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# NOTICE OF MEETING

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## CABINET

**TUESDAY, 10 MARCH 2020 AT 12.00 PM (NOON)**

## **EXECUTIVE MEETING ROOM - THE GUILDHALL - FLOOR 3**

Telephone enquiries to Joanne Wildsmith, Democratic Services Tel 9283 4057

Email: [joanne.wildsmith@portsmouthcc.gov.uk](mailto: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.

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## **Membership**

Councillor Gerald Vernon-Jackson CBE (Chair)

Councillor Steve Pitt (Vice-Chair)

Councillor Dave Ashmore

Councillor Suzy Horton

Councillor Lee Hunt

Councillor Darren Sanders

Councillor Lynne Stagg

Councillor Matthew Winnington

Councillor Rob Wood

Councillor Tom Wood

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(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](http://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.**

## **A G E N D A**

**1 Apologies for Absence**

**2 Declarations of Interests**

**3 Record of Previous Decision Meeting - 4 February 2020 (Pages 9 - 28)**

A copy of the record of the previous decisions taken at Cabinet on 4 February 2020 are attached.

**RECOMMENDED that the record of decisions of the Cabinet meeting held on 4 February 2020 be approved as a correct record and signed by the Leader.**

**4 Draft Private Rental Sector Strategy for Portsmouth (Pages 29 - 128)**

The purpose of the report by the Director of Housing, Neighbourhoods and Building Services is to present the Council's draft strategy for the Private Rental Sector (PRS) in the city. The following report provides an executive summary, objectives, and actions as outlined in the draft strategy document.

**RECOMMENDED:**

- (1) That the Cabinet approve the draft Private Rental Sector strategy for Portsmouth (Appendix 1).**
- (2) That officers immediately begin to implement the actions within the strategy that do not require any further permissions, budget or resources, as identified in section 6 of this report.**
- (3) That the Cabinet authorises officers to undertake a consultation on this draft strategy.**
- (4) That officers bring back to Cabinet the results of the consultation, along with a final strategy and action plan for approval and identify any additional decisions required to implement the strategy.**

**5 Home Energy and Water Strategy (Pages 129 - 190)**

The purpose of the report by the Director of Housing, Neighbourhood and Building Services is to bring the finalised Energy and Water at Home Strategy to Cabinet which was approved in draft form on 5th November 2019. This includes reporting the key findings of the consultation and a number of changes made to the strategy itself as a result of this exercise. This report also highlights work undertaken to respond to decisions made in the November Cabinet to:

- a) Develop a detailed action plan to achieve the strategic objectives set down in the report
- b) Develop a marketing and communication strategy to reach and engage all residents in the City

**RECOMMENDED that Cabinet:**

- (1) notes the extensive consultation undertaken with key partners and the wider public; and that the response of the consultation was overwhelmingly positive and in agreement with the objectives laid out in the draft strategy.**
- (2) approves the final strategy for publication.**
- (3) notes the development of a detailed action plan which will help to expand the scope and scale of the help currently offered by the authority; whilst acknowledging that this is a live document which will be subject to further development.**
- (4) notes the development of a marketing and communication strategy which will reach and engage every household in Portsmouth; whilst acknowledging that this is a live document which will be subject to further development.**

**6 Mainstreaming Proceeds of Crime (Pages 191 - 206)**

The report by the Director of Culture, Leisure and Regulatory Services seeks to provide a strategic overview of how the Local Authority through Regulatory Services shall implement a framework designed to deliver, embed, and review the implications of the acquisition of the powers contained within the Proceeds

of Crime Act 2002 (POCA).

**RECOMMENDED** that the Cabinet approves the actions as set out within Section 8 of the report, namely the:

- development of Council wide processes, guidance and templates for the comprehensive implementation of POCA frameworks across all PCC services;
- use of risk assessed POCA interventions wherever possible;
- setting up of a £50,000 reserve to offset against costs incurred during the process of pursuing actions via the Courts in respect to criminal proceedings and POCA activities.

**7 Administration fees for Appointeeship Services (Pages 207 - 240)**

The report by the Director of Finance seeks approval to introduce administration fees from Monday 06 July 2020 for clients in receipt of Appointeeship services provided by the City Council.

The rationale for proposed introduction of these fees, is to ensure that the service will be available to support future vulnerable adults requiring our services. Without introducing the proposed charges, there is a risk that the service would not be able to continue to support the growing number of clients.

**RECOMMENDED** that the Cabinet:

**(1) Agrees to introduce administration fees for Appointeeship services from Monday 06 July 2020.**

**(2) Agrees to set the weekly fees at the following rates for the financial year 2020-21 from the above date:**

**For clients in residential care £4.00**

**For clients in community based care £10.00**

**(3) Agrees to the mitigation arrangements in the case of hardship as set out in paragraphs 5.20 and 5.21.**

**(4) Agree that the proposed fee rates above, will be inflated annually in line with the inflation rate applied to the Adult Social Care fees and charges from the financial year 2021-22.**

**(5) Notes the proposed community support and engagement process as detailed in section 7 of the report.**

**8 Greening Portsmouth Strategy (Pages 241 - 270)**

Report by the Corporate Performance Manager on behalf of the Chief Executive. The report sets out a Greening Portsmouth Strategy for the City.

**RECOMMENDED** that Cabinet approve the Greening Portsmouth

**Strategy (set out at Appendix A to the report).**

**9 Forward Plan Omission re Annual Capital Strategy**

The Forward Plan published on 18 February 2020 included the Annual Capital Strategy which allows the necessary 28 day notice for the Council meeting, but not 28 days for Cabinet (so is an omission from the Forward Plan published on 10 February). The Chair of the City Council's Scrutiny Management Panel has been notified and a public notice published.

**RECOMMENDED that Cabinet note:**

- (1) the omission to the Forward Plan for March 2020;**
- (2) the publication of the omission notice.**

**10 Annual Capital Strategy - 2020/21 - 2029/30 (Pages 271 - 302)**

The report by the Director of Finance & Resources seeks to:

- enable the City Council to adopt a long term Capital Strategy from 2020/21 onwards
- inform members and the wider community of the Council's Capital Strategy
- ensure that Members are aware of the overall strategy, governance procedures and risk appetite
- highlight the business planning inter-relationship between the Capital Strategy, Capital Programme, the Revenue Budget, the Medium Term Financial Strategy and Treasury Management

**RECOMMENDED**

- (1) That Part I of the Capital Strategy (Capital Expenditure and Aspirations) be approved including:**
  - a) The Short / Medium / Long-term Aspirations set out in Appendix 1**
- (2) That Part II of the Capital Strategy (Borrowing and Investing in Property) be approved including:**
  - a) The Minimum Revenue Provision (MRP) for Debt Repayment Policy (Part II, (paragraph 1.5)**
  - b) The investment indicators in Part II - Appendix 2 (part II, paragraph 2.5)**
  - c) That the Director of Finance and Resources (Section 151 Officer) will bring a report to the next Cabinet and City Council if (part II, paragraph 2.5):**
    - (i) The Council's gross General Fund (GF) debt exceeds 400% of GF net service expenditure or;**
    - (ii) Overall investment income from investment properties and long term treasury management investments exceeds 7.9% of GF net service expenditure**

**11 Treasury Management Policy 2020/21 (Pages 303 - 340)**

The purpose of the report by the Director of Finance and Resources is to obtain the Council's approval of the updated Treasury Management Policy Statement (attached) which includes the Annual Investment Strategy.



