve to meet spending in future years.
- Increased cost of Learning Disability Services as a result of sleep in rate increases, higher numbers of clients transitioning into adult social care services

combined with a growth in demand for day care services has resulted in a forecast overspend of £1,528,900. In addition, costs associated with Older Persons/Physical Disability in House Residential and Day Care is forecasting an overspend of £1,336,300 due to the non-achievement of savings, a reduction in client contributions and a temporary increase in staffing/agency costs. Following a reduction in funding, from the Better Care Fund, Management and Contracts is forecast to overspend by £211,300.

After the transfer of ring fenced Public Health underspending (£61,100) to the Public Health Reserve, the Portfolio is forecasting an overspend of £3,145,600 in 2018/19. £1,445,600 of this overspending will be met by a transfer from the Adult Social Care Transformation Reserve. The underlying deficit expected to continue into 2019/20 is currently forecast to be £1.6m. Proposals to minimise the current underlying deficit, and to eliminate it completely by 2021/2022, have been formulated and are currently being implemented.

5.4 Housing – Overspend £253,400 (or 10.0%) or After Transfer From Portfolio Reserve Nil

The cost of Housing is forecast to be £253,400 higher than budgeted.

The Homelessness Service is experiencing increased demand arising from the additional duties contained within the Homeless Reduction Act. The use of temporary accommodation is continuing to rise with a greater use of Bed and Breakfast accommodation and as a result is currently forecasting expenditure to be in excess of £400,000 of the current budget. This overspending is offset by grants received for homeless duties but nonetheless a review of the use of temporary accommodation and consideration of more cost effective alternatives is currently being undertaken.

This overspending is offset by underspending within the Homecheck Service following the secondment of a member of staff (£31,700) and reduced expenditure related to Supporting People contracts (£85,000).

5.5 Port – Overspend £213,400 (or 2.8%) or After Transfer From Portfolio Reserve Nil

Overall net income from the Port is forecast to be £213,400 below target due to higher staffing costs.

5.6 Environment and Community Safety – Underspend £294,800 (or 2.0%) or After Transfer To Portfolio Reserve Nil

The cost of Environment and Community Safety is forecast to be £294,800 lower than budgeted.

A reduction in Waste Disposal costs totalling £291,800 is currently forecast due to a reduction in contractual prices (£180,000) and the final settlement of the 2017/18 profit share in respect of the Materials Recycling Facility (£135,000).

These underspends are offset by overspending within Civil Contingencies of £16,100.

5.7 Planning, Regeneration and Economic Development – Underspend £227,000 (or 2.3%) or After Transfer To Portfolio Reserve and Windfall Items £163,300 underspend (or 1.6%)

The cost of Planning, Regeneration and Economic Development is forecast to be £227,000 lower than budgeted.

Property rent reviews and the negotiation of shorter rent free periods to new tenants has resulted in additional income of £226,800. Of this sum, £163,300 relates to the National Property Investment Portfolio and will therefore be treated as a windfall item.

5.8 Resources – Underspend £379,700 (or 2.1%) or After windfall items and Transfer To Portfolio Reserve £272,600 (or 1.5%) underspend

The cost of Resources is forecast to be £379,700 lower than budgeted.

The underspend is primarily as a result of vacant posts £163,100, some in preparation for future savings requirements, a reduction in the level of external audit fees (£41,800), an increase in the proportion of Coroners Service costs that are chargeable to Hampshire County Council (£58,000) and additional subsidy paid by Government to meet the cost of Housing Benefit paid to claimants (£235,400). These underspendings are offset by overspending of £77,700 relating to Microsoft software licences, a reduction in income of £25,300 from the sale of advertising space within the Flagship Magazine and costs incurred in the undertaking of welfare burials (£15,500).

The total value of Housing Benefits is in excess of £110m and minor fluctuations affecting Housing Benefit can result in material variances within the overall budget. As a consequence the forecast underspending of £235,400 within this area is treated as a windfall saving.

5.9 Treasury Management – Underspend £123,200 (or 0.5%)

This budget funds all of the costs of servicing the City Council's long term debt portfolio that has been undertaken to fund capital expenditure. It is also the budget that receives all of the income in respect of the investment of the City Council's surplus cash flows. As a consequence, it is potentially a very volatile budget particularly in the current economic climate and is extremely susceptible to both changes in interest rates as well as changes in the Council's total cash inflows and outflows.

5.10 Contingency - Planned Release £3,036,500

As outlined above, Adults and Children's Social Care are presently forecast to overspend by £8,223,600 (after transfer to Public Health Reserve). Some of this forecast overspending may be mitigated by action plans currently under development and by a one off transfer in 2018/19 from the Adult Social Care Transformation Reserve of £1,445,600; however it is unlikely that these Portfolio's will be able to contain the remaining £6,778,000 of overspending within their current cash limits. The contingency had been deliberately prepared to guard against the risk that some of the savings proposals of these Services may not be fully achievable. The amount of contingency that can be estimated to be releasable at this stage for this purpose is £3,036,500.

5.11 All Other Budget Variations – Underspend £1,100 or After Transfers From/To Portfolio Reserves Nil Variance

All variations are summarised in Appendix A

6. Transfers From/To Portfolio Specific Reserves

6.1 In November 2013 Full Council approved the following changes to the Council's Budget Guidelines and Financial Rules:

- Each Portfolio to retain 100% of any year-end underspending and to be held in an earmarked reserve for the relevant Portfolio
- The Portfolio Holder be responsible for approving any releases from their reserve in consultation with the Section 151 Officer
- That any retained underspend (held in an earmarked reserve) be used in the first instance to cover the following for the relevant portfolio:
 - i. Any overspendings at the year-end
 - ii. Any one-off Budget Pressures experienced by a Portfolio
 - iii. Any on-going Budget Pressures experienced by a Portfolio whilst actions are formulated to permanently mitigate or manage the implications of such on-going budget pressures
 - iv. Any items of a contingent nature that would historically have been funded from the Council's corporate contingency provision
 - v. Spend to Save schemes, unless they are of a scale that is unaffordable by the earmarked reserve (albeit that the earmarked reserve may be used to make a contribution)
- Once there is confidence that the instances i) to v) above can be satisfied, the earmarked reserve may be used for any other development or initiative

The forecast balance of each Portfolio Specific Reserve that will be carried forward into 2019/20 is set out below:

Portfolio/Committee Reserve	Balance Brought Forward £	Approved Transfers 2018/19 £	Forecast Under/ (Over) Spending £	Balance Carried Forward £
Children's Social Care	0	0	0	0
Culture, Leisure & Sport	516,800	(5,000)	0	511,800
Education	468,800	(239,000)	(229,800)	0
Environment & Community Safety	1,786,300	(40,000)	294,800	2,041,100
Health & Social Care	0	0	0	0
Housing	741,700	0	(253,400)	488,300
Leader	30,900	0	0	30,900
PRED	642,300	(30,000)	63,700	676,000
Port	3,804,900	340,700	(213,400)	3,932,200
Resources	604,800	(208,600)	107,100	503,300
Traffic & Transportation	32,200	32,000	40,900	105,100
Licensing	107,000	0	0	107,000
Governance, Audit & Standards	338,700	0	(39,800)	298,900
Total	9,074,400	(149,900)	(229,900)	8,694,600

Note: Releases from Portfolio Reserves to fund overspending cannot exceed the balance on the reserve

7. Conclusion - Overall Finance & Performance Summary

- 7.1 The overall forecast outturn for the City Council in 2018/19 as at the end of June 2018 is forecast to be £168,711,600. This is an overall overspend of £3,366,400 against the Amended Budget and represents a variance of 2.0%.
- 7.2 The forecast takes account of all known variations at this stage, but only takes account of any remedial action to the extent that there is reasonable certainty that it will be achieved.
- 7.3 The overall financial position is deemed to be “red” since the forecast outturn is higher than budget.
- 7.4 The overall financial forecast for Quarter 1 for the whole Council is a serious cause for concern with significant forecast overspends in the highest spending areas of Children's and Adult Social Care which in aggregate amount to £8,223,600 (£4,984,000 in 2017/18). There is reasonable confidence that the Adult Social Care position is capable of remedy in the medium term but options for Children's Social Care appear more limited. Funding reductions coupled with increasing demand which is causing overspends is likely to increase the Council's savings requirements in the future if those services are unable to contain their costs. Consequently, it is recommended that Directors continue to work with the relevant portfolio holder to consider measures to significantly reduce the adverse budget position presently being forecast by these Portfolios with a view to eliminating deficits in the medium term, and any necessary decisions presented to a future meeting of the relevant Portfolio.
- 7.5 As in previous years, the Council has set aside funding within the Contingency Provision to guard against potential overspending. Prior to 2018/19 the amount

provided within the Contingency Provision has been sufficient to meet the level of overspending within Adult's and Children's Social Care. However, due to the current unprecedented level of demand led pressures being experienced in these areas, the amount set aside within the Contingency Provision is not sufficient to cover the current level of overspending being forecast. Whilst the forecast of overspending within some portfolios in the current year can be mitigated to some extent, the underlying deficit will need to be addressed during 2019/20 and beyond.

7.6 Where a Portfolio is presently forecasting a net overspend in accordance with current Council policy, any overspending in 2018/19 which cannot be met by transfer from the Portfolio Specific Reserve will be deducted from cash limits in 2019/20 and therefore the appropriate Directors in consultation with Portfolio Holders should prepare an action plan outlining how their 2018/19 forecast outturn or 2019/20 budget might be reduced to alleviate the adverse variances currently being forecast.

7.7 Based on the Budget (as adjusted) of £165,345,200 the Council will remain within its minimum level of General Reserves for 2018/19 of £8.0m as illustrated below:

	£m
General Reserves brought forward @ 1/4/2018	20.566
<u>Less:</u>	
Forecast Overspend 2018/19	(3.366)
<u>Add:</u>	
Planned Contribution to General Reserves 2018/19	0.324
Forecast General Reserves carried forward into 2019/20	17.524

Levels of General Reserves over the medium term are assumed to remain within the Council approved minimum sum of £8.0m in 2018/19 and future years since any ongoing budget pressures / savings will be reflected in future years' savings targets.

8. City Solicitor's Comments

8.1 The City Solicitor is satisfied that it is within the Council's powers to approve the recommendations as set out.

9. Equalities Impact Assessment

9.1 This report does not require an Equalities Impact Assessment as there are no proposed changes to PCC's services, policies, or procedures included within the recommendations.

.....

Chris Ward
Director of Finance & Information Service

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
Budget & Council Tax 2018/19 & Medium Term Budget Forecast 2019/20 to 2021/22	Office of Deputy Director of Finance
Electronic Budget Monitoring Files	Financial Services Local Area Network

The recommendations set out above were:

Approved / Approved as amended / Deferred / Rejected by the Cabinet on 9th October, 2018

Signed:

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2018

Appendix A

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2018/19	
PORTFOLIO	City Council General Fund
BUDGET	Total General Fund Expenditure
TOTAL CASH LIMIT	165,345,200
CHIEF OFFICER	All Budget Holders
MONTH ENDED	June 2018

ITEM No.	BUDGET HEADING	BUDGET FORECAST 2018/19			
		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget	
		£	£	£	%
1	Children & Families	24,704,100	29,782,100	5,078,000	20.6%
2	Culture, Leisure & Sport	4,752,900	4,752,900	0	0.0%
3	Education	5,598,200	6,012,000	413,800	7.4%
4	Environment & Community Safety	14,528,600	14,233,800	(294,800)	(2.0%)
5	Health, Wellbeing & Social Care	42,232,200	45,316,700	3,084,500	7.3%
6	Housing	2,539,600	2,793,000	253,400	10.0%
7	Leader	138,500	138,500	0	0.0%
8	PRED	(10,067,800)	(10,238,000)	(170,200)	(1.7%)
9	Port	(7,540,600)	(7,327,200)	213,400	2.8%
10	Resources	18,243,000	17,863,300	(379,700)	(2.1%)
11	Traffic & Transportation	15,841,700	16,070,200	228,500	1.4%
12	Licensing Committee	(238,500)	(238,500)	0	0.0%
13	Governance & Audit & Standards Com	151,000	190,800	39,800	26.4%
14	Levies	84,100	84,100	0	0.0%
15	Insurance	1,325,400	1,325,400	0	0.0%
16	Treasury Management	23,227,100	23,103,900	(123,200)	(0.5%)
17	Other Miscellaneous	29,825,700	26,789,200	(3,036,500)	(10.2%)
TOTAL		165,345,200	170,652,200	5,307,000	3.2%
Total Value of Remedial Action (from Analysis Below)			(326,200)		
Forecast Outturn After Remedial Action		165,345,200	170,326,000	4,980,800	3.0%
Forecast Transfers From Portfolio Specific Reserves			(229,900)		
Forecast Transfers From ASC Transformation Reserve			(1,445,600)		
Forecast Transfer To Ring Fenced Public Health Reserve			61,100		
Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves		165,345,200	168,711,600	3,366,400	2.0%

Note All figures included above exclude Capital Charges
Income/underspends is shown in brackets and expenditure/overspends without brackets

VALUE OF REMEDIAL ACTIONS & TRANSFERS (FROM)/TO PORTFOLIO SPECIFIC RESERVES

Item No.	Reason for Variation	Value of Remedial Action	Forecast Portfolio Transfers
1	Children's Social Care	0	0
2	Culture, Leisure & Sport	0	0
3	Education	0	(229,800)
4	Environment & Community Safety	0	294,800
5	Health & Social Care	0	0
6	Housing	0	(253,400)
7	Leader	0	0
8	PRED	(56,800)	63,700
9	Port	0	(213,400)
10	Resources	0	107,100
11	Traffic & Transportation	(269,400)	40,900
12	Licensing Committee	0	0
13	Governance, Audit & Standards Com	0	(39,800)
14	Levies	0	
15	Insurance	0	
16	Asset Management Revenue Account	0	
17	Other Miscellaneous	0	
Total Value of Remedial Action		(326,200)	(229,900)

Note Remedial Action resulting in savings should be shown in brackets

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Agenda Item 8

Title of meeting:	Cabinet
Date of meeting:	9 th October 2018
Subject:	Development of Five Key Sites for Housing Delivery
Report by:	Natascha McIntyre Hall, Assistant Director of Strategic Developments
Wards affected:	Central Southsea, Charles Dickens, Hilsea and St Thomas
Key decision:	Yes
Full Council decision:	No

1. Purpose of Report

- 1.1. The purpose of this report is to seek agreement from the Cabinet, to proceed with the recommendation of officers, to redevelop five Council-owned sites.
- 1.2. The report proposes that the Council takes a pro-active approach to developing underused council assets in line with its corporate objectives, to support the physical, social, cultural and economic regeneration of the City.