**RECOMMENDED (for Council):**

- (a) that the upper limit for principal sums invested for longer than 365 days contained in paragraph 4.7 of the attached Treasury Management Policy Statement be approved;**
- (b) that the upper and lower limits on the maturity structure of borrowing contained in appendix 5.1 of the attached Treasury Management Policy Statement be approved;**
- (c) that the attached Treasury Management Policy Statement including the Treasury Management Strategy and Annual Investment Strategy for 2020/21 be approved;**
- (d) That the Council will where it is financially responsible to do so, give preference to investments that improve the environment, bring wider social benefits, and are with organisations with good governance. In particular the Council will:**
  - (i) Avoid investments in fossil fuel extraction unless they are making substantial investment into renewable energy technologies as part of a strategy to become a clean energy supplier;**
  - (ii) Consider the environmental, social and governance elements of credit ratings in making investment decisions, provided that the overall risk profile of the investment portfolio (including liquidity risk) and returns are not compromised;**
- € that rated building societies be given the same lending limits as banks;**
- (f) that the Council will only lend to housing associations if they have a viability rating of V1 and a Governance rating of G1 from Homes England;**
- (g) that lending to Hampshire Community Bank (HCB) will be secured on loans made by HCB to small and medium sized enterprises (SMEs) of the highest credit quality which may not in turn be secured on tangible fixed assets;**
- (h) that the maximum duration of loans to HCB be reduced from 10 years to 5 years;**
- (i) As set out in paragraph 1.4 of the Treasury Management Policy Statement, the Director of Finance and Resources (Section 151 Officer) and officers nominated by him have delegated authority to:**
  - (i) invest surplus funds in accordance with the approved Annual Investment Strategy;**
  - (ii) borrow to finance short term cash deficits and capital payments from any reputable source within the authorised limit for external debt of £883m approved by the City Council on 11th February 2020;**
  - (iii) reschedule debt in order to even the maturity profile or to achieve revenue savings;**
  - (iv) to buy and sell foreign currency, and to purchase hedging instruments including forward purchases, forward options and foreign exchange rate swaps to mitigate the foreign exchange risks associated with some contracts that are either priced in foreign currencies or where the price is indexed against foreign currency exchange rates;**
- (j) that the Director of Finance and Resources (Section 151 Officer) has the power to delegate treasury management operations to relevant staff;**
- (k) that the Chief Executive, the Leader of the City Council and the Chair of the Governance and Audit and Standards Committee be informed of**

**any variances from the Treasury Management Policy when they become apparent, and that the Leader of the City Council be consulted on remedial action (paragraph 1.2.2 of Treasury Management Policy Statement).**

**12 Revenue Budget Monitoring 2019/20 (Third Quarter) to end December 2019 (Pages 341 - 352)**

The purpose of the report by the Director of Finance and Resources is to update members on the current Revenue Budget position of the Council as at the end of the third quarter for 2019/20 in accordance with the proposals set out in the "Portsmouth City Council - Budget & Council Tax 2020/21 & Medium Term Budget Forecast 2021/22 to 2023/24" report approved by the City Council on the 11<sup>th</sup> February 2020.

**RECOMMENDED that**

**(i) Members note:**

**(a) An overspend of £667,900 before further forecast transfers from/(to) Portfolio Specific Reserves & Ring Fenced Public Health Reserve**

**(b) An underspend of £625,200 after further forecast transfers from/(to) Portfolio Specific Reserves & Ring Fenced Public Health Reserve.**

**(c) 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 2020/21 Cash Limit.**

**(d) That on 11th February 2020 City Council approved that any underspending for 2019/20 arising at year-end outside of those made by Portfolio's be transferred to Capital resources.**

**(ii) 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 2020/21 Portfolio cash limit will be managed to avoid further overspending during 2020/21.**

**13 Local Transport Plan 4 Development (Pages 353 - 374)**

The report by the Director of Regeneration, seeks approval of the draft vision and objectives for Portsmouth's Local Transport Plan 4 and outline the direction the draft strategy will take.

**RECOMMENDED that Cabinet**

**(1) approves the draft vision and policy objectives for the Local Transport Plan 4**

**(2) agrees the continued development of the draft strategy in accordance with the vision and policy objectives**

**(3) brings the strategy back to Cabinet and Full Council for approval to consult in June.**

**14 Exclusion of Press and Public**

**RECOMMENDED that Cabinet 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 item on the grounds that the report(s) 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.**

**Members of the public may make representation as to why the item should be held in open session. A statement of the Council’s response to representations received will be given at the meeting so that this can be taken into account when members decide whether or not to deal with the item under exempt business.**

**(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.)**

<b>Item</b>	<b>Paragraph</b>
<b>Social Value (appendix B only)</b>	<b>3</b>

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

**15 Social Value - a rent subsidy model (Pages 375 - 396)**

The report by the Director of Regeneration forms part of the Property & Investment Team's response to PCC's current priorities and seeks to:

- recognise financially the current level of commercial support provided by PCC to a number of charitable or not-for-profit organisations;
- set out to councillors a new framework for which social value and / or impact provided by third-party organisations can be valued to enable transparency in decisions regarding occupation of council-owned property by way of rent subsidy;

- ensure and record that where discounts to these organisations are in place, the Directorates within the Council recognise the lost income and are in agreement that it represents best value for the Council.

#### **RECOMMENDED**

**(1) That Cabinet approve a property valuation framework where social value can be taken into account when PCC is looking to rent out property to third parties where their aims coincide with the objectives of the Council;**

**(2) That Cabinet Members acknowledge that the service areas that benefit from the third-party support recognise the discounted income in their Portfolio cash limits and that equivalent savings may be necessary to accommodate any reduced income**

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 Tuesday, 4 February 2020 at 9.30 am at the Guildhall, Portsmouth

### Present

Councillor Gerald Vernon-Jackson CBE (in the Chair)

Councillors Steve Pitt  
Dave Ashmore  
Suzy Horton  
Lee Hunt  
Darren Sanders  
Lynne Stagg  
Matthew Winnington  
Rob Wood  
Tom Wood

#### 1. Apologies for Absence (AI 1)

None with all Cabinet Members being present, however the Cabinet wished to reflect on both former Lord Mayor and Councillor Ken Ellcome's recent passing and also that of former Honorary Alderman and Councillor Caroline Scott. There would be further marking of their passings at the forthcoming City Council meeting.

#### 2. Declarations of Interests (AI 2)

During discussion of agenda item 10 relating to the Climate Change Strategy, reference was made to Local Partnerships and Councillor Gerald Vernon-Jackson CBE declared that he is a director, but the City Solicitor advised that this was not a personal or pecuniary interest and he was not therefore precluded from taking part in the discussion of this item.

#### 3. Record of Previous Decision Meetings - 29 October & 5 November 2019 (AI 3)

RESOLVED that the records of decisions of the previous Cabinet meetings held on 29 October and 5 November 2019 be approved as correct records to be signed by the Leader.

#### 4. Enhanced Recycling options (AI 4)

Deputations are not minuted in full but can be viewed as part of the webcast for the meeting:

<https://livestream.com/accounts/14063785/Full-Cabinet-04Feb2020>

Colette Hill, Assistant Director of Neighbourhoods, presented the report of the Director of Housing, Neighbourhood and Building Services, which set out the options available to reduce waste and improve recycling rates, and

on the trial for the separate collection of food waste. The preferred Option 2 would expand the trial and include additional rounds, with funding being subject to Council budget approval.

Councillor Vernon-Jackson, as Leader, wished to add a recommendation to include the roll out of food waste collection to all homes as part of the new contract from 2021. Councillor Ashmore, as Cabinet Member for Environment and Climate Change, commented on the importance of this report in tackling the previously low recycling rates in the city and extra facilities for glass, gum and cigarettes had also been provided. He was pleased that the public were embracing the food waste trial for recycling and to reduce this as part of the normal bin storage.

Mr Charles Burns gave a deputation to welcome the recommendations but to ask that there be more education on the need to reduce the level food waste in homes and he favoured a reduction in the collection of black bins. The Leader agreed with the use of leftover food and encouraging cooking lessons but did not agree with the reduction in waste collections. Councillor Sanders, Cabinet Member for Housing, referred to the 'Food Cycle' lessons with children at the Council adventure playgrounds, and would be interested to see how the scheme would be applied to council properties and houses in multiple occupation in the future.

The Cabinet Members were pleased to see the positive uptake of the trial and Councillor Pitt, Deputy Leader, was keen for awareness raising to continue and the Council budget included more recycling facilities at the seafront and city centre. The Leader commented on the success in reducing waste levels as evidenced in the trial with an increase in recycling. Targeting food over plastics would make the biggest impact, with a high proportion of plastic being disposed of rather than being recycled.

#### **DECISIONS:**

- (1) That Option 2 be implemented; the council will also work towards a city wide rollout that links in with the end of the current collection contract in September 2021 - subject to funding being identified.**
- (2) The aim is to roll out the food waste recycling to all homes in the city as part of the new waste collection contract that commences after 30 September 2021.**

#### **5. Play Streets - Play out Portsmouth citywide rollout (AI 5)**

Michelle Love, Safer Travel Manager, presented the report of the Director of Regeneration, which had been brought to Cabinet as it was a cross-directorate scheme to enable children to play out on a Sunday afternoon on a closed residential road. This had been suggested by a local resident and had been trialled in the summer of 2019 in Francis Avenue for a 3 hour period. This had received positive feedback from participants who had enjoyed the community benefits. The Council would provide documents (and advertise

the road closure and provide signs) for residents to make the necessary arrangements themselves.

Councillor Graham Heaney, Labour Spokesperson for Traffic & Transportation, spoke on this item and queried why it had come to full Cabinet; the Leader responded that this was a cross-portfolio initiative. Councillor Heaney also commented on the need to ensure the system was not too bureaucratic, queried the delay on School Streets which had been previously been suggested, and the need to give clarification on which roads can and can't be included for Play Streets.

Michelle Love responded that the documents would be made clear as possible to follow and be clear on road classifications and restrictions (such as bus routes and bin days). Applications would be considered on a case by case basis. School Streets are mentioned in the Play Streets report as the next development from Play Streets, these are going to be trialled as part of the Superzone Pilot that is centering on Arundel Court School, when the move to the new building is complete.

Councillors Steve Pitt and Suzy Horton spoke as ward councillors for the pilot scheme in Central Southsea, who had witnessed its success with neighbours engaging with each other, and PCC had not paid the public liability for this. They thanked the officers for their work with the community on this. Councillor Lynne Stagg as Cabinet Member for Traffic & Transportation and Councillor Lee Hunt as Cabinet Member for Community Safety, also encouraged resident empowerment.

**DECISIONS The Cabinet approved the creation of the community led, Portsmouth City Council initiated Play Streets Scheme that includes:**

- (1) The creation of supporting documents and an application forms, which will be available to all Portsmouth residents on the Portsmouth City Council website;**
- (2) The creation and support of a resident-led Play Out Pompey Community Group to support the set-up of new play streets;**
- (3) The purchase and storage of appropriate road closure and diversion signage**

#### **6. Proposed Halifax, Canada and Falkland Islands Sister City Links (AI 6)**

Claire Looney, Partnership & Commissioning Manager, presented the report of the Director of Culture, Leisure & Regulatory Services, which set out the historical links with the Falkland Islands and the economic development importance of the link with Halifax, Canada.

Councillor Pitt, as Cabinet Member for Culture & City Development, endorsed the proposals which were in line with the Council's global city aspirations, and referred to the University of Portsmouth's hopes to attract more Canadian

students. Both he and the Leader referred to the shipbuilding links with Halifax, and BAE's warship designs were then produced there.

#### **DECISION**

**That the Leader of the Council write to the Mayor of Halifax, Canada and the Legislative Assembly of the Falkland Island with a request that Portsmouth be able to enter into Sister City relationships with both Halifax and the Falkland Islands to mark the long relationship between the City of Portsmouth and Halifax, Canada and the Falkland Islands.**

#### **7. Domiciliary Care in Ian Gibson Court (AI 7)**

Paul Fielding, Assistant Director Housing, presented this report which set out the proposals for making permanent the improved care model that had been brought in after the 2017 joint review (Housing and Adult Social Care) and CQC "good" inspection rating. Whilst there would be a slight increase in cost to Adult Social Care the cost of care to residents themselves would not be effected by this.