2. Recommendations

- 2.1. It is recommended that the Cabinet:
- 2.2. Note the cross directorate engagement undertaken to identify the five sites and the officer recommendations.
- 2.3. Approve the principle of redevelopment of the five sites for the purposes of housing delivery, subject to a planning permission being granted.
- 2.4. Delegate to the Section 151 Officer, in consultation with the Leader, Cabinet Member for PRED, Cabinet Member for Housing and Director of Regeneration, to agree the development strategy and preferred delivery route for each site, subject to a business case review.
- 2.5. Delegate authority to the S151. Officer to lend monies to the Arms-Length Development Company (ALDC from hereon in referred to as Ravelin) within the limits of the Council's treasury Management Strategy and following production of a full and proper financial appraisal demonstrating viability of each project.
- 2.6. Approve in principle the appropriation of land between the Council and Ravelin, to deliver the five site projects. The transfer of land will be delegated to the relevant Cabinet Member dependant on the site ownership and the Section 151 Officer with the timing of this subject to a final project specific business case being approved. All transfer will be carried out in line with treasury guidance using red book valuations.

3. Background

- 3.1. The Council recognises that it has under-utilised and vacant property that could be put to better use.
- 3.2. A cross-directorate Development Programme Enabling Board (DPEB) has been established to create a pipeline of development projects to make best use of this land to support the Council's ambitions for physical, social and economic regeneration of the City. All directorates are invited to put forward their requirements for consideration when new strategic development opportunities are identified.
- 3.3. The first DPEB took place on the 23rd July 2018 and Board Members supported the following recommendations (**see Appendix A**) for residential development across five sites.
- 3.4. These first five sites have been selected for their individual attributes including simplicity, planning status, location, availability and timely deliverability. However these sites are still subject to ongoing design, planning and viability testing.
- 3.5. The first five sites are to be determined as a portfolio in conjunction with the recommendations herein. The recommendations for these five sites will not necessarily be a pattern for all future development opportunities. Future projects will consider and deliver other uses such as adult social care, education, culture and leisure, employment etc. This list is not exhaustive.
- 3.6. Feasibility work has been undertaken on each of the five sites. **Table 1** provides an overview of the five sites; where the asset is held; anticipated housing delivery numbers and development costs. **Appendix A** provides more detailed businesses justification commentary on each of the five sites.

Table 1 - Summary of Five Sites Proposed for Development and Potential Housing Delivery

Site Reference	Site/Size	Site Overview	Asset Held by	Anticipated Housing Delivery ¹	Development Costs
Site 1	Southsea Community Centre King Street (474 sq m)	The site has extant planning consent for 23 one and two bed apartments. The site is currently hoarded and clear.	HRA	23 (0 private / 23 affordable) 5 floors 1 and 2 bed apartments	£3.0m
Site 2	Arundel Street (502 sq m)	Former office and retail site is redundant except for a temporary office for mobility services. The adjacent former post office building is out for consultation.	General Fund - PRED	43 (28 private / 15 affordable) 10 floors 1 and 2 bed apartments	£5.6m
Site 3	Doyle Avenue Northern Parade (1,890 sq m)	Cleared piece of land following demolition of Northern Parade Clinic, previously associated with adjacent/completed sheltered accommodation scheme.	HRA	58 (29 private / 29 affordable) 4 floors 1 bed apartments	£5.5m
Site 4	Brewery House Hambrook Street (487 sq m)	Vacant site currently allocated for D1 use. Fallen into disrepair so is no longer financially viable as a leisure asset.	General Fund - PRED	15 (15 private / 0 affordable) 3 floors 1,2 and 3 bed apartments	£2.5m
Site 5	Records Office Museum Road (3,995 sq m)	Current D1 planning use. Site in considerable state of disrepair. Former Records Office. Declared surplus to occupational requirements.	HRA	91 (63 private / 28 affordable) 9 floors 1 and 2 bed apartments	£16.9m

Note: The figures in Table 1 are subject to Planning Consent and Viability

4. Reasons for Recommendations

4.1. Corporate Objectives

- 4.1.1. The paper is promoting projects in line with the Councils corporate objectives, *working together to shape a great waterfront city* and will support some of the key focus areas namely *being entrepreneurial and efficient* and *encouraging regeneration and investment*.
- 4.1.2. It is anticipated that these new sites will be developed with collaboration from a cross directorate project board which will further consider the opportunities for cultural led regeneration and how to further empower residents to be healthy and independent.

¹ Anticipated housing delivery and affordable numbers will be subject to viability assessments/consultation & subject to Planning Permission

4.1.3. The sites selected are currently vacant or underutilised and therefore are a financial burden to the Council. These sites require constant maintenance in terms of security, maintaining boundaries and hoardings, clearance from fly tipping, landscape maintenance, structural support and proactive buildings maintenance. More importantly they are unsightly and send a negative message to residents about the Council's willingness to invest in the City.

4.2. Supporting the City's Housing Need

4.2.1. The current Portsmouth Core Strategy outlines a delivery target of 584 homes per annum to 2027. The Government through the emerging National Planning Policy Framework (NPPF) have set an ambitious housing delivery target of 868 new² homes each year in Portsmouth between 2016-2026, a total of c.17, 000 homes over the next 20 years. **Table 2** sets out various housing target expectations set.

Table 2 - Summary of Housing Targets Expectations

	Dwellings per annum	Equivalent Total 2011-2034
Existing Adopted Local Plan	584	13,432
Previous Push statement of need	740	17,020
Latest Government figure	868	19,964

4.2.2. Development of these five sites could deliver up to 230 homes (subject to more detail design and planning) over the next 3 years which would contribute towards the achievement of this target.

4.2.3. The current Local Plan for Portsmouth sets out a requirement for affordable housing to be delivered as part of larger developments at up to 30% of the total number of dwellings. The Council through self-development can consider the housing needs of local people and deliver products that meet these planning thresholds.

4.2.4. The new Local Plan is at an early stage in its development, gathering information on what the city's future housing needs will be however it is not anticipated that the need for a variety of affordable products has decreased.

4.2.5. The new NPPF sets out planning policies for England and how they should be applied, this is based on national trends and shows support for a variety of affordable housing options. It's the view of officers that while the information gathering is not complete, the need for a variety of affordable products exists here in the City. **Table 3** outlines some of the options being considered by officers which could be available for development on the five sites.

² NPPF July 24th 2018

Table 3 - Tenure options considered to deliver housing affordable for Portsmouth Residents

Type of Tenure	An opportunity for local people and local families to purchase or rent a new home that is truly affordable to them: "Dream Start"	NPPF Compliant
Social Rent	Social rented eligibility is determined with regard to local incomes and local house prices. Social rented housing is owned by the council for which guideline target rents are determined through the national rent regime. It may also be owned by a company and provided under equivalent rental arrangements to the council.	Yes
Shared Equity	Shared equity allows a purchaser the opportunity to acquire a share of a home that would not necessarily be available to them. The purchaser will buy up to 75% of the equity with the remaining 25% being held by the company. The purchaser may have the opportunity to purchase a further share in the property at a later date if they so wish. The company will not charge the purchaser a rent on the remaining equity stake, (unlike Housing Association Shared Ownership Models) therefore making the purchase of a new home truly affordable.	Yes
Intermediate rent	Tenants will have the opportunity to rent a property on an intermediate rental basis. This means that a tenant can rent a property at a c.20% reduction on market rents for the area making the tenancy available to more households.	Yes
Rent To Buy	Many first time buyers do not have the opportunity to purchase a new home as they will probably be paying market rents and unable to save a deposit. The rent to buy model, will allow prospective purchasers the opportunity to rent their home for up to a year prior to purchase. The rent received by the company will be used in two ways: the financial cost of holding the property for the rental period will be deducted from the rental income and the remaining rental income will be used as the tenants' deposit to purchase the home. A model will show that the rent charged will equate to a 5% deposit plus the holding interest payment on the value of the property. This model has proven effective when used by developers and housing associations in the past.	No
Key Worker Homes	The City typically has a problem in recruiting and retaining key worker staff such as Teachers and Social Care Workers. This is due to low incomes and lack of homes that they can afford. It is expected that not only will access to these products be made available to people with family connections in the area and employment within the City but priority will be made for Key Workers. This scheme will help in supporting the Local Economic Growth of the City.	Yes

Note: All tenure options will be subject to further planning advice and modelling on a project by project basis. Social Rent, Shared Equity and Intermediate Rent could all be considered in a retirement living development.

4.2.6. Officers have proposed that the five sites treated individually could deliver c.70 affordable homes, which equates to around 30% of the total number of dwellings, using some of the tenure types from **Table 3** above however early indications that this approach will have viability challenges.

- 4.2.7. Officers are proposing that by considering all five sites as a portfolio in both planning and delivery terms, will allow the Council to develop affordable homes beyond the policy guidelines of 30%. This will create a viable solution for delivering truly affordable homes for local people.

5. Delivery Options

- 5.1. Ravelin is considered both internally by officers and by legal opinion to be the most suitable model for Portsmouth to develop new homes for sale and rent however in this officers considered the following other options.

5.2. Using the Housing Revenue Account (HRA)

- 5.2.1. The HRA is subject to a number of restrictions which limit its ability to dispose of homes (no more than five homes per year can be disposed of before the permission of the secretary of state is required).
- 5.2.2. The HRA is also subject to a Borrowing Cap which is currently restricting it from developing further homes. The Council are currently in the process of applying for additional borrowing capacity which may give it greater scope to deliver housing in the near future.
- 5.2.3. The development of these sites under the Housing Revenue Account has not been completely dismissed and a detailed financial appraisal as to the most financially effective method in which to deliver a development will be considered for each scheme.

5.3. Using the General Fund (GF)

- 5.3.1. Legal opinion has confirmed that the GF can develop homes for sale but cannot hold homes for rent.
- 5.3.2. As homes for rent are part of the proposed development it is suggested that Ravelin is used and that affordable homes for rent a could be subject to a lease back to the HRA and then held as affordable homes in perpetuity, ensuring that the Council continues to support local residents in need of a variety of affordable tenure homes.
- 5.3.3. Ravelin will borrow the development and rental property finance from Portsmouth City Council at market rates with a repayment structure in place supported by sales of properties or rental income. Portsmouth City Council will make a profit on financing Ravelin on an ongoing basis.
- 5.3.4. The land for the first five projects is all in the ownership of Portsmouth City Council and as such these projects do not rely on any third party contribution in terms of land or finance. However this could be a consideration in future projects.

5.4. Housing Associations (HAs) & Registered Providers (RPs)

- 5.4.1. The use of HAs & RPs as joint venture partners or delivery partners has been considered and ruled out at this stage. It will be reviewed again once the schemes are further developed if support with the cash flow is required.
- 5.4.2. In considering early engagement with external partners, officers looked for gaps within the current internal teams specifically at skillsets and experience in the available teams and at current capacity. Once the designs are further developed and agreed with planning it's anticipated that the option to dispose of completed units can be revisited.
- 5.4.3. Initial engagement with HAs and RPs has shown that they require control over the development including finance, procurement and often that Council land is to be assigned to them at zero value.

5.5. Using Ravelin

- 5.5.1. Ravelin will initially utilise Portsmouth staff under Service Level Agreements (SLAs). Services that will be used include project management, facilities management, procurement, legal & finance amongst others.
- 5.5.2. Ravelin will set out its business plan for the year noting that surpluses accumulated will be reinvested into further schemes allowing for delivery of more housing across the City portfolio. Consideration could be given to the sale of completed affordable units at an appropriate time in the future.
- 5.5.3. Ravelin may have the ability to use section 106 affordable homes contributions and affordable homes recycled receipts to deliver further affordable housing for the council.
- 5.5.4. Ravelin has the ability to consider a variety of tenure types, working closely with the Council to ensure the right homes are provided to support the housing needs of Portsmouth. Some of these are listed in **Table 3** above.
- 5.5.5. A comparison table (**Table 4** below) shows how a traditional Shared Ownership model favoured by RPs compares with Ravelin's proposed Shared Equity model from the residents' perspective.
- 5.5.6. A shared ownership model provides an opportunity for a purchaser to acquire a share of the property, yet then seek to impose a rental charge for the retained equity stake. **Table 4** below demonstrates the impact of charging a rent for the retained equity and our concern is that this does not make the property truly affordable.

Table 4 - Impact of rent charging on affordability

	Shared Ownership With HA/RP	Full Purchase with Help to Buy (HTB)	Shared Equity With Ravelin
Full Purchase Price	£ 140,000	£ 140,000	£ 140,000
Share Purchased	75%	100%	75%
Purchasers' Deposit	£ 7,000	£ 7,000	£ 7,000
Help to Buy 20%	£ 28,000	£ 28,000	£ 28,000
Mortgage Amount	£ 70,000	£ 105,000	£ 70,000
Annual rent charged	£ 1,050	£ -	£ -
Monthly outgoings (PCM)			
Monthly Rent	£ 88	£ -	£ -
Monthly Mortgage	£ 321	£ 481	£ 321
Monthly Service Charge	£ 46	£ -	£ -
HTB Payback	£ -	£ -	£ -
Total PCM	£ 454	£ 481	£ 321
Based on a purchase of a one bedroom apartment with an open market value of £140,000 within Portsmouth			

Note: The above are examples of shared ownership models, shared equity models and Help to Buy purchases.