The Cabinet Members welcomed the proposals which would benefit the residents and Councillor Winnington, as Cabinet Member for Health, Wellbeing and Social Care emphasised that there would be savings in the future with the residents feeling happier and healthier. Paul Fielding wished to thank the Sheltered Housing Manager Alison Croucher and her team for delivering this service.

#### **DECISIONS - The Cabinet:**

**(1) recognised the improved care provided for residents at Ian Gibson Court and approves that the pilot scheme is made permanent.**

**(2) approved the ongoing funding model as documented within this report.**

**(3) approved that a new phase of the pilot scheme begins to be planned with immediate effect.**

**(4) agreed the principle of expanding this method of care provision to other city council local authority housing schemes or areas of operation if appropriate and delegates' authority to the Directors for Housing, Neighbourhood & Building Services and Adult Social Care to progress, in consultation with the relevant portfolio holders.**

#### **8. Adult Social Care - Care Home Placements (AI 8)**

Andy Biddle, Assistant Director of Adult Social Care, presented this report which set out the provision of care in the city for the growing population of older persons and those with Dementia. The tables showed projections of future trends which calculated the demand for residential home care by 2025 is between 151 and 238 beds and for nursing home care 159 and 174. He reported that the Edinburgh House site would be an extra care Dementia



facility. The report also showed the reduction in the Adult Social Care portfolio's estate and the need for further monitoring of numbers and options for best use of the assets.

Councillor Winnington, as Cabinet Member for Health, Wellbeing and Social Care, had asked for this report to come to full Cabinet, as Adult Social Care (ASC) officers were liaising with colleagues in Housing and Property, and the ASC budgetary position was of interest to the whole Council. He commented on the costs involved which reflected the shift allowance paid to PCC staff as part of their conditions, which was not reflected in the private sector, and that the in-house provision was welcomed by the residents. Cabinet members welcomed the flexibility shown in the Council's provision.

**DECISIONS - The Cabinet:**

- (1) Noted the current and modelled demand for residential and nursing home care in Portsmouth for older people.**
- (2) Noted the costs of the City Council providing residential and nursing care.**
- (3) Agreed further work to be undertaken as to cost and feasibility of the options for maximising value of the Council's assets.**

**9. LED Adaptive Street Lighting - Proposal for Citywide Implementation (AI 9)**

Caroline Hopper, as Project Manager, presented the Director of Regeneration's report, accompanied by Martin Lavers, Assistant Director. The report set out the upgrading of street lights using adaptive technology whilst maintaining necessary lighting standards. The report also set out the results of an 8 week trial of reduced energy lighting levels which had invited resident feedback, which had been mainly positive, with some comment on perceptions of impact. She reported that the traffic flows would be considered and the most busy routes would not have reduced lighting.

Councillor Hunt, Cabinet Member for Community Safety, and Councillor Ashmore as Cabinet Member for Environment and Climate Change were pleased that this will be extended throughout the city as this was important to tackle emission levels. Councillor Stagg, as Cabinet Member for Traffic & Transportation, had attended the demonstration of the technology at Fawcett Road with Councillor Horton and had been impressed, as long as this was used in the appropriate way (with alleyways remaining well lit and safe). Councillor Pitt, Deputy Leader, was pleased that the reduced brightness would mean less impact for wildlife. Councillor Vernon-Jackson, as Leader, also welcomed the savings that would be made as well as environmental benefits, and residents had commented on their satisfaction on the brightness levels in the pilot scheme.

**DECISION: The Cabinet approved the citywide implementation of adaptive street lighting.**

**10. PCC Response to the declaration of a Climate Emergency (AI 10)**

Tristan Thorn, Strategy Adviser on Climate Change, presented this report which outlined the steps needed to reach net zero carbon emissions by 2030. He reported that all directorates were making positive steps and more progress was needed for the Council to lead by example. The new Integrated Impact Assessment (IIA) forms for reports had been developed and there is the need to provide guidance and encouragement to residents in embracing changes.

Cabinet Members then asked questions on the Strategy and it was confirmed that the recent government announcement on the production of petrol, diesel and hybrid cars being phased out by 2035 did not affect this local strategy document. The Cabinet welcomed the Strategy that was of city-wide and cross portfolio importance, such as solar panels on schools, encouraging new developments to have solar panels incorporated and community engagement in schemes. Councillor Winnington was keen that shared energy generation schemes be considered in the future. Councillor Pitt reported that the Greening Strategy was due to come to the next Cabinet meeting, which encouraged residents to suggest where to plant more trees.

Councillor Ashmore, as Cabinet Member for Environment and Climate Change, was pleased that such a proactive approach was being taken to respond to the Climate Emergency and he stated that the Climate Change Board should have wide representation to do this, with local groups being involved such as Friends of the Earth and Extinction Rebellion. He welcomed the new IIA forms accompanying reports.

The Leader hoped that all members would work together to take forward this work, and he thanked Tristan Thorn for his report.

**DECISION: The Cabinet approved the draft Portsmouth City Council Climate Change Strategy for consultation (appendix A of the report).**

#### **11. Provision of Regulatory Services at Portsmouth International Port (AI 11)**

Richard Lee, Regulatory Services Manager, presented the report of the Director of Culture & Regulatory Services. The report set out the potential impact of a free trade deal with restrictions for Portsmouth International Port (PIP), on withdrawal from the European Union, focussing on the risks to Regulatory Services and the financial constraints and problems in recruiting staff with the necessary expertise.

Councillor Vernon-Jackson, as Leader, was disappointed that a response had not been received from Rt Hon Grant Shapps MP, Minister for Transport, who had received a briefing on the concerns relating to PIP in November. He suggested further contact on the matter with the LGA's Brexit body and Cllr Kevin Bentley at Essex County Council as well as ask Portsmouth's own Members of Parliament to seek a formal response. It was important for PCC to be prepared for the UK to move to World Trade Organisation rules for trading with the European Union.

Cabinet Members recognised the need to secure funding for the likelihood of more Port Health Officers needed to undertake checks at PIP, for which a government response was awaited as this would otherwise fall to local taxpayers when it had national significance.