5.5.7. The table above demonstrates how Shared Ownership and Shared Equity schemes vary in terms of true affordability to the homeowner. The Shared Ownership model demonstrates that with a rent charge and service charge levied to the purchaser, it is distinctly more expensive than a comparative Shared Equity model that does not charge the purchaser any rent or service charge. The Shared Ownership model is 49% more expensive to the purchaser for the same share.

5.5.8. Further information regarding the proposed use of Ravelin can be found in **Appendix B**.

6. Equality Impact Assessment (EIA)

6.1. A Preliminary EIA has been carried out and a copy is attached in **Appendix C**.

7. Legal Implications

7.1. A parent company (Ravelin Property Limited) ("Hold Co") owned wholly by the Council is incorporated and in shell form pursuant to the recommendations from the Cabinet decision meeting of 9 June 2016. Further legal work is required in order to ensure the Hold Co is in a tradable form. External legal advisors have been instructed to assist in the process.

- 7.2. The Council has the legal power to set up, participate in and appoint Directors to operate Ravelin and further subsidiaries to deliver development for the Council as detailed above.
- 7.3. A further range of subsidiary companies will need to be established to develop and deliver the proposed five sites ("the Projects") - each separate and distinct from the Council operating and delivering their own objectives (pursuant to each separate Project). Council oversight and scrutiny will come in the form of a detailed Shareholders Agreement, bespoke articles of agreement (ensuring annual sign of each subsidiary Business Case) and a range of Reserved Matter residing with the Council.
- 7.4. The formation of each of the subsidiaries will be driven by the specifics of each Project - reviewed upon their own merits noting the following:-
- i. Land holding;
 - ii. Asset holding -HRA;
 - iii. Tax efficiency;
 - iv. Whether the Council is offering support services (via SLA); and
 - v. The role of the company in terms of land ownership.
- 7.5. In relation to point ii above Counsel Advice has been sought and concluded the Council has the power to develop housing for sale at market value outside of the HRA. Note - this is to be within the powers granted within Part 2 of the Housing Act 1985 and must be reviewed on a Project specific basis.
- 7.6. Once incorporated the subsidiaries will be party to a number of secondment agreements and Service Level Agreement(s) to enable appointed Directors to bind the companies and services procured.
- 7.7. It will be necessary to obtain specialist tax advice in relation to the Hold Co as well as the subsidiaries to provide detailed analysis as to each transaction based on its own merits.

8. Director of Finance's Comments

- 8.1. Any loan provided by the Council will need to be on commercial terms in order to comply with the rules on State Aid with commercially viable rates.
- 8.2. Any loan provided by the Council will need to be on commercial terms in order to A detailed financial appraisal has been carried out for each of the five sites mentioned in this report with particular regard being given to what the financial implications would be if:
- i. we did nothing with the sites and then sold them after 30 years,
 - ii. we were to sell the site to a developer today,
 - iii. to develop the sites in the General fund,

iv. and the if we were develop them using an Arm's-Length Development Company (Ravelin)

8.3. The appraisal undertaken included an assessment on the effects on the General Fund, the Housing Revenue Account and Ravelin.

8.4. The outcome of these appraisals is detailed in **Appendix A**, in each case the most financially advantageous proposal was to use Ravelin to develop these sites. The reasons for this were due to the HRA borrowing cap would not support further development of homes as it currently stands and that by using Ravelin as the delivery vehicle the Council should be able to make savings on revenue and on capital delivery costs through procurement of around 10%, albeit this is an estimate and would need to be tested.

8.5. The table below sets out the overall impact of developing these sites using Ravelin, all options have the same assumptions as follows:

- a) Each proposal assumes that Ravelin purchases land from the Council which in turn receives a capital receipt.
- b) The Council provide a loan to Ravelin, the Council incurs borrowing but charge the Ravelin more than it cost them to borrow.
- c) Once Ravelin have built the sites, it then immediately repays the loan to the City Council, the net difference is the profit on sale.
- d) Ravelin retains the Freehold of the property and receives Ground rent for this over a 30 year period.
- e) All profits from Ravelin are remitted back to the City Council or reinvested.

Table 5 - Overall Financial Impact of four sites

Effect on the Council	Arundel Street £'s	Museum Road £'s	Hambrook Street £'s	Doyle Avenue £'s	Total £'s
Sale of Land to Ravelin	(320,000)	(1,253,000)	(400,000)	(480,000)	(2,453,000)
Cost of Borrowing	43,000	129,000	19,000	42,000	233,000
Income from Borrowing to Ravelin	(337,000)	(795,000)	(116,000)	(329,000)	(1,577,000)
Total Surplus	(614,000)	(1,919,000)	(497,000)	(767,000)	(3,797,000)
Effect on Ravelin					
Purchase of Land	320,000	1,253,000	400,000	480,000	2,453,000
Cost of Build	5,290,000	15,665,000	2,071,000	4,995,000	28,021,000
Income from Sale	(6,039,000)	(24,106,000)	(3,235,000)	(6,090,000)	(39,470,000)
Net profit on Sale	(429,000)	(7,188,000)	(764,000)	(615,000)	(8,996,000)
Cost of Borrowing	337,000	795,000	116,000	329,000	1,577,000
Income from Ground Rent	(323,000)	(683,000)	(113,000)	(435,000)	(1,554,000)
Total Profit	(415,000)	(7,076,000)	(761,000)	(721,000)	(8,973,000)
Overall Surplus	(1,029,000)	(8,995,000)	(1,258,000)	(1,488,000)	(12,770,000)

8.6. **Table 5** above shows the overall impact on the City Council and Ravelin of the four sites, this would result in an overall surplus of £12.7m being generated by the

Council. It would generate a £2.45m capital receipt from the sale of the four sites and a £1.34m net return on borrowing to Ravelin.

- 8.7. Ravelin would look to build £28m worth of properties and would sell them for £40m generating a return of 23% after taking account of borrowing costs.
- 8.8. The fifth site Southsea Community Centre works on a slightly different model. Instead of selling the site Ravelin would again retain the freehold and rent back the 23 units to the Housing Revenue Account (HRA). The HRA would pay a lease equal to Ravelin's borrowing costs and a Ground rent.
- 8.9. **Table 6** below sets of the Financial Effect on the HRA, the General Fund and Ravelin.

Table 6 - Southsea Community Centre

Effect on General Fund	£'s
Cost of Borrowing	1,376,636
Income from Borrowing to Ravelin	<u>(3,790,801)</u>
Total Surplus	<u><u>(2,414,165)</u></u>
Effect on Ravelin	
Cost of Build	2,950,040
Income from Sale	<u>(3,199,500)</u>
Net profit on Sale	(249,460)
Cost of Borrowing	3,790,801
Income from Lease to HRA	<u>(3,889,550)</u>
Total Profit	<u><u>(348,209)</u></u>
Effect on HRA	
Lease Payments to Ravelin	3,889,550
Maintenance	<u>1,492,905</u>
Total Cost	5,382,456
Income from Affordable rents	<u>(6,207,866)</u>
Total Deficit	<u>(825,411)</u>
Overall Surplus	<u><u>(3,587,785)</u></u>

- 8.10. This proposal shows that the General Fund will make a return of £2.4m from borrowing costs to the General Fund. Ravelin would make a profit of £348,000 assuming that it sold the property on the open market after 30 years. It would recover its borrowing cost from the HRA at a cost of £3.79m and would also charge the HRA a Ground Rent.

- 8.11. In this scenario the HRA would see a surplus of £825,411 over the 30 year period. This is principally because although the lease payment to Ravelin is fixed, the rental income is subject to inflation. These lease payments are driven by the cost of borrowing Ravelin has been charged by the City Council.
- 8.12. Because this option has been assessed over a period of 30 years a financial appraisal has been carried out using the Net Present Value Method (NPV) which takes account of the time value of money and the outcome is that the proposal would be positive for the General Fund, the HRA and Ravelin as shown in the table below.

	GF	HRA	Ravelin
	£m's	£m's	£m's
NPV	(1.9)	(0.4)	(1.2)

- 8.13. If the Council are successful in applying for additional borrowing it may be better financially for the Council to develop the Southsea Community site through the Housing revenue Account, which would allow it to fund 30% of the development cost using its one for one receipts and this additional borrowing capability. This will need to be appraised once the outcome of this bid is known.
- 8.14. In order for Ravelin to operate the City Council will be required to advance a considerable amount of money to provide Ravelin with sufficient cash flow to deliver these developments, it cannot use its Capital Powers in order to advance these monies. A separate business case will need to be written that appraises the likely cost and working capital requirement in order for Ravelin to be viable dependant on the how the company is to be operated. There is insufficient detail currently as to what those costs might look like.
- 8.15. When developing these sites the Council may have to lend Ravelin 10's of millions to fund developments and would be subject to housing market price risk, as the repayment of loans is based on Ravelin being able to sell the properties. Before the Council advance funds to Ravelin it will needs to reassure itself that a robust business case and financial appraisal is carried out and approved by the Director of Regeneration and the Section 151 Officer. Part of any loan agreement will need to set out that any sales made by Ravelin go towards paying off the debt owed to the City Council.

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Signed by: Tristan Samuels, Director of Regeneration

Appendices:

Appendix A - DPEB Business Case Justification - Five Sites

Appendix B - Arms-Length Development Company

Appendix C - Completed Preliminary EIA

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
Portsmouth Local Plan	https://www.portsmouth.gov.uk/ext/development-and-planning/planning/the-local-plan
National Planning Policy Framework	https://www.gov.uk/government/publications/national-planning-policy-framework--2

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

.....
Signed by: Councillor Gerald Vernon-Jackson, , Leader of the City Council

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DPEB

(Development Programme Enabling Board)

Business Justification Case

www.portsmouth.gov.uk

PROJECT: Development Programme Enabling Board **Round 1**

Document history:

Project:	1. Former Southsea Community Centre, Portsmouth PO5,4EG (SCC) 2. 56 Arundel Street, Portsmouth PO1 1NL (AS) 3. Land at Doyle Avenue/Northern Parade, Portsmouth PO2 9NF. (DA) 4. Former Brewery, Hambrook Street, Portsmouth PO5 3BE (HS) 5. Former Records Office - 3 Museum Rd, Portsmouth PO1 2LE (RO)	
Title:	Development Projects Enabling Board - Round 1	
Author(s):	<i>Leigh Edwards</i>	Project Manager
Approved by	Natascha McIntyre Hall	Assistant Director
Version number:	0.1	

Executive Summary

General Introduction	<p>The role of the board (as proposed) is to support the creation of a pipeline of new development projects. Potential projects are brought forward for consideration by project teams. The board role is to ensure:</p> <ul style="list-style-type: none">• That each project has a set of agreed objectives that reflect the Council's needs before the project commences• A confirmed delivery / disposal routes (or both) is agreed• That transparent and consistent governance and project management processes are implemented (fit for purpose).• Clear links & gateways identified between projects, finance, procurement and legal <p>This should all the board & ultimately members to prioritise projects, reduce cost and minimises risks.</p> <p>The board will predominantly review options for Council owned land comparing the City's housing and socio-economic needs, the sites and the opportunities to create new development sites considering risks like funding and resources in the process.</p> <p>The Board has a mandate to promote and support the delivery of development sites where a case can be made to support the Councils ambitions for economic growth.</p> <p>These first five projects have been selected for their individual attributes including simplicity, planning status, location, availability and timely deliverability. Future projects/sites will be selected in accordance with their status on the DPEB Matrix. The DPEB Matrix will be completed by each directorate on a regular basis and will show the requirements of each directorate in a prioritised fashion. This will enable the DPEB to select and support projects of high priority in the first instance.</p> <p>There are a few delivery options to be considered for each scheme including developing as PCC (GEN or HRA), using the Ravelin as an arm's length development company to acquire the land and develop letting back affordable products to HRA or disposal of the land through sale or lease.</p>
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	<p>It is worth noting at this point that at present Ravelin is not fit for use in this capacity. In the following, where we have made recommendations to use Ravelin, we assume that it is able to appropriate and hold land assets, refinance and let affordable rented products back to HRA.</p>
<p>SCC Southsea Community Centre King Street</p>	<p>The site of the Southsea Community Centre on King Street has been vacant for a few years and has the benefit of a planning consent for 23 one and two bedroom apartments. The planning consent was due to lapse at the end of July 2018, but a material start on site has been actioned to preserve the consent.</p> <p>Strategic Projects has carried out various studies on tenure and value of this site and it is considered that the best option is for Ravelin to develop the site and let the properties to the HRA on a long lease. Ravelin will refinance the development upon completion and the cost of the finance will reflect the rent paid by HRA. This is considered to be cost effective to the HRA and PCC in perpetuity and removes the risk of Right To Buy.</p>
<p>AS Land Adjacent former Post Office Arundel Street</p>	<p>This former Office and retail site is cleared of all buildings and has an office for Mobility services currently on it. The site is best suited to development of a taller building. Strategic Projects have considered various uses for the site including residential, offices, retail and hotel. Due to the tightness of the site, its lack of parking provision and outside amenity space, it is best suited to apartments. This can be achieved by building 10 storeys equating to 40 one and two bedroom apartments.</p> <p>Recommendation to DPEB is for the site to be developed as a residential opportunity with Ravelin delivering Shared Ownership properties, providing much needed affordable housing to the city.</p>
<p>DA Doyle Avenue Northern Parade Junction</p>	<p>This site is a cleared piece of land held under the HRA and was previously associated with an adjacent and completed sheltered accommodation scheme. The site is located in a residential area with easy access of North Harbour and Alexandra Park. Various options for this site have been explored including starter homes, retirement housing and an extra care facility. The preferred option for the site in terms of beneficiaries and viability is a development of starter homes for first time purchasers and young/transient professionals.</p> <p>Recommendation to DPEB is to develop the site as 58 one bedroom apartments to be sold on the open market as a shared ownership product by Ravelin.</p>

<p>HS</p> <p>Former Brewery Site Hambrook Street</p>	<p>The Former Brewery Site on Hambrook Street is locally listed and considered to be of heritage merit. The building is currently allocated for D1 use but has fallen into considerable disrepair so is no longer financially viable as a leisure asset. Use as affordable housing has been considered, but the site has no parking provision nor outside amenity space.</p> <p>Recommendation to DPEB is conversion into 15 apartments for open market sale. The development would be delivered by Ravelin with a land consideration paid to PCC.</p>
<p>RO</p> <p>Records Office Museum Road</p>	<p>The former Records Office is currently held by the HRA and is in a considerable state of disrepair. The site is located in a residential area with adjacent commercial properties. Strategic Projects has undertaken a review of the site and considered many possibilities for the site but it is widely accepted that this should be considered as a residential opportunity.</p> <p>Recommendation to DPEB is to develop the site into 98 one and two bedroom apartments as a mixed tenure development. Retirement living is to be considered as an option in this location moving forward. The aspiration is that this development would provide 30% affordable units on site. The site is likely be constructed under Ravelin and sold on the open market or retained as affordable housing.</p>

Project Recommendations	<ul style="list-style-type: none"> • Southsea Community Centre: To recommend that the Southsea Community Centre is used for residential development of 23 apartments based on the current extant planning consent. • Arundel Street: To recommend that the site be developed for residential use. • Doyle Avenue: To recommend that the site is developed as a residential scheme giving further consideration to Adult Social Care provision. • Hambrook Street: To recommend that the former brewery building is converted into residential apartments. • Records Office: To recommend that the site is developed for residential use.
Project Director	Natascha McIntyre Hall (Assistant Director Strategic Projects)
Project Manager	Leigh Edwards
Political Champion	Cllr Ben Dowling (Cabinet Member PRED) Cllr Darren Sanders (Cabinet Member Housing)

Brief description of proposed sites:

SCC: This area of land was the location of the former Southsea Community Centre in Somerstown. The site is 0.21 acres and is currently hoarded and clear. The Site has planning consent for 23 new apartments which has been enabled. The planning consent is designed over five stories and delivers a mix of 1 & 2 bedroom apartments.

AS: This area of land situated in Arundel Street to the rear of Commercial Road is being used for mobility scooter hire which is operated from temporary accommodation. Excluding the mobility services unit, the site is redundant. It is situated adjacent the former post office building, which is out for consultation for regeneration, expecting to submit an application by the end of August 2018. The site is ideal for a sustainable, high density scheme of 40+ apartments.

DA: An area of land off Doyle Avenue made clear following the demolition of the Northern Parade clinic in 2012 after the development of Maritime House. Land area circa 0.46 acres. The land is ideal for residential development and is currently clear land with one TPO tree on site.

HS: This site on Hambrook Street in Somerstown is occupied by a former brewery building which is locally listed and considered to be of significant architectural and heritage value. The building has been used for several different leisure facilities and today stands vacant. The structure is older and poorly maintained as such needs considerable repair to enable its continued use. The site is ideal for residential conversion into 15 apartments over four floors with no parking on site.

RO: Former Records Office next to the Museum on Museum Hill with a building footprint of circa 6700 sq. ft. NIA and a site area of 1 acre. It has been declared surplus to occupational requirements with vacant possession. Suitable for a variety of uses including residential development with full demolition required. It is worth noting that this building has some street art on it that may have some local merit.

Current approval status:	Next approval stage:	Overall project status
None	DPEB to recommend to relevant members for their Approval	A

Council Asset Register	<p><i>Where does this asset currently sit within Portsmouth City Council</i></p> <p><i>Note - Depending on the chosen delivery route appropriation of assets maybe required</i></p>	G
Site	Asset Held by	
Southsea Community Centre	HRA	
Arundel Street	General Fund - PRED	
Doyle Avenue	HRA	
Hambrook Street	General Fund - PRED	
Records Office	HRA	

Legal	<p><i>Legal title review and commentary (not more than 3 months old)</i></p>	A
<p>Main Points. Reports appended to this document.</p> <p>Use of Council Owned Land - In order to enable the Council to use land from the General Fund/HRA the disposal must be at Market Value to avoid contravention of State Aid regulations and Sec 123 Local Government Act 1972. All projects will be determined and governed by Director of Regeneration and the Sec 151 Officer.</p>		
SCC	<p>It is considered that there may be restrictive covenants against the property of which are not registered on any historic land registry documents and therefore a defective title indemnity should be obtained</p>	
AS	<p>The property is subject to a lease from Feb 2015 for an advertising board between Portsmouth City Council and MAXX media. This agreement terminated in February 2018. Subsequently the advertising board has been removed. The Mobility Leasing service had a lease to operate which expired on 10th June 2016. Subsequently a licence to occupy was issued for a period between 28th April 2017 and 27th October 2017. This has also expired.</p>	
DA	<p>The property is free from covenants although the title does have a lease registered against it in favour of Housing 21 to use as a site compound. There is also an active TPO on a single tree on the site.</p>	
HS	<p>There are no matters or encumbrances effecting the property. It is worth noting that the building is locally listed and is currently designated for D1 use.</p>	

RO	The property is subject to various covenants (some registered and some that do not have any recognised persons for whom benefit) and as such will require a defective title policy put in place. It is currently designated as leisure use which needs to be considered as will the local significance of the street art.
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Planning	<i>Planning options appraisal- current planning status, potential opportunities, site constraints, development mix, massing and layout (note that more technical issues to be addressed through detailed work).</i>	G
<p>Whilst each of these projects are being treated on their own merits, for planning purposes and affordable housing calculations they will be considered linked applications. It is therefore sought that a credit system be established where an over provision of affordable housing is delivered. This credit system will enable development sites without the ability to contain affordable housing to come forward and be developed.</p> <p>SCC: This site has the benefit of detailed planning for 23 one and two bedroom apartments. It occupies the location of the former Southsea Community Centre which has been re-provided in the new Hub crossing Winston Churchill Avenue. The site is adjacent to existing housing stock on King Street and Astley Street. The consent has now been made extant as the consent was due to expire at the end of July 2018.</p> <ul style="list-style-type: none"> • The site has full planning for 23 units • The built form is five storeys in height • The site has good access to the city centre, transport links and local amenities • Whilst the planning consent is for 23 private units, there is a need for affordable housing in this area and therefore this does present the ideal opportunity for the site to be developed and leased back to the HRA on a long lease. <p>AS: This site is located to the East of the main Commercial Road shopping area. The site is well suited to a tall building in accordance with the Tall building strategy within Portsmouth City Centre. The site has very little influence in the vicinity to take reference from and is subject to a study for a very large building on the former Post Office site adjacent.</p> <ul style="list-style-type: none"> • The site has a former use of retail and offices • The built form is suited to a taller development c.10 storeys (Buildings over five storeys subject to Tall Buildings SPD) • The site is adjacent to the Guildhall and Victoria conservation area No 18 • The site is currently in flood zone 1 • The site is considered for mixed tenure including shared equity and adult social care. 		

DA: This site is located on a prominent corner of Doyle Avenue and Northern Parade with the dominant frontage being Northern Parade. The site is surrounded by a mix of built form including two storey family housing and three to four storey apartment blocks.

- The site is currently in the local plan as residential use
- The massing studies recommends a building of circa 4 -4.5 storeys
- The site is adjacent the A3 main road serving both the city and motorway junctions
- This site is approximately 1 mile from Lakeside North Harbour and 0.5 mile from Alexandra Park and the Mountbatten Centre
- A TPO tree occupies the site on the Southern Boundary and will be taken account of in the new design
- The site is currently in flood zone 1
- A review of residential offering in the area shows that there is insufficient young person's starter homes and young professional's accommodation available.

HS: This site is located on the corner of Hambrook Street and Little Hambrook Street. The site sits within the Castle Road Conservation area. The structure is locally listed for its architectural and heritage qualities and it is therefore prudent to look at preserving the structure by considering a conversion of the building.

- The site is currently in the local plan as a leisure facility - investigations underway into requirement of change of use
- Due to the nature of the development not having parking or outside amenity it is considered that this conversion will be for private sale
- The site is well served by transport and locally amenities
- Site is within Conservation area 12
- Conservation guidance and advice would consider a conversion to be the most sympathetic use of such a building in this location.

RO: The site is located at the northern end of Jubilee Terrace with frontage to Jubilee Terrace and Museum Rd. The site is adjacent to the City Museum, formerly part of Clarence Barracks (Grade II Listed). Adjoining uses include residential, Ravelin Park and the University of Portsmouth.

Key considerations:

- Current D1 planning use - investigations underway into requirement of change of use
- Allocation in local plan 75 plus residential units
- Massing five plus storeys (Buildings over five storeys subject to Tall Buildings SPD)
- Conservation Area 4
- Adjacent to Grade II Listed Museum
- TPO trees to the east of the site
- Increase in traffic flow at peak times
- Flood zone 1
- A review of demand and product in the area has indicated that a mix of one and two bedroom apartments are suited to this development. A review of family three and four bedroom homes, whilst in demand, are not financially affordable in this location.

Anticipated Affordable Housing Delivery according to planning policy:

	Compliant 30%			Non-Compliant		
	Total	Private	Affordable	Total	Private	Affordable
Southsea Community Centre	23	16	7	23	0	23
Arundel Street *	40	28	12	40	28	12
Doyle Avenue	55	38	17	55	29	26
Hambrook Street	15	11	4	15	15	0
Museum Road *	91	63	28	91	63	28
	224	156	68	224	135	89
		70%	30%		60%	40%

* The above table shows the aspiration to keep each scheme compliant in terms of affordable housing provision. The provision of affordable housing on each site must be considered independently, taking into account the values, maintenance and ground rent charges and potential tenures. Where a development is not suited to affordable housing due to the factors above, it will allocated on another development. An over provision of affordable housing is likely within a portfolio of schemes and therefore a potential credit scheme is required against future developments that are not viable to contain affordable housing.

Anticipated Ground Rent and Service Charge Projections:

It is anticipated by Strategic Projects that the maintenance and servicing of these developments will be carried out by PCC. However the cost to the purchaser/tenant needs to reflect market rates and as such a costing exercise will need to be carried out prior to agreeing a contract.

Indicative Ground Rent and Service Charge Schedule (based on private sector estimates)					
	Ground Rent £	Service Charge £	Total per Property £	Total Service charge £	Total Ground Rent £
Southsea Community Centre	250.00	550.00	800.00	12,650.00	5,750.00
Museum Road	250.00	1,000.00	1,250.00	116,000.00	29,000.00
Doyle Avenue	250.00	550.00	800.00	30,250.00	13,750.00
Arundel Street	250.00	700.00	950.00	28,000.00	10,000.00
Hambrook Street	250.00	1,000.00	1,250.00	15,000.00	3,750.00
				201,900.00	62,250.00

Sustainable Development Pipeline - This collection of development opportunities are to be considered as part of a portfolio of sites whereby the profit generated will enable further development of private and affordable homes without the need for any Government subsidy.

The Options to finance projects depend on a viable business case and where the assets will be finally held.

The Housing Revenue Account (HRA) is currently near its prescribed debt cap and as such it is not proposed to develop sites in the HRA unless the Debt cap is increased or capital costs to maintenance projects are deferred or windfall through disposals are received.

The General fund (GF) has the ability to borrow on a prudential basis, and also some existing capital resource's, however no capital resource has been formally allocated to these projects currently. A Council decision will be required to allocate the necessary capital resources to fund these projects. A revenue budget has been set aside to manage some feasibility and options analysis work on each site, and this budget is controlled by the Director of Regeneration. Currently feasibility budgets are capped at £10k per project.

Legal advice received about developing property in the GF, suggests that it is not possible to hold assets without them being eligible for Right to Buy, and thus should this be required the use of a development company like Ravelin is being considered.

Ravelin could borrow capital from the Council subject to a business case being developed and a Council decision to lend to the company at a market rate.

An example of this is as follows - Until a pipeline of projects is sufficiently progressed, the Council would have to initially fund the development activities by way of a loan to the development company carrying out the works. Development loans would be set at a commercial rate to avoid contravention of State Aid regulations. Property Investment Loans for refinancing of completed stock for rent or lease are assumed to be at 4%. Loan to be repaid by sales or leases of completed units in accordance with rules as specified by the s.151 Officer.

PCC have the power to make loans under the General Power of Competence in Section 1 of the Localism Act 2011. This power is not to be relied upon as a specific power to lend or invest but rather to supplement Section 12 of the Local Government Act 2003 or Section 24 of the Local Government Act 1988.

All projects should be assessed on both a capital and revenue (net of finance costs) basis prior to any decision being taken.

TAKING PROJECTS FORWARD

Step 1 - Consider the needs of the Council (Matrix is yet to be completed by each Directorate)

Step 2 - Consider if any of these needs are unallocated and could be brought forward on these sites.