**DECISIONS - The Cabinet:**

- (1) Acknowledged the continuing risk that Regulatory Services will be significantly impacted by increasing demands in border control regulations at the Portsmouth International Port following the United Kingdom's departure from the European Union.**
- (2) Accepted that any intensification of border control demands at the Portsmouth International Port will place substantial unpredictable and currently unavailable financial burdens upon Portsmouth City Council statutory regulatory functions.**
- (3) Approved further engagement with governmental departments and Ministers in respect to the need for revenue funding equivalent to any additional need to deliver essential border control functions at the Portsmouth International Port.**
- (4) Asked that the Regulatory Services Manager make contact with the Secretary of State for Transport to ask for a response to the previous representation made to him in November 2019 as well as briefing the local Members of Parliament, Local Government Association (LGA) and the British Ports Association to request they help to lobby to get a solution for Portsmouth.**

**12. Treasury Management Mid Year Review 2019-20 (AI 12)**

Chris Ward, as Director of Finance and Resources, reported that the City Council remained within the Treasury Management Strategy and indicators approved in March 2019.

**RECOMMENDED to Council that:**

- (1) It be noted that there have been no breaches of the Treasury Management Policy 2019/20 in the period up to 30 September 2019.**
- (2) The actual Treasury Management indicators for September 2019 in Appendix A be noted.**

**13. PCC Budget and Council Tax 2020/21 and Medium Term Budget Forecast 2021/22 to 2023/24 (AI 13)**

The Director of Finance & Resources' report was not discussed in detail as this would receive a full debate at the full Council meeting on 11 February 2020.

## RECOMMENDED to Council

- 1 That the following be approved in respect of the Council's Budget:
  - 1) The revised Revenue Estimates for the financial year 2019/20 and the Revenue Estimates for the financial year 2020/21 as set out in the General Fund Summary (Appendix A)
  - 2) The Portfolio Cash Limits for the Revised Budget for 2019/20 and the Budget 2020/21 incorporating the savings amounts for each Portfolio and amounting to £2.5m as set out in Sections 7 and 11, respectively
  - 3) Any underspendings for 2019/20 arising at the year-end outside of those made by Portfolios be transferred to Capital Resources in order to provide funding for known and potential future commitments in future years such as Special Educational Need (SEN) School Places, Sea Defences (enhancements to core scheme), Environmental Improvements, Transport Improvements, Affordable Housing, City Wide Regeneration, Digital Infrastructure and the maintenance of the Council's Core Operational Assets, for which there is currently insufficient funding
  - 4) That the Council's share of the additional £1.0bn national allocation for Adults and Children's Social Care (but confirmed for 2020/21 only) and amounting to £3.9m is allocated as follows:
    - Adult Social Care (to meet the costs of the underlying budget deficit caused by increasing demographic pressures and to contribute towards the cost of the increase in the National Living Wage (6.2%) for care providers) - £1.0m
    - Children's Social Care (to meet the underlying budget deficit in Children's Social Care caused by the costs of rising numbers of Looked After Children) - £2.9m
  - 5) Any variation to the Council's funding arising from the final Local Government Finance Settlement be accommodated by a transfer to or from General Reserves
  - 6) The S.151 Officer be given delegated authority to make any necessary adjustments to Cash Limits within the overall approved Budget and Budget Forecasts
  - 7) That the level of Council Tax be increased by 1.99% for general purposes in accordance with the referendum threshold<sup>1</sup> for 2020/21 announced by Government (as calculated in recommendation 4(d))
  - 8) That the level of Council Tax be increased by a further 2.0% beyond the referendum threshold (as calculated in recommendation 4(d)) to take advantage of the flexibility offered by Government to implement a "Social Care Precept"; and that in accordance with the conditions of that flexibility, the full amount of the associated sum generated of £1,612,800 is passported direct to Adult Social Care

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<sup>1</sup> Council Tax increases beyond the referendum threshold can only be implemented following a "Yes" vote in a local referendum

- 9) That a transfer from the MTRS Reserve of £5,978,000 be made in 2020/21 to fund Spend to Save and Spend to Avoid Costs schemes described in the Capital Programme 2019/20 to 2024/25 report considered elsewhere on this Agenda
- 10) That a transfer to the MTRS Reserve be made in 2020/21 for the sum of £3.5m in order to replenish the reserves to levels sufficient to be able to continue as a primary vehicle to generate future savings and enable cost avoidance
- 11) Managers be authorised to incur routine expenditure against the Cash Limits for 2020/21 as set out in Section 11
- 12) That the savings requirement for 2021/22 be set at a minimum on-going sum of £1.0m
- 13) That the S.151 Officer be given delegated authority to make transfers to and from reserves in order to ensure that they are maintained as necessary and in particular, adjusted when reserves are no longer required or need to be replenished
- 14) Directors be instructed to start planning how the City Council will achieve the savings requirements shown in Section 12 and that this be incorporated into Service Business Plans
- 15) The minimum level of General Reserves as at 31 March 2021 be maintained at £8.0m to reflect the known and expected budget and financial risks to the Council
- 16) Members have had regard for the Statement of the Section 151 Officer in accordance with the Local Government Act 2003 as set out in Section 15.

2 That the following be **noted** in respect of the Council's Budget:

- 1) The Revenue Estimates 2020/21 as set out in Appendix A have been prepared on the basis of a 2.0% tax increase for the "Social Care Precept" (amounting to £1,612,800) and that this is passported to Adult Social Care in order to provide for otherwise unfunded budget pressures including the current underlying budget deficit, the cost of the new National Living Wage and demographic pressures arising from a "living longer" population
- 2) The decision on the amount at which to set the Adult Social Care precept will be critical for the Social Care and wider Health system in the City; in the event that the additional flexibility of the "Social Care Precept" and associated 2.0% tax increase (amounting to £806,400 for each 1%) is not taken, then equivalent savings will need to be made in Adult Social Care in 2020/21
- 3) In general, any reduction to the proposed increase in the level of Council Tax for 2020/21 will require equivalent offsetting saving to be made in order for the Budget 2020/21 to be approved. Each 1% reduction requires additional savings of £806,400 to be made.
- 4) The indicative savings proposals set out in Appendix C which are provided for the purpose of demonstrating to the Council that the Portfolio savings as recommended in recommendation 1.2) above are robust and deliverable

- 5) The likely impact of savings as set out in Appendix C
- 6) That the responsibility of the City Council is to approve the overall Budget and the associated cash limits of its Portfolios and Committees; it is not the responsibility of the City Council to approve any individual savings within those Portfolios / Committees
- 7) That it is the responsibility of the individual Portfolio Holders (not Full Council) to approve the individual savings proposals and the Portfolio Holder can therefore, in response to any consultation, alter, amend or substitute any of the indicative savings proposal(s) set out in Appendix C with alternative proposal(s) amounting to the same value within their Portfolio
- 8) Managers will commence the implementation of the approved savings required and any necessary consultation process or notice process
- 9) The Revenue Forecast for 2021/22 to 2023/24 as set out in Section 12 and Appendix B
- 10) The estimated Savings Requirement of £3.0m for the 3 year period 2021/22 to 2023/24, for financial and service planning purposes, be phased as follows:

<b>Financial Year</b>	<b>In Year Savings Requirement £m</b>	<b>Cumulative Saving £m</b>
2021/22	1.0	1.0
2022/23	1.0	2.0
2023/24	1.0	3.0

- 11) In accordance with the approved financial framework, it is the responsibility of the Portfolio Holder, in consultation with the Director of Finance & Resources (S.151 Officer), to release funds from the Portfolio Reserve in accordance with the provisions set out in Paragraph 8.45
- 12) The MTRS Reserve held to fund the upfront costs associated with Spend to Save Schemes, Invest to Save Schemes and redundancies will hold an uncommitted balance of £8.1m<sup>2</sup> and will only be replenished in future from an approval to the transfer of any underspends, contributions from the Revenue Budget or transfers from other reserves which may no longer be required
- 13) The Council's share of the Council Tax element of the Collection Fund surplus for 2019/20 is estimated to be £545,672
- 14) The Council's share of the Business Rate element of the Collection Fund surplus for 2019/20 is estimated to be £1,286,772

<sup>2</sup> Including the net transfers from the reserve of £2.478m contained with the recommendations of the Capital Programme 2019/20 to 2024/25 report elsewhere on this agenda

15) The Retained Business Rate income<sup>3</sup> for 2020/21 is based on the estimated Business Rate element of the Collection Fund surplus as at March 2020, the Non Domestic Rates poundage for 2020/21 and estimated rateable values for 2020/21 and has been determined at £55,391,749

- 3 That the S.151 Officer has determined that the Council Tax base for the financial year 2020/21 will be **57,735.2** [item T in the formula in Section 31 B(1) of the Local Government Finance Act 1992, as amended (the "Act")].
- 4 That the following amounts be now calculated by the Council for the financial year 2020/21 in accordance with Section 31 and Sections 34 to 36 of the Local Government Finance Act 1992:

(a)	£478,744,767	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£394,890,163	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£83,854,604	Being the amount by which the aggregate at 4 (a) above exceeds the aggregate at 4 (b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B(1) of the Act.
(d)	£1,452.40	Being the amount at 4(c) above (Item R), all divided by Item 3 above (Item T), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year.

(e) Valuation Bands (Portsmouth City Council)

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
968.27	1,129.64	1,291.02	1,452.40	1,775.16	2,097.91	2,420.67	2,904.80

Being the amounts given by multiplying the amount at 4 (d) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings in different valuation bands.

- 5 That it be noted that for the financial year 2020/21 the Hampshire Police & Crime Commissioner is consulting upon the following amounts for the precept to be issued to the Council in accordance with Section 40 of the

<sup>3</sup> Includes Retained Business Rates £41,679,307, "Top Up" £6,952,434, a surplus on the Collection Fund of £1,286,772 plus S.31 Grants of £5,473,326 for compensation due to national Government business rate relief initiatives

Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Valuation Bands (Hampshire Police & Crime Commissioner)

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
140.97	164.47	187.96	211.46	258.45	305.44	352.43	422.92

- 6 That it be noted that for the financial year 2020/21 Hampshire Fire and Rescue Authority are recommended to approve the following amounts for the precept issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Valuation Bands (Hampshire Fire & Rescue Authority)

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
46.04	53.71	61.39	69.06	84.41	99.75	115.10	138.12

- 7 That having calculated the aggregate in each case of the amounts at 4(e), 5 and 6 above, the Council, in accordance with Sections 31A, 31B and 34 to 36 of the Local Government Finance Act 1992 as amended, hereby sets the following amounts as the amounts of Council Tax for the financial year 2020/21 for each of the categories of dwellings shown below:

Valuation Bands (Total Council Tax)

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
1,155.28	1,347.82	1,540.37	1,732.92	2,118.02	2,503.10	2,888.20	3,465.84

- 8 The Council determines in accordance with Section 52ZB of the Local Government Finance Act 1992 that the Council's basic amount of Council Tax for 2020/21, which represents a 3.99% increase, is not excessive in accordance with the principles approved by the Secretary of State under Section 52ZC of the Act; and it be noted that:
- i) The 3.99% increase includes a 2.0% increase to support the delivery of Adult Social Care
  - ii) As the billing authority, the Council has not been notified by a major precepting authority (the Police and Crime Commissioner for Hampshire or the Hampshire Fire & Rescue Authority) that its relevant basic amount of Council Tax for 2020/21 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK of the Local Government Finance Act 1992.
- 9 The S.151 Officer be given delegated authority to implement any variation to the overall level of Council Tax arising from the final notification of the Hampshire Police & Crime Commissioner and Hampshire Fire and Rescue Authority precepts.



#### 14. Capital Programme 2019/20 to 2024/25 (AI 14)

The Director of Finance & Resources' report was not discussed in detail as this would receive a full debate at the full Council meeting on 11 February 2020.

Councillor Vernon-Jackson, as Leader, wished to amend the recommendation 5 going to Council on the Capital Budget to reflect plans of further investing in Portsmouth International Port's expansion into the cruise market. The an additional £4.7m of Capital Investment, to be funded by Prudential borrowing, was for the provision of facilities necessary to secure good commercial agreements with cruise operators. The additional capital investment would be subject to the same criteria as the existing £15.3m and would require the approval of a business case, financial appraisal and commercial terms that are satisfactory to the Council's Section 151 Officer.

A revised appendix 3 and recommendation 8 relating to the proposed Prudential Indicators would also be submitted to Council.

RECOMMENDED to Council -

- 1 That the following be approved in respect of the Council's Capital Programme:
  - 1) The Revised Capital Programme 2019/20 to 2024/25 attached as Appendix 1 which includes all additions, deletions and amendments for slippage and rephrasing described in Sections 6 and 8 be approved
  - 2) The Section 151 Officer be given delegated authority to determine how each source of finance is used to fund the overall Capital Programme and to alter the overall mix of financing, as necessary, to maximise the flexibility of capital resources used and minimise the ongoing costs of borrowing to the Council
  - 3) That the Section 151 Officer in consultation with the Leader of the Council be given delegated authority to release capital resources held back for any contingent items that might arise, and also for any match funding requirements that may be required of the City Council in order to secure additional external capital funding (e.g. bids for funding from Government or the Solent Local Enterprise Partnership)
  - 4) Subject to a satisfactory financial appraisal approved by the Director of Finance and Resources & Section 151 Officer, the following schemes as described in Section 9 and Appendix 2 be reflected within the recommended Capital Programme 2019/20 to 2024/25 and be financed from the available corporate capital resources:

Recommended New Capital Schemes	Corporate Resources Required £	Total Scheme Value £
Community Safety		