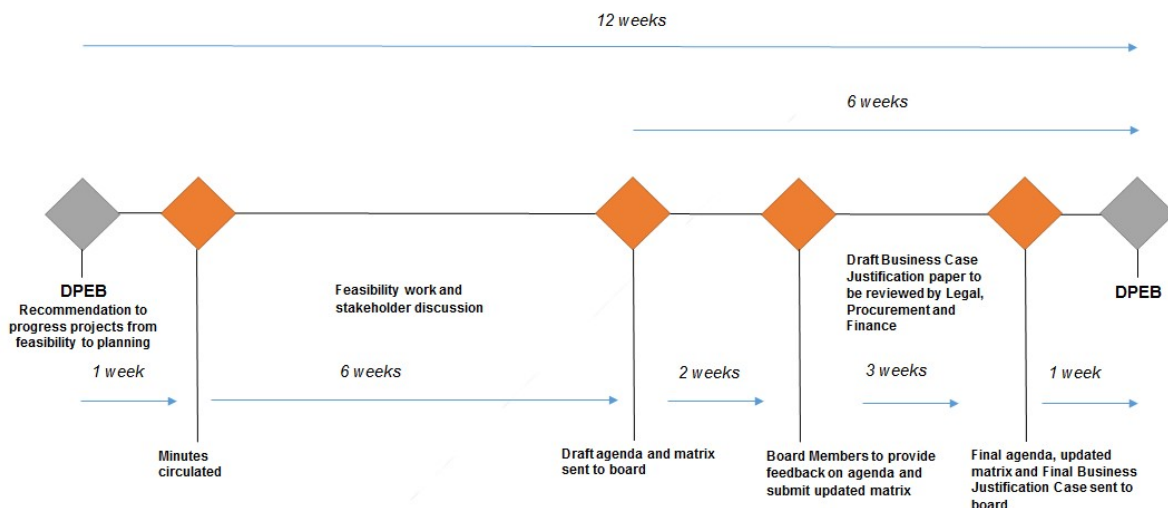
Step 3 - Score options against the Councils Strategic Goals

Step 4- Whilst the matrix is not complete at this stage, each directorate has been consulted regarding these 5 sites. It is envisaged that the matrix will be complete and included at the next DPEB board.

This section here is being updated to reflect the processes that will be followed for each portfolio of schemes and uses to come forward. There will be a schedule of events that will also be appended to the ToRs indicating what points we will be looking for input from the rest of the DPEB. It is crucial that this is an active board taking responsibilities for their requirements and the opportunities we have to deliver them.

For this first report we will focus on the fact that these five sites were chosen on the basis that they are vacant and in well-established locations for residential opportunities.

We have spoken with Alison Cloutman and Caroline Corcoran to understand the needs of different directorates.



<p>Project Prioritisation</p>	<p><i>matrix to be created allowing projects to score against the Councils strategic goals This will demonstrate the top 10 priority needs</i></p>	
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<p>These projects are considered to be positioned as below, according to the DPEB projects matrix.</p> <p>Considered uses on each site are as follows:-</p> <p>SCC: Housing (affordable to hold), assisted living housing, Private Housing</p> <p>AS: Housing (private for sale & affordable to hold) Offices, Retail.</p> <p>DA: Housing (private for sale & affordable to hold), restricted older persons housing for sale. Adult Social Care units.</p> <p>HS: Housing (private for sale), D1 community space, Enterprise Centre.</p> <p>RO: Housing (private for sale & affordable to hold, option for retirement living consideration) Culture and leisure as a museum</p> <p>Preferred Options to take forward:-</p> <p>RO: Housing (private for sale & affordable to hold)</p> <p>DA: Housing (private for sale & affordable to hold),</p> <p>SCC: Housing (Affordable to hold) SCC: Housing (affordable to hold)</p> <p>HS: Housing (private for sale)</p> <p>AS: Housing (private for sale & affordable to hold)</p>	

Delivery Routes For Preferred Options	<i>Partnerships, JV, Council owned company, disposal etc.</i>	A
<ul style="list-style-type: none"> • Do nothing • Sell the site without planning consent • Sell site on the open market with the benefit of planning consent • Lease the site for developers / operators to develop and take back the site and buildings after a period of no less than 21 years • Develop as PCC (GEN), sell units on open market and retain affordable homes • Develop as PCC (HRA), retain affordable homes • Develop as Ravelin, sell units on open market and retain affordable homes. <p>Each project will be considered for all delivery options and a recommendation will be made. As these five sites have been recognised in PCC ownership for residential development the options</p>		

we have considered in our feasibility studies are:

- Do nothing
- Sell the site without planning consent
- Develop as PCC
- Develop through Ravelin

Where the preferred option is delivery through Ravelin, this is considered as follows:

Ravelin will operate independently from the Council to procure design team and contractor on a commercial basis. It will have its own Board of Directors. The current structure of Ravelin Property is not able to deliver schemes in an independent and compliant way (see Appendix A) therefore further work is required. Also please refer to Counsel's opinion.

Statutory Powers	<i>Potential use of Council powers to enable development i.e. CPO, S203 etc.</i>	G
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Local Government Act 2003 - Power to establish a housing company. Local authorities can trade, through a company, with other companies, authorities or individuals, either within or beyond the boundaries of the relevant local authority. Trading has to be in relation to an existing function of the local authority, in this case housing.

Localism Act 2011 - Gives the power to local authorities to participate in trading activities not necessarily related to any existing functions within the authority.

The above frameworks require that a local authority establishes a company structure in order to generate income/trade for profit subject to detailed business case approval by the Council prior to commencement of trading.

Counsel opinion on delivery

- Product for open market sale be it residential or otherwise can be carried out by PCC or Ravelin
- Affordable housing can only be delivered by the HRA and Ravelin and not by PCC general fund direct
- Any product held by the HRA is subject to the right to buy unless the property is exempt under legislation
- Private rented properties can only be carried out under Ravelin

Governance		A
<p>The DPEB is officer led and will make a recommendation to the relevant Cabinet Member(s) whose budget will support the project. Where Capital budgets have not been allocated the DPEB will recommend to Full council to provide a budget to support the project.</p> <p>Once approved each project / pipeline of work will have a suitable project team with appropriate amount of resource allocated. Project management, reporting and general governance needs to reflect the site, the costs and the risks associated with each project.</p>		

Current approval stage:	Next approval stage:	Overall project status
None	DPEB to recommend to relevant members for their Approval	A

Resources Required	<i>internal skills & capacity, external partnerships</i>	G
<p>Internal Resources</p> <ul style="list-style-type: none"> • Strategic Projects Team - to lead the overall programme of works identifying opportunities to match the matrix of needs to appropriate sites, consultation with different departments and making the series of recommendations • Legal services - Report on Title and advise on suitable structure for delivery/tax • Property - In house property team to advise on land, value and legal issues. • Financial - Cash flow, finance arrangements, compliance • Procurement - options for procuring design teams / contractors where necessary through frameworks or other mechanisms • Planning - both policy and pre-app support • Communications, Marketing and branding • Highways <p>External Resources. Architects - sketch schemes, Planning applications, working drawings package Engineers- Both structural and civil engineers to advise on all structures and external works Various third party consultants to provide surveys e.g. Ground, Topographical, Ecology Sales advice - Independent market advice, construction advice and contractors.</p>		

Procurement	<i>procurement routes (combining projects and any requirement for frameworks)</i>	A
<p>Various options to market:</p> <p>Option 1 Use of existing Council framework procuring contractor on a design and build basis.</p> <p>Option 2 OJEU tender for development partner.</p> <p>Option 3 Development Company/(Ravelin Housing) to procure design team and contractor. Outside of PCR 2015 rules</p> <p>NOTE: This is linked to the delivery route and is reliant on results from Ravelin structure work.</p>		

Approved By	Approved By	Approved By	Approved By

Appendix A

Ability to deliver as PCC General Fund, PCC HRA or Ravelin

	PCC General Fund	HRA	Ravelin
Value through Procurement	PCC will have access to the existing framework and will be obligated by PCR's. This will not necessarily give best value through a protracted process and compliance costs.	PCC/HRA will have access to the existing framework and will be obligated by PCR's. This will not necessarily give best value through a protracted process and compliance costs.	Ravelin will have immediate access to a whole market solution by way of a negotiated tender, therefore reducing the cost of bidding.
Timescales within Procurement	The timescales through the existing framework or future intend process, will mean that the procurement process will take anywhere between 3-5 months to complete.	The timescales through the existing framework or future intend process, will mean that the procurement process will take anywhere between 3-5 months to complete.	Ravelin will have the ability to shorten a tender period and negotiate a contract within 1-2 months maximum.
Availability of funding	The General Fund has access to sufficient and immediate funds.	The HRA has no access to finance for development at present without a need to request a rise in the HRA debt cap. This is possible but time prohibitive.	Ravelin have access to sufficient and immediate funds through an arm's length loan agreement between PCC and Ravelin.
Right to buy	All stock held by the General Fund will be open and subject to Right to Buy applications	All stock held by the HRA will be open and subject to Right to Buy applications	All stock held by Ravelin will not be subject to the right to buy act extension of 2015.
Ability to sell market Housing	The General Fund has full ability to sell Market Housing.	The HRA cannot sell any property for open market sale under the HRA other than with explicate approval from the Secretary of State.	Ravelin is entitled to deliver and sell market housing without any recourse.
Ability to rent properties	PCC are not able to rent properties outside of the HRA for any term less than a 21 year tenancy.	The HRA can rent properties, but this will need to accord with HRA rules and will trigger the right to buy under Housing Act 1985.	Ravelin can let properties on the open market, to institutions or direct to the council. The rents can be set by Ravelin as they see fit. These properties will not be subject to any right to buy rights.
Ability to sell and retain shared equity	Counsel's opinion remains silent on shared equity schemes, but the advice on selling market housing should be considered in this instance.	The HRA cannot sell any property for open market sale under the HRA other than with explicate approval from the Secretary of State.	Ravelin can deliver shared equity housing as per open market housing with the ability to sell further shares through stair casing. Provision for Stair Casing receipts to be recycled should be considered.
Ability to retain and let Intermediate affordable homes	PCC cannot deliver intermediate rental products outside of the HRA for the same reasons as open market rentals above.	The HRA can deliver intermediate rental products, however these will be subject to LHA (local housing allowance) rental caps and will also be open to Right to Buy applications.	Ravelin can let properties on an intermediate basis to open market/affordable tenants or direct to the council. The rents can be set by Ravelin as they see fit. These properties will not be subject to any right to buy rights.

Appendix B

Financial Appraisal Summaries

Southsea Community Centre Development

	PCC GF NPV		PCC HRA NPV		RP Ltd NPV		TOTAL NPV		
	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	TOTAL
Option 1 Do Nothing	-17,814	0	0	0	0	0	-17,814	0	-17,814
Option 2 Sell Site	-50,000	0	0	0	0	0	-50,000	0	-50,000
Option 3 Develop as PCC hold in HRA	0	0	-1,005,836	735,531	0	0	-1,005,836	735,531	-270,305
Option 4 Develop as RP Ltd lease to HRA	0	-2,775,404	0	141,219	-1,139,913	-32,003	-1,139,913	-2,666,188	-3,806,101

Commentary:

The option that delivers the best overall financial return is Option 4.

This option is the development of the properties through Ravelin, with the HRA leasing back the completed properties on a long lease arrangement. These properties would be exempt from the Right to Buy.

This option delivers an investment return to PCC over the 30 years of approximately £2.8m, and delivers a close to breakeven position for the HRA and Ravelin over the 30 year period.

It is recognised that as Ravelin has access to a wider market of suppliers, delivery of the completed units will cost less than if undertaken by PCC directly.

Arundel Street Development

	PCC GF NPV		PCC HRA NPV		RP Ltd NPV		TOTAL NPV		
	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	TOTAL
Option 1 Do Nothing	-17,814	0	0	0	0	0	-17,814	0	-17,814
Option 2 Sell Site	-50,000	0	0	0	0	0	-50,000	0	-50,000
Option 3 Develop as PCC and sell units	128,247	-151,602	0	0	0	0	128,247	-151,602	-23,355
Option 4 Develop as RP Ltd and sell units	0	-289,028	0	0	-413,846	133,234	-413,846	-155,794	-569,640

Commentary:

The option that delivers the best overall financial return is Option 4.

This option is the development and disposal of 90% shared equity affordable homes, through a wholly owned company.

This option delivers a 2 year investment return to PCC of approx. £290k, and delivers a development profit on disposal of approx. £400k to Ravelin upon completion, which can either be rolled over into a subsequent development, or paid to PCC as a dividend (after tax).

It is recognised that as Ravelin has access to a wider market of suppliers, delivery of the completed units will cost less than if undertaken by PCC directly.

Doyle Avenue Development

		PCC GF NPV		PCC HRA NPV		RP Ltd NPV		TOTAL NPV		
		Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	TOTAL
Option 1	Do Nothing	-171,014	0	0	0	0	0	-171,014	0	-171,014
Option 2	Sell Site	-480,000	0	0	0	0	0	-480,000	0	-480,000
Option 3	Develop as PCC and sell units	-635,478	-209,493	0	0	0	0	-635,478	-209,493	-862,971
Option 4	Develop as RP Ltd and sell units	0	-272,017	0	0	-1,363,666	58,579	-1,163,666	-213,438	-1,377,104

Commentary:

The option that delivers the best overall financial return is Option 4.

This option is the development and disposal of 75% shared equity affordable homes, through Ravelin.

This option delivers a 2 year investment return to PCC of approx. £270k, and delivers a development profit on disposal of approx. £500k to Ravelin upon completion, which can either be rolled over into a subsequent development, or paid to PCC as a dividend (after tax).

It is recognised that as Ravelin has access to a wider market of suppliers, delivery of the completed units will cost less than if undertaken by PCC directly.

Hambrook Street Development

		PCC GF NPV		PCC HRA NPV		RP Ltd NPV		TOTAL NPV		
		Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	TOTAL
Option 1	Do Nothing	-142,511	0	0	0	0	0	-142,511	0	-142,511
Option 2	Sell Site	-400,000	0	0	0	0	0	-400,000	0	-400,000
Option 3	Develop as PCC and sell units	-499,690	-48,664	0	0	0	0	-499,690	-48,664	-548,354
Option 4	Develop as RP Ltd and sell units	0	-95,701	0	0	-738,410	45,191	-738,410	-50,510	-788,920

Commentary:

The option that delivers the best overall financial return is Option 4.

This option is the development and subsequent market sale of the properties, through a wholly owned company.

This option delivers a 2 year investment return to PCC of approx. £95k, and delivers a net development profit in Ravelin of approx. £700k, which can either be rolled over into a subsequent development, or paid to PCC as a dividend (after tax).

It is recognised that as Ravelin has access to a wider market of suppliers, delivery of the completed units will cost less than if undertaken by PCC directly.

Museum Road Development

	PCC GF NPV		PCC HRA NPV		RP Ltd NPV		TOTAL NPV		
	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	TOTAL
Option 1 Do Nothing	-446,417	0	0	0	0	0	-446,417	0	-446,417
Option 2 Sell Site	-1,253,000	0	0	0	0	0	-1,253,000	0	-1,253,000
Option 3 Develop as PCC and sell units	-9,242,711	-325,409	0	0	0	0	-9,242,711	-325,409	-9,568,121
Option 4 Develop as RP Ltd and sell units	0	-980,099	0	0	-11,687,489	1,100,184	-11,687,489	120,084	-11,567,405

Commentary:

The option that delivers the best overall financial return is Option 4.

This option is the development and subsequent market sale of the properties, through Ravelin.

This option delivers a 2 year investment return to PCC of approx. £1m, and delivers a net development profit in Ravelin of £10.5m, which can either be rolled over into a subsequent development, or paid to PCC as a dividend (after tax).

It is recognised that as Ravelin has access to a wider market of suppliers, delivery of the completed units will cost less than if undertaken by PCC directly.

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Appendix B - Ravelin (ALDC) - A potential solution to the Development Pipeline

On the 9th June 2016, the Cabinet decision was taken to form an Arm's Length Development Company (ALDC) for amongst other purposes, the delivery of property and housing projects, using a subsidiary using subsidiary ALDC's for individual or groups of projects.

The benefits of an ALDC for Portsmouth City Council were explained in the Cabinet Decision. It was noted that an ALDC delivery structure would establish a basis for exploring a range of flexibilities around property development which could in turn support the wider corporate agendas of the Council, including:-

- 1) The generation of income for the Council both capital and revenue, potentially from the private rented sector;
- 2) The delivery of Affordable Housing that would otherwise be limited by the Housing Revenue Account borrowing restrictions;
- 3) A reduction in the potential loss of developed housing as a result of the right to buy;
- 4) Enabling a separate, more responsive and commercial operation.
- 5) Provide a means by which third-party investment could be quickly leveraged in.
- 6) More economically address the council's homelessness duty, other than by reliance on the B&B sector;

The Cabinet report noted that development companies are increasingly becoming a feature of local government property development, and property holding, and may be used as a platform for general operations and development and site specific projects, which may include the input of third-party investment.

Company Structure

Based on the benefits noted in the paper and the legal advice received, the Council established two new ALDC companies in 2017, using the company structure proposed by the Councils external legal advisors Bevan Brittan (see figure 1 below). The two companies are:-

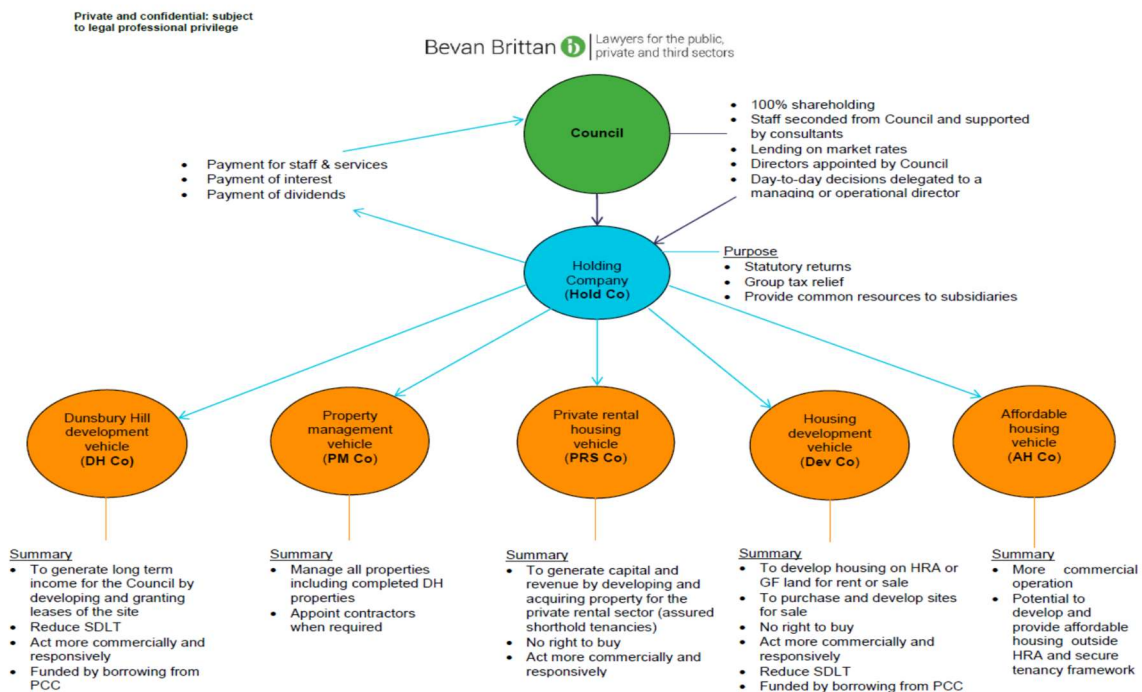
- Ravelin Group Limited, a Hold Co shown in blue on Figure 1 and
- Ravelin Property Limited, a Dev Co shown in orange as a housing development vehicle in Figure 1.

The range of subsidiaries companies will be driven by project specific issues, land holdings (including disposal consents), the tax efficiency of a given proposal, and the

role of the company as developer or land-holder (for the purposes of income receipt). All of these will be considered on a case by case basis as projects come forward.

The companies will be distinct entities to the Council, and will operate and deliver to their own objectives, narrower than the Council. The accountability of the companies and their directors will be by way of regular reporting of the ongoing business plan, and via the shareholder's agreement.

Figure 1 - Proposed Company Structure for Portsmouth City Council (extract from the Cabinet Decision 9th June 2016)



Ravelin - Delivering the Councils Development Pipeline

As setup Ravelin Group and Ravelin Property Ltd will be operating on a commercial basis, in order to comply with the rules on state aid, in most instances its relationship with the Council will need to be commercial. Loans and service-support will not be at an under value and should be broadly commercial.

The companies have been established as both a holding company and development company, owned 100% by the Council. A set of Articles of Association and a shareholder's agreement have been established.

The Council may also provide services and support to the companies provided they are on broadly commercial terms and under the Cabinet Decision, the City Solicitor, the Director of Finance and S151 officer are authorised to enter into service and supply agreements with the companies as will be required by the company for its operation.

A clear strategy on land development and transfer will be required. The Council, when holding land directly, has a range of powerful legislative tools to deploy for the purpose of land regeneration and develop - these are not available to the ALDC. However, agreements in place with the Council generally, and in specific cases, should enable the outcomes to be reached.

Individual land transfers into the companies will be subject to the statutory duty under section 123 of the Local Government Act 1972, to achieve best-consideration in the circumstances (subject to any secretary of state consents), and in respect of housing land, further limitations will apply - again subject to there being disposal consents of relevance.

Next Steps for Ravelin

The Shareholders agreements and Articles of Association for the Dev Co are being reviewed by the Councils external legal advisors in light of the requirements to development the 5 sites through Ravelin included in this decision paper.

Officers are also reviewing the directorship for each company, considering the advice of the external legal team to minimise the risk of conflict with elected members and officers with a broader role by not including them as directors.

Officers are also considering the opportunity to widen the directorship to include external professional expertise and whether or not there should be a dedicated chairperson, to provide a balanced board with the right experience and market knowledge to ensure the success of the companies.

The Directors once appointed will need to establish a corporate business plan to be agreed by the Council. In the event that the business plan demonstrates that a Company run development programme delivers the best return for the City, the Director of Finance and Section 151 Officer in consultation with the Leader as per the recommendations of the Cabinet report (June 2016) will approve.

Following that there will be a requirement to produce a strategic/partnering agreement, in order to properly empower it, creating certainty for both it and its directors, but appropriate oversight and control for the Council.

An Example of the Process that could be followed after this report.

- Powers may be reserved, appropriate limits on the powers of the Directors in relation to the disposal of assets, setting of pay, and participation in subsidiary companies or partnerships, and an investment strategy may be set.
- Once the company is set up then secondment and services agreements will be needed to enable directors appointed to operate. It will need to enter into secondment agreements for the directors and appropriate service contracts with them.
- The Council will also have to set up appropriate service agreements with the company to provide it with Legal, HR finance and other professional services.

It will be essential to obtain specialist tax advice both for Ravelin Group as well as any companies set up by it to ensure that there are no adverse consequences either for Ravelin or for the Council in any specific transaction, before trading commences.

How Will Ravelin & PCC work together

On a project by project basis, the Dev Co will submit a project business case in 3 key stages. This is important for the Council to understand, scrutinise and review these business cases to manage the risks and ensure the direction of travel remains within the Dev Co's business plan.

These stages allow the council to drip feed funding to allow the DEvCo to progress with works in a controlled manner and ensure that land passes to the DevCo at the right time but with an appropriate level on conditionality and claw back.

The Dev Co will thus secure funding in the form of a commercial loan and land for the purposes of development under a long lease (agreement to lease).

Stage 1 (Concept & early design - RIBA 1-2)

- Dev Co applies to the Council to take fwd a project (or group of projects)
- Dev Co application to incl - high level costings for this stage of work.
- Council reviews - if in agreement a loan on commercial terms to support the design and feasibility work (stage 1) is approved.
- Dev Co proceeds to complete stage 1.
- Once complete Dev Co presents to the Council. The Council needs to formally agree that Stage 1 is accepted and that Ravelin should progress to stage 2.

Stage 2 (planning & design development, procurement soft marketing - Riba 3-4)

- Dev Co confirms costs for stage 2 and estimates costs for the whole development project, including land transfer costs etc.
- Dev Co applies stage 2 costs and an agreement to lease the land subject to conditions.
- Council agrees loan on commercial terms to support stage 2.
- Council agrees Agreement to Lease.
- Ravelin secures planning and demonstrates preferred procurement route.
- Council confirms that it is supportive of the approved planning.
- Council confirms that the conditionality of the AFL has been met and the land can transfer (note this stage can take place later but prior to construction is preferred).

Stage 3 (delivery)

- Council agrees loan on commercial terms to support the delivery of the approved planning.
- Council agrees transfer of land to Ravelin under an agreement to lease, to facilitate the development subject to Ravelin clearing conditions.
- Dev Co completes the project.

Equality Impact Assessment

Preliminary assessment form 2018

www.portsmouthccg.nhs.uk

www.portsmouth.gov.uk

The preliminary impact assessment is a quick and easy screening process. It should:

- identify those policies, projects, services, functions or strategies which require a full EIA by looking at:
 - negative, positive or no impact on any of the equality groups
 - How are going to mitigate or remove any potential negative impacts
 - opportunity to promote equality for the equality groups
 - data / feedback
- prioritise if and when a full EIA should be completed
- justify reasons for why a full EIA is not going to be completed

Directorate:

Regeneration

Service, function:

Strategic Developments

Title of policy, service, function, project or strategy (new or old) :

Five projects delivery new homes:
 Southsea Community Centre-23 New Affordable Apartments including 4 wheelchair accessible units.
 Former Records Office-91 New Apartments including 28 affordable homes and 5 Wheelchair accessible units.
 Hambrook Street-15 new apartments in a converted brewery building.
 Arundel Street-43 New affordable apartments including 3 wheelchair accessible units.
 Doyle Avenue-58 New affordable apartments including 4 wheelchair accessible units.

Type of policy, service, function, project or strategy:

Existing

New / proposed

Changed

Q1 - What is the aim of your policy, service, function, project or strategy?

The aim of these developments is to deliver new much needed housing for the city with a multitude of tenures. These developments will provide various types of housing whilst utilizing under used Council land and property.

Q2 - Who is this policy, service, function, project or strategy going to benefit or have a detrimental effect on and how?

The project will benefit the people of Portsmouth with much needed housing. It will benefit 1st time buyers in acquiring homes at a fraction of open market prices. It will benefit Portsmouth people requiring affordable rented properties. Four of these schemes will also benefit wheelchair users requiring accessible units.

Q3 - Thinking about each group below, does, or could the policy, service, function, project or strategy have a negative impact on members of the equality groups below?

Group	Negative	Positive / no impact	Unclear
Age	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sex	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual orientation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Marriage & civil partnership	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other excluded groups	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Note: Other excluded groups examples includes, Homeless, rough sleeper and unpaid carers. Many forms of exclusion are linked to financial disadvantage. How will this change affect people on low incomes, in financial crisis or living in areas of greater deprivation?

If the answer is "negative" or "unclear" consider doing a full EIA

If there are any potential negative impacts on any of the protected characteristics, What have you put in place to mitigate or remove the negative impacts/barriers?

N/A

Q4 - Does, or could the policy, service, function, project or strategy help to promote equality for members of the equality groups? e.g. A new service has been created for people with a disability to help them gain employment this would mean that this helps promote equality for the protected characteristic of disability only.

Group	Yes	No	Unclear
Age	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Disability	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Race	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sex	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gender reassignment	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sexual orientation	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Religion or belief	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pregnancy or maternity	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Marriage & civil partnership	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other excluded groups	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

If the answer is "no" or "unclear" consider doing a full EIA

Q5 - Do you have any feedback data from the equality groups that influences, affects or shapes this policy, service, function, project or strategy?

Please add in the text boxes below what feedback / meetings you have attended for each specific protected characteristic

Group	Positive or negative feedback
Age	None
Disability	None

Race	None
Sex	None
Gender reassignment	None
Sexual orientation	None
Religion or belief	None
Pregnancy and maternity	None
Marriage & civil partnership	None
Other excluded groups	None

Q6 - Using the assessments in questions 3, 4 and 5 should a full assessment be carried out on this policy, service, function or strategy?

yes No

PCC staff-If you have to complete a full EIA please contact the Equalities and diversity team if you require help Tel: 023 9283 4789 or email: equalities@portsmouthcc.gov.uk

CCG staff-If you have to complete a full EIA please email: sehccg.equalityanddiveristy@nhs.net if you require help

Q7 - How have you come to this decision? Summarise your findings and conclusion below

A full consideration has been given to these council owned assets with regard to the offering to the people of Portsmouth. The projects will give homes, accessible homes, revenue and jobs to the city. It is therefore considered that the projects will give opportunity to local people and people of all equality groups whilst providing the housing needed for the city.