Recommended New Capital Schemes		Corporate Resources Required £	Total Scheme Value £
	Redeployable CCTV Cameras	50,000	50,000
<b>Culture &amp; City Development</b>			
	CCTV - Portsmouth Museum & Cumberland House	50,000	50,000
	City Museum	195,000	195,000
	Farlington Pavilion	170,000	240,000
	Portsmouth Watersports Centre	90,000	90,000
	Southsea Castle	100,000	100,000
	Kings Theatre Regeneration	350,000	4,650,000
	Bransbury Park Pavilion	150,000	150,000
	Kings Theatre Landlord's Backlog Maintenance Obligations	300,000	300,000
	Southsea Common & Town Centres Litter Management	50,000	50,000
	New Eastney Swimming Pool - Feasibility / Outline Plan	100,000	100,000
<b>Education</b>			
	School Places SEND - Phase 1 & Phase 2	2,000,000	4,768,000
<b>Environment &amp; Climate Change</b>			
	Greening the City	100,000	100,000
	Anaerobic Digestion Plant	200,000	22,200,000
	Food Waste Collection (Recycling) - expand by a further round	221,000	221,000
	Southsea Sea Defences - Public Realm Enhancements Phase 1	200,000	200,000
<b>Health, Wellbeing &amp; Social Care</b>			
	Medina House Heating & Cooling System	110,000	110,000
<b>Housing</b>			
	Landlord's Maintenance - Repairs across the whole City Council Estate	2,140,000	2,140,000
	Transitional Accommodation for Homeless - Adaptations to General Fund Property	700,000	700,000
<b>Leader</b>			
	Electrification of Light Goods Vehicles	80,000	100,000
	Living Walls Phase 1	20,000	20,000
	Wind turbines at the Port	800,000	2,700,000
	The Camber Quay - Structural Investigations	50,000	50,000
	Shore to Ship Electric "Plug In" Facility (Feasibility / Design)	75,000	75,000
<b>Resources</b>			
	LAN Access Switches	528,000	528,000
	CISCO Data Centre Switches	60,000	60,000
	Replacement Servers & Storage	945,000	945,000
	Upgrade to Planet Press	650,000	650,000
	Checkpoint Internal Firewall	142,000	142,000
	Enterprise Voice (CISCO IPT)	630,000	630,000
<b>Traffic &amp; Transportation</b>			
	Local Transport Plan 3	835,000	835,000
	Air Quality Improvement	220,000	10,220,000

<b>Recommended New Capital Schemes</b>		<b>Corporate Resources Required £</b>	<b>Total Scheme Value £</b>
	Electric Vehicle Charging Infrastructure	76,000	306,000
	Local Cycling and Walking Investment Plan	100,000	100,000
	Continuous Improvements to Neighbourhood Living and Street Environment	100,000	240,000
	Cycle Parking Across the City	25,000	25,000
	One-way Streets and Low Traffic Neighbourhoods	120,000	120,000
	Full Business Case For Extension to Tipner Park & Ride Multi Storey Car Park	500,000	500,000
	Non-PFI Asset Management Register/Plan	100,000	100,000
<b>Total Recommended Sum To Be Approved</b>		<b>13,332,000</b>	<b>54,760,000</b>

- 5) Subject to a satisfactory financial appraisal approved by the Director of Finance and Resources & Section 151 Officer the following schemes as described in Section 10 be funded from Prudential Borrowing up to the amounts shown

	<b>Total Prudential Borrowing £</b>
Anaerobic Digestion Plant	22,000,000
Port - Floating Dock Jetty Dredge	2,000,000
Wind turbines at Port	1,900,000
City Centre Co-working space	450,000
Kings Theatre Regeneration	3,000,000
Guildhall Regeneration	1,700,000
Acquisition of New Council Housing	1,700,000
Transitional Accommodation for Homeless (Adaptations to HRA Property)	800,000
Development of Cruise and Ferry Port	4,714,000
<b>Total Recommended Sum To Be Approved</b>	<b>38,264,000</b>

- 6) Subject to a satisfactory financial appraisal approved by the Director of Finance and Resources & Section 151 Officer the following schemes as described in Section 11 be funded from the MTRS Reserve

<b>Scheme</b>	<b>Total MTRS Funding £</b>
Port - Floating Dock Jetty Dredge	1,000,000
City Centre Co-working space	450,000
Adaptions to Carers' Homes	1,000,000
Applications Upgrade linked to Software Modernisation	250,000
Office 365	820,000
Implementation of Northgate Citizen Access Suite	110,000
Migration to Azure (Cloud Servers)	2,348,000
<b>Total Recommended Sum To Be Approved</b>	<b>5,978,000</b>

- 7) The following Schemes as described in Section 13 be included within the “Reserve List” of Capital Schemes to be considered once additional capital resources are identified

<b>Future Priority Capital Schemes – Not in Priority Order</b>
Additional School Places - Primary & Secondary
Anti-Poverty Projects
Digital Strategy (incl. modernisation of Information Technology systems)
Landlord's Repairs and Maintenance
Local Transport Plan - Road safety and traffic improvement schemes
Local Football Facilities (Park Life)
Sea Defences
Berth 4 Replacement & Jetty Repairs at The Camber Quay
Cathodic Protection at the Hard
Design and Build of 2,000 Space Multi Storey Car Park at the Existing Park & Ride Site

- 8) The Prudential Indicators described in Section 14 and set out in revised Appendix 3 (as attached) be approved.

2 That the following be noted in respect of the Council's Capital Programme:

- 1) The passported Capital Allocations (Ring-fenced Grants) as set out in Section 7
- 2) That Cabinet Members, in consultation with the Section 151 Officer, have authority to vary Capital Schemes and their associated funding within their Portfolio in order to manage any potential overspending or funding shortfall or to respond to emerging priorities
- 3) As outlined in Section 12 and Appendix 2 the release of £229,000 from the Culture & City Development Portfolio Reserve to fund the following schemes Canoe lake de-silting (£25,000); Parks & Open Spaces Boundary Protection Measures (£10,000); Burfields Road Barns - Demolition (£162,000), Hotwalls Paving Maintenance (£32,000)
- 4) As outlined in Section 12 and Appendix 2 the release of £20,000 from the Leader (Port) Portfolio Reserve towards a £100,000 scheme for the Electrification of Light Goods Vehicles
- 5) The City Council note that Prudential Borrowing can only be used as a source of capital finance for Invest to Save Schemes as described in Sections 8 and 14

The meeting concluded at 11.22 am.