Q8 - Who was involved in the EIA?

Leigh Edwards
Meg Barnard
Gina Perryman

This EIA has been approved by: Natascha McIntyre Hall

Contact number: 023 9268 7655

Date: 07 09 2018

PCC staff-Please email a copy of your completed EIA to the Equality and diversity team. We will contact you with any comments or queries about your preliminary EIA.

Telephone: 023 9283 4789, Email: equalities@portsmouthcc.gov.uk

CCG staff-Please email a copy of your completed EIA to the Equality lead who will contact you with any comments or queries about your preliminary EIA

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Title of meeting: Cabinet
Date of meeting: 9th October 2018
Subject: Property Investment Fund
Report by: Tom Southall - Assistant Director Property & Investment
Wards affected: All

1. Requested by

- 1.1 This information report has been produced to comply with the resolutions contained within the report to Full Council at its meeting of 7th July 2015 which included a requirement to; *"That an annual report be submitted to Cabinet summarising the activity within the Property Investment Fund including the fund's financial position"*.

2. Purpose of report

- 2.1 This report summarises the activity within the Property Investment Fund including the funds financial performance as stated in the report to Full Council in July 2015.

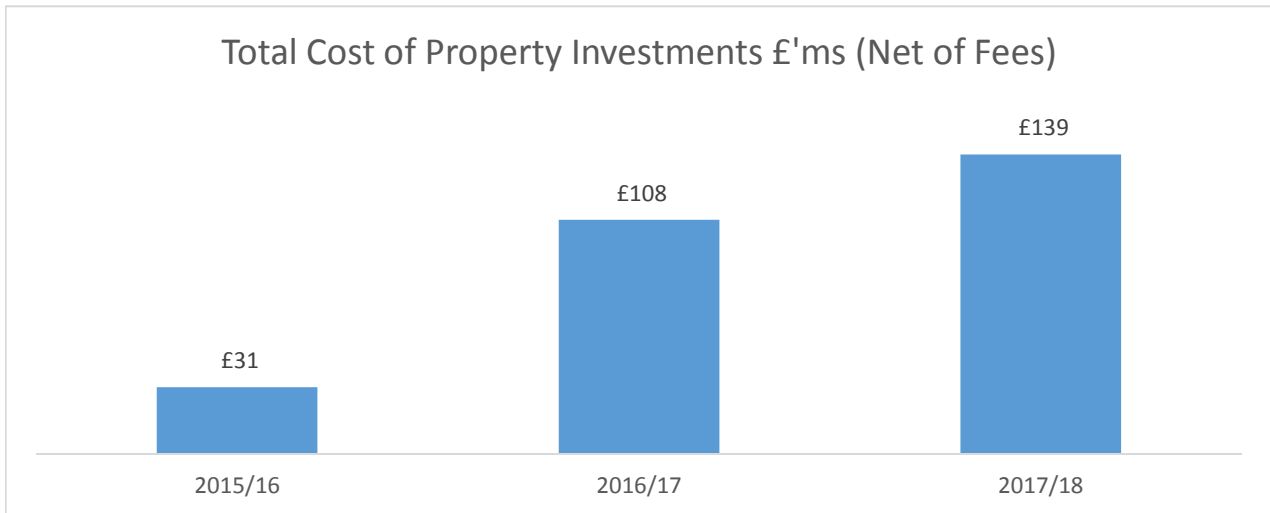
3. Information Requested

- 3.1 The Full Council meeting of the 7 July 2015 approved the amendment to the Capital Programme to permit the formation of the Property Investment Fund. The minutes of the relevant meeting record that the actions within the Property Investment Fund would be reported to council.
- 3.2 There have been several additions to the original member report; these additions have created a fund with circa £183 million to invest. This is made up of both equity (£73 million) and debt (£110 million prudential borrowing).
- 3.3 The Property Investment Strategy 2015/16 - 2019/20 (PIS) approved by members in July 2015 has been used as a framework for acquisitions. The approved strategy included strict criteria to be used when determining the property to acquire; those criteria have been adhered to and included the following:
- To create a balanced commercial property portfolio that provides long term rental returns and growth.

- A core portfolio of property assets will be sought with a view to diversification on individual assets by sector (industrial, offices and retail), location and risk.
- Core assets being the best property for the sector in an ideal location with long term income to high quality tenants.
- All investments considered must initially provide income (yield) equal to or above the councils required rate of return (IRR).
- Prioritise properties that yield optimal rental growth and stable income.
- Protect capital invested in acquired properties.
- Location will be dictated by opportunity to acquire investments that meet the strategy, proximity to the city of Portsmouth will be a deciding factor when all other attributes are equal.

Current Fund - Statistics

- 3.4 To date circa £146 million (inclusive of all costs) of the £183 million available has been invested and is generating an income of £8.4m per annum, leaving a further £37m of funding available for future property purchases.
- 3.5 To the 31st March 2018 (valuation and performance date) circa £114 million (inclusive of all costs) had been invested, generating £6.7m of income.
- 3.6 The fund has been successful in acquiring 13 properties containing 31 occupational tenants. The majority of transactions have been the purchase of standing investments whether on or off market.
- 3.7 The first investment, Schlumberger, Gloucester was purchased in December 2015, with the most recent Queens House, Manchester having completed in April 2018.
- 3.8 Appendix 1 is a schedule of all assets currently held within the Property Investment Fund.
- 3.9 The graph below shows the cumulative investment made by the Council since the fund started in 2015 to date.

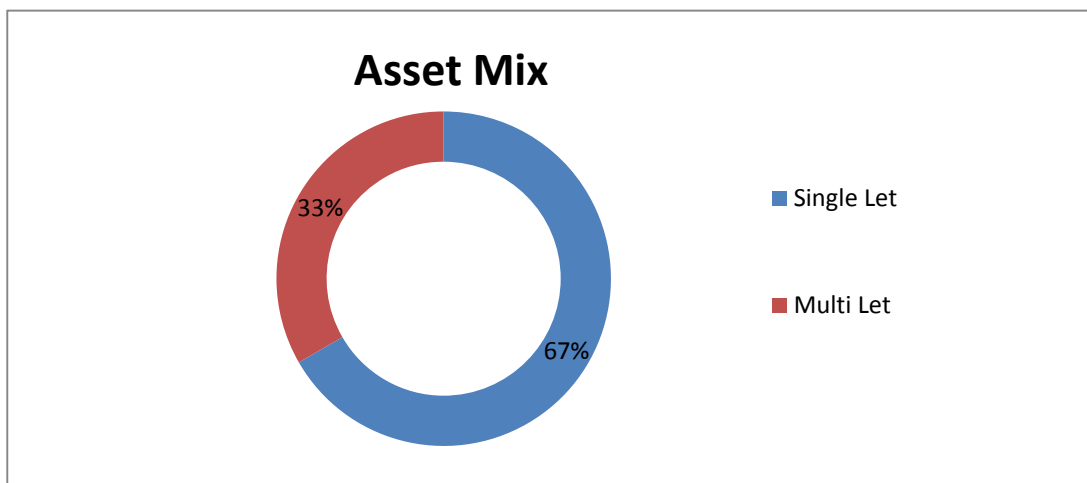
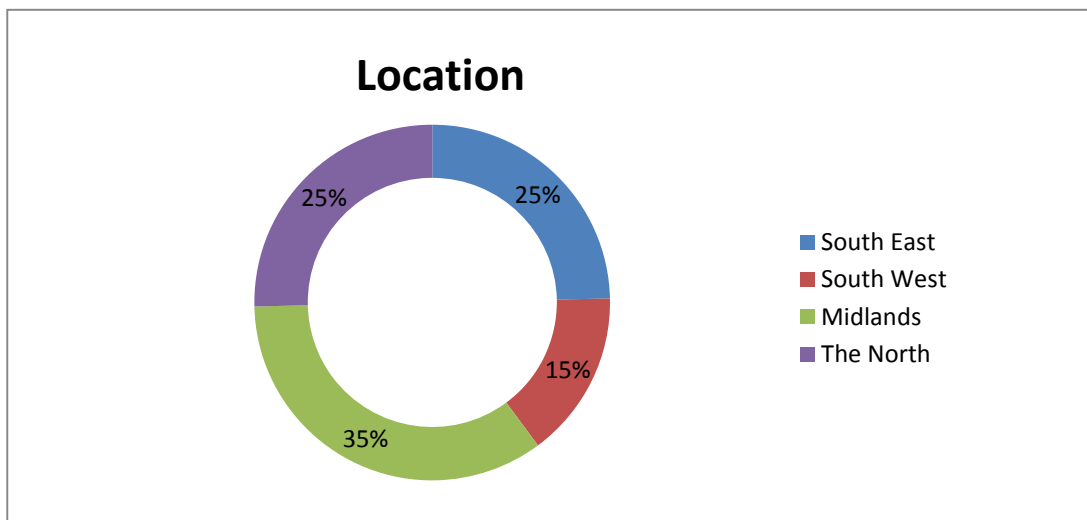
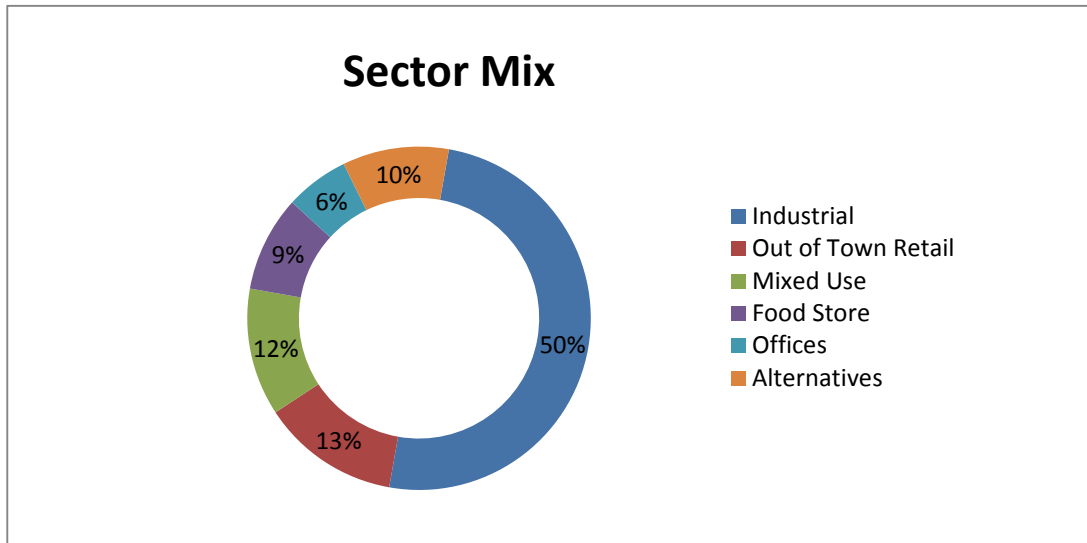


Rental Income

3.10 As of the June 2018 quarter date and since the first purchase there have been no rent payment defaults or loss of tenancies across the portfolio. The top ten tenants are:

- Schlumberger (Oilfield Services)
- DHL
- Saint-Gobain
- Sharps
- RS Components
- Waitrose
- BSS (Travis Perkins)
- UPS (United Parcel Service)
- Antalis
- PTS (Plumbing Trade Supplies)

Portfolio Mix September 2018



Portfolio Acquisition Review

- 3.11 Portsmouth City Council has demonstrated its technical knowledge base and performance and is considered by the wider market as an established well-structured and highly knowledgeable purchaser.¹
- 3.12 The original strategy has been reviewed and continues to be an adequate framework for the funds acquisition programme at this time.
- 3.13 The overarching theory that the relationship between assets reduces risk of the whole is referred to in simple terms as “diversification”. This theory which aims to protect the capital invested whilst maximising the income has been at the core of decision making on all purchases and continues to form the basis of future decisions on sales.
- 3.14 To provide sufficient diversification, it follows that a fund of £183m requires single asset lot sizes of circa £8-18m spread across a UK national geographical area with a suitable sector mix.
- 3.15 The average lot size for individual assets within the fund currently stands at £10.5m, with the minimum lot size of £4.9m and a maximum lot size of £16.2m.
- 3.16 Purchases have been in-line with the strategy of core & core plus across a variety of sectors and UK locations.
- 3.17 The fund has been weighted to the best performing sectors in the market as of the date of this report but has maintained the diversification (location / sector / tenant) required to create a well-balanced sustainable portfolio including a mix of multi-let and single let property.
- 3.18 To achieve diversification and properly manage risk for a portfolio of this size of financial investment requires the portfolio to be built over the whole UK geography..
- 3.19 Financial risk and how it combines within the wider portfolio were considered during assessment and appraisal stage of each individual property.
- 3.20 We have used Discounted Cash Flow techniques as well as IRR (internal rate of return) in evaluating the expected financial return for each acquisition. The level of detail within the cash-flows are detailed at appendix 2. These techniques show both the actual rate or return as well as the overall return compared to the alternative of a "risk free" investment.
- 3.21 Our investment analysis considerations take into account UK location, sector, tenant, age, size, lease length, building condition, environmental, future capital expenditure, rental growth prospects, investment hold period and asset liquidity to name but a few. These are cross referenced against associated market sector drivers such as micro and macro demographics, technology, consumer and business trends, and the wider economic position, and form our basis for investment appraisal.

¹ testimony has been received from leading Agents confirming this

Current Strategy Position

- 3.22 The fund requires several more purchases to become a fully invested UK wide fund and balance the property risk to an acceptable level whilst maximising the overall return.
- 3.23 The fund has a medium risk attitude achieved through a progressive risk-adverse to risk-seeking strategy over time (often described as moving up the curve).
- 3.24 This leverages diversification benefits by buying into lower yielding/lower risk assets at the beginning; as this is where the most property risk in the portfolio lies, the portfolio risk should decrease as appropriate located assets are added.
- 3.25 There remains around £37m circa 20% of the fund, which given the current level of risk in the portfolio is now targeted (progressively) towards somewhat higher yielding and where appropriate value add assets with sound property fundamentals. Subject to availability, individual lot sizes and hold periods may reduce to allow for the additional risk in the final 20%.

Medium - Long Strategy

- 3.26 The overriding fund principle is to create long term sustainable income whilst protecting the capital invested. Asset replacement is required in commercial property portfolios in order to prevent depreciation of value over time.
- 3.27 A fund of this size and type requires a substantial level of continued management and monitoring to ensure the overriding principles are achieved. The ability to trade property (asset and portfolio liquidity) and to purchase further assets within the UK to replace and rebalance the inherent risk to capital and income is fundamental and is at the forefront of the on-going management of the fund and subsequent decision making.

Financial Performance

- 3.28 Performance on property investments are measured by the overall return; that being the increase (or decrease) in capital value plus the income generated expressed as a percentage.
- 3.29 The fund is valued annually on the 31st March and therefore financial performance has been measured using holdings to this date. Further purchases have been made after this date which will be captured in the 2018/19 review.

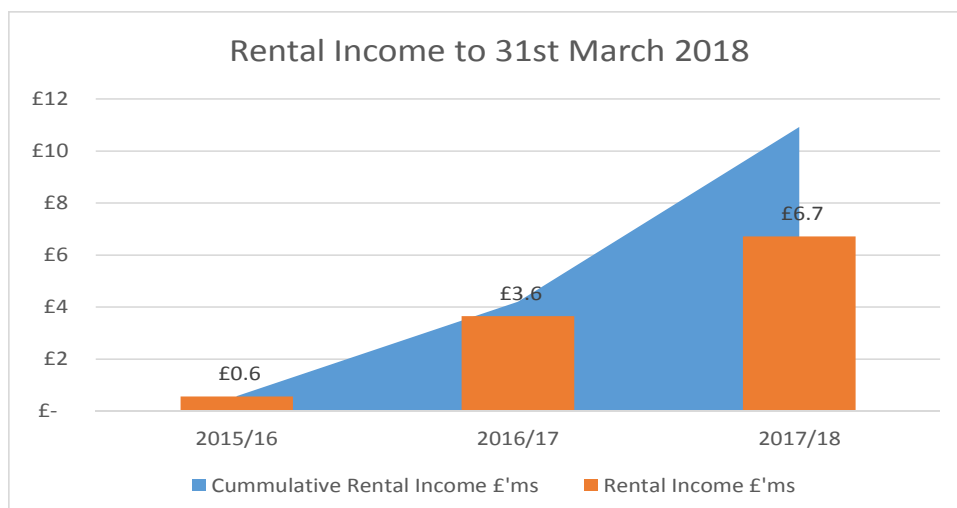
Capital Growth

- 3.30 The primary objective for the Council is to protect its Capital base, maximise income and create a long term sustainable income stream.

- 3.31 All properties market values are either equal to the purchase price, or have increased value ranging between 0.64% and 17.2% (net of costs), see appendix 3.
- 3.32 The Council, as at 31st March 2018 has spent £114m of the fund on property which includes all related costs of purchase, the market value of properties held as at 31st March 2018 has increased by 5.47% to £114m therefore the capital value of the holding is now equal to the total cost of acquisition.
- 3.33 The fund is in very early stages and as such there has been a significant number of purchases over a short period as the fund becomes fully invested. As it matures over several years and rental income grows, acquisitions will be less frequent and the impact of acquisition costs on overall performance should decrease.
- 3.34 At least half have achieved market growth that exceeds the gross purchase price since purchase. It should be noted that this does not include the benefit of income received during the period.
- 3.35 Sustainable commercial property investment is long term, fluctuations in capital values given either market forces or lease events during the hold period are normal and have been considered as part of the financial due diligence.
- 3.36 The confidential exempt appendix 3 shows the growth in Market Value of each property measuring the Cost of the Property and Acquisition Fees against the Market Value of the property as at 31st March 2018.

Rental Income (Gross Return)

- 3.37 In 2017/18 the amount of rental income received was £6.7m which represented a return against total capital investment (including costs) of 5.85% of holdings as at the 31st March 2018.



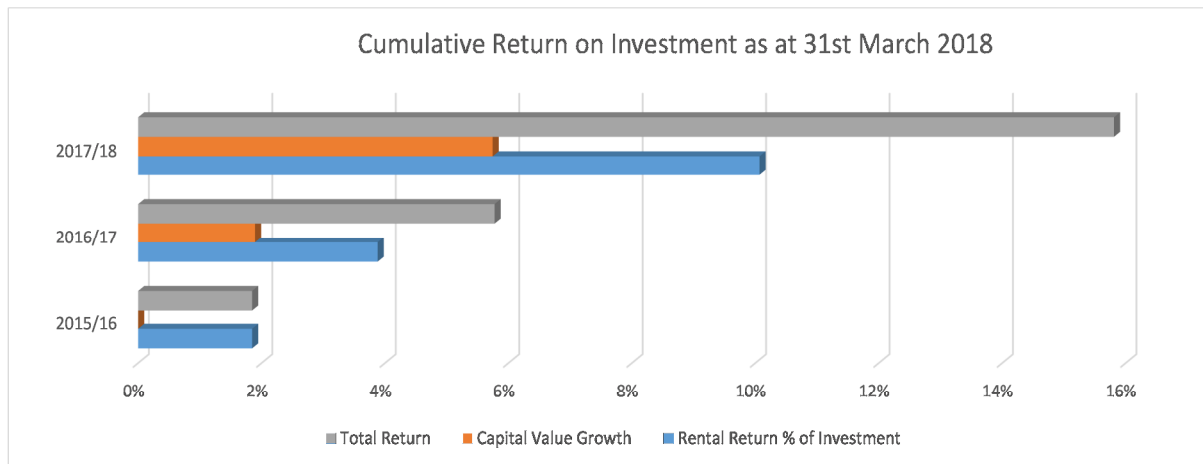
3.38 Since the introduction of the fund the growth in Rental income has been steep, this is mainly because of the rate at which the Investment Portfolio has grown.

Rental Income (Net Return)

3.39 The cumulative net income return to the Council (after all borrowing costs) since the Funds inception to 31st March 2018 amounts to £10.9m. The net income return for 2017/18 alone amounts to £5.5m, representing a net yield of 4.76%. This comprises a net return of debt financed acquisitions of 4.66% and equity funded acquisitions of 4.85%.

Overall Performance

3.40 In order to measure the performance of the Property Investment Fund we need to consider both the effect of the Market Value growth of the fund, plus the rental income generated. The Graph below shows the cumulative gross % return on initial investment. As at the 31st March 2018 this was 16%.



3.41 Whilst the Council is able to borrow for investment purposes, it cannot borrow to "lend on" i.e. borrow simply to then place borrowed funds on the money markets in order to make a return. Nevertheless, as a benchmark for the Council's alternative of a "risk free" rate of return, the prevailing money market investment rates are often used as a proxy (e.g. LIBID rates) and these have ranged between 1% to 2% over the period. The Council could however, have invested the equity element of the fund into money markets at that level of return.

Investment Market

- 3.42 Investment activity in the UK commercial market has been significant over the past 12 months as the UK continues to be considered a “safe haven” in the global property market.
- 3.43 All-property yields have continued to move downwards it now stands at 5.9%, the lowest level since October 2007.
- 3.44 Performance is heavily polarised according to sector Investment Property Databank (IPD) reports that industrial has performed exceptionally well with total return rising by an impressive 15.5% over the 12 months to March. In contrast, the office sector saw values rise by 3.6% constrained by continued poor demand in regional markets and supported by performance in the London, Manchester, Birmingham CBD districts. Retail values increased by just 1.0% skewed by the extremely poor performance of the high street which is likely to continue in the long term.
- 3.45 Given the performance of the market and the associated pricing increase it has become harder to source suitable investment acquisitions with the weight of money in the market creating very strong competition on all assets.

Market - Outlook

- 3.46 Investor demand for high quality real estate will remain strong and competitive. Given the continued rise of e-tailing the industrial and logistics sector is predicted to outperform all sectors in the medium term.

Resources

- 3.47 The investment / acquisitions manager had been recruited specifically for fund creation and on-going management and continues in that role at this time, given the complexity of the fund internal skills of this type are essential in order to maintain the core principles and a balanced portfolio over time.
- 3.48 Core tasks include:
- Sourcing of suitable investments
 - Performance review and on-going management decisions
 - Buy / sell / hold recommendations
 - Stock screening, selection and scrutiny
 - Access both occupational and capital market intelligence
 - Implement investment strategy
 - Financial investment analysis
 - Due diligence on acquisitions

- Preparation for sale on exit

External Advisors

3.49 We continue to use the services of GVA for due diligence reports under the HCA framework.

- Building surveys
- Formal valuations
- Environmental studies

3.50 A panel of external legal advisers was set up following a procurement exercise by competitive bid when the fund was created. The panel comprises five law firms. The choice of law firm to deal with any particular transaction is not just dependant on their quote. Some firms have more expertise in particular areas than others such as taxation or construction and so the nature of the specific transaction is very relevant.

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Signed by Director of Regeneration:

Appendices:

- Appendix 1 - Asset Schedule
- Appendix 2 - Cash Flow Inputs
- Appendix 3 - Exempt Confidential

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

Appendix 1

Enza Building, Warrington	April-18	£4.9m
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38,000 sq ft Mercedes van & truck dealership with alternative use options.

Located on the M62 at Warrington. Let to Roanza Limited until October 2023.

Queens House, Manchester	April-18	£8.9m
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Multi-let city centre office over 6 floors in the heart of Manchester business district.

23,000 sq ft let to 6 tenants creating an average unexpired lease term of 5 years

Portsmouth Retail Park	May - 18	£16.2m
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Off - market purchase of 70,000 sq ft multi-let retail scheme with 9 tenants with a WAULT of circa 10 years.

Scheme completed in May 2018

Travis Perkins Magna Park	Dec-16	£15.7m
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Off - market purchase of 153,000 sq ft BSS Group HQ (Travis Perkins) Located on the M1 at Magna Park, Lutterworth.

Let to Travis Perkins for a term of 15 years from 2014.

Dunelm & Lidl Redditch	Dec-16	£8.3m
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Off - market purchase of a two unit 32,000 sq. ft. retail warehouse scheme in central Redditch.

Let to Lidl and Dunelm on a average lease expiry of 8 years.

Sharps Bedrooms Bilston	Dec-16	£11.5m
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Off - market purchase of the 151,000 sq ft Sharps Bedrooms manufacturing HQ.

Located to the north of Birmingham close to the M6 motorway. Let to Sharps until 2026.

UPS Dewsbury Dec-16 £7.25m



Off - market purchase of 111,000 sq ft UPS distribution hub close to the M1 / M62 interchange.

Let to UPS with a lease expiry in 2026.

City Park Leeds Dec-16 £13.75m



Multi-let industrial/trade counter scheme of circa 193,000 sq ft.

Located on Leeds city fringe with immediate access to M621. Let to a variety of national occupiers.

Mercedes Southampton Jul-16 £8.74m



Off - market purchase of a 31,000 sq ft Mercedes dealership.

Located at the entrance to Southampton Airport with a circa 11 year un-expired lease.

DHL Minworth Jun-16 £12.6m



Off - market. Speculatively built 102,000 sq ft industrial unit developed/funded by Rockspring.

Located on the new Pro-logis Park at Minworth the property was let to DHL prior to PC on a 15 year term.

Schlumberger End 2015 £8.0m



100,000 sq ft industrial warehouse let to Schlumberger Plc with 6 years remaining on the lease.

Located on Quedgeley West Business Park, adjacent to the M5 at Gloucester.

Matalan Swindon End 2015 £9.7m



Off -market. Purchase of a 42,000 sq ft retail warehouse let to Matalan with 12 years remaining.

The property forms part of M&G's Greenbridge Retail Park in Swindon.

Waitrose Crewkerne

End 2015

£13.1m

Vendor:



A 31,000 sq ft supermarket located in an affluent regional town.

Built in 2007, let to Waitrose with circa 14 years remaining on the lease.



Appendix 2

Type of information	Current data	Forecasts
Tenure	<ul style="list-style-type: none"> Title, including headlease details (if applicable) Outgoings Head rents Unfulfilled statutory obligations 	
Physical attributes	<ul style="list-style-type: none"> Floor areas (net and gross) Ancillary areas and car parking Building specifications Tenants' improvements 	<ul style="list-style-type: none"> Planned or possible changes in areas/ parking provision
Lease/sublease and occupational interests	<ul style="list-style-type: none"> Tenancy details Lease expiry dates Break clauses Rent review dates Rent review terms 	<ul style="list-style-type: none"> Lease events forecasts, including probability of breaks being operated and leases renewed Duration of future voids Perpetual void allowance
Rental value	<ul style="list-style-type: none"> Rents passing (including stepped rents) Estimated rental values 	<ul style="list-style-type: none"> Growth in rental value for the location to model refurbishment/ redevelopment options Growth in actual property rents
Costs of property ownership and holding costs	<ul style="list-style-type: none"> Vacancy/void costs Unrecoverable service costs Unrecoverable management costs Letting and review costs Purchase and sale costs 	<ul style="list-style-type: none"> Inflation in maintenance and running costs Future periods on lease expiry and periods of refurbishment
Redevelopment/ refurbishment	<ul style="list-style-type: none"> Costs of redevelopment/ refurbishment Dilapidations 	<ul style="list-style-type: none"> Inflation in building costs
Finance	<ul style="list-style-type: none"> Loan details Break costs 	<ul style="list-style-type: none"> Changes in interest rates
Gearing	<ul style="list-style-type: none"> Level of debt Return on equity employed 	
Taxation	<ul style="list-style-type: none"> Income and capital gains VAT election Capital allowances 	