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Councillor Gerald Vernon-Jackson CBE  
Leader of the Council

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## PRUDENTIAL INDICATORS

Details of the Capital Programme are contained in Appendix 1

Ratio of Financing Costs to Net Revenue Stream							
	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Non - HRA	10.3%	12.0%	16.3%	17.5%	16.4%	14.5%	12.7%
HRA	7.4%	7.4%	7.9%	8.4%	8.9%	9.2%	9.6%

Capital Financing Requirement							
	2018/19 Actual £'000s	2019/20 Estimate £'000s	2020/21 Estimate £'000s	2021/22 Estimate £'000s	2022/23 Estimate £'000s	2023/24 Estimate £'000s	2024/25 Estimate £'000s
Non - HRA	453,626	633,173	681,251	706,789	709,738	703,783	688,692
HRA	173,068	175,807	189,155	209,201	225,455	241,033	263,318

Authorised Limit for External Debt							
	2018/19 Actual £'000s	2019/20 Estimate £'000s	2020/21 Estimate £'000s	2021/22 Estimate £'000s	2022/23 Estimate £'000s	2023/24 Estimate £'000s	2024/25 Estimate £'000s
Borrowing	658,069	744,623	828,030	879,720	904,532	918,002	929,637
Other Long Term Liabilities (ie Credit Arrangements)	66,151	62,377	57,151	51,340	46,032	42,494	38,366
<b>Total</b>	<b>724,220</b>	<b>807,000</b>	<b>885,181</b>	<b>931,060</b>	<b>950,565</b>	<b>960,496</b>	<b>968,003</b>

Operational Boundary for External Debt							
	2018/19 Actual £'000s	2019/20 Estimate £'000s	2020/21 Estimate £'000s	2021/22 Estimate £'000s	2022/23 Estimate £'000s	2023/24 Estimate £'000s	2024/25 Estimate £'000s
Borrowing	640,093	714,623	813,255	864,649	889,160	902,322	913,644
Other Long Term Liabilities (ie Credit Arrangements)	66,151	62,377	57,151	51,340	46,032	42,494	38,366
<b>Total</b>	<b>706,244</b>	<b>777,000</b>	<b>870,406</b>	<b>915,990</b>	<b>935,193</b>	<b>944,816</b>	<b>952,010</b>

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# Agenda Item 4



<b>Title of meeting:</b>	Full Cabinet
<b>Date of meeting:</b>	10 <sup>th</sup> March 2020
<b>Subject:</b>	Draft Private Rental Sector Strategy for Portsmouth
<b>Report by:</b>	James Hill (Director of Housing Neighbourhoods and Building Services)
<b>Wards affected:</b>	All
<b>Key decision:</b>	No
<b>Full Council decision:</b>	No

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## 1. Purpose of report

- 1.1. The purpose of the report is to present the Council's draft strategy for the Private Rental Sector (PRS) in the city. The following report provides an executive summary, objectives, and actions as outlined in the draft strategy document.

## 2. Recommendations

- 2.1. That the Cabinet approve the draft Private Rental Sector strategy for Portsmouth. (Appendix 1).
- 2.2. That officers immediately begin to implement the actions within the strategy that do not require any further permissions, budget or resources, as identified in section 6 of this report.
- 2.3. That the Cabinet authorises officers to undertake a consultation on this draft strategy.
- 2.4. That officers bring back to Cabinet the results of the consultation, along with a final strategy and action plan for approval and identify any additional decisions required to implement the strategy

## 3. Background

- 3.1. The Cabinet Member for Housing considered a report at the Housing decision meeting on the 21<sup>st</sup> October 2019. The report updated members on a range of issues in the Private Rental Sector (PRS). The cabinet member agreed recommendations that a PRS Strategy is developed following informal consultation with stakeholders, using the Cabinet report as the basis for encouraging views and ideas to make the PRS safer and easier to access.
- 3.2. The Private Sector Housing service undertook the informal consultation which was available online through the Council's website, links were sent to key stakeholders,

and it was advertised through social media. The survey went live on the 23rd December 2019 and closed on the 20th January 2020. 849 responses were received to the survey, 324 were from landlords and 525 were from tenants. The survey results are summarised in the supporting information (Appendix 2) have been used to shape the draft strategy.

- 3.3. The PRS is an important part of the provision of housing in Portsmouth, as it is across England. It is not only vital in providing a home for some 30,000+ people that live in it, and a living for those that are landlords, but also has a wider impact upon the economy and community of the city.
- 3.4. The legislative and policy framework which surrounds the renting of private homes is complex and has developed over a number of years, with a focus on health and safety, home standards and the requirements surrounding tenancies. The signal from the government at the end of 2019 was that more legislation can be expected, particularly around the ending of 'no fault' evictions. The impact of this change upon the PRS is unclear but could bring major changes to the market.
- 3.5. The licencing of Houses in Multiple Occupation (HMOs) has been a major change in recent years but only covers a part of the HMO sector. Whilst licencing has focused the council on the standards within properties, it has not been fully utilised to deal with the proven impacts that they can have on the local community. The impact of HMOs on waste and antisocial behaviour is disproportionate to their number and this should be addressed.
- 3.6. It is also clear that the supply and demand for private renting in Portsmouth is biased towards the suppliers, with demand having risen in recent years due to a growth in student numbers, increasing numbers not able to own their own home and the slow shrinkage of the social rented sector. In many cases market rents are significantly above what those on benefits can reasonably be expected to afford, and access often requires a significant deposit, rent in advance or a guarantor.

#### **4. Outline of the draft strategy**

- 4.1. An assessment of the tenants of Portsmouth shows that whilst the largest single group of renters are those under 35 years old, an increasing number of people are renting for the long-term, with the number of tenants over 45 years old on the increase. This use of the PRS as a long-term solution for housing is something that needs to be at the heart of a strategy which makes the sector work for all. Tenants in Portsmouth have shown that they want a safe and secure place to live, which is affordable and can be rented for as long as needed and this strategy proposes that Good tenants do the following
  - 4.1.1. Pay their rent on time
  - 4.1.2. Communicate well with landlords and neighbours
  - 4.1.3. Take care of their home even though they don't own it
  - 4.1.4. Understand and follow the tenancy agreement

- 4.2. The integration of private tenancies into the rest of the community has been shown to need improvement to meet the needs of both users of the sector but also neighbours and other stakeholders.
- 4.3. Many of the landlords with properties in the city will be individuals with one or a few places to rent, and are doing so either as an investment or have obtained property unintentionally. Many landlords feel that issues such as taxation and regulation have made being a landlord harder, and are focussing on the security of their property and consistent payment of rent are top priorities.
- 4.4. The nature of how someone became a landlord does not necessarily indicate how good they are at managing a property, although those with less experience and time to understand the complex regulations and local policies are more likely to fall foul of them. Driving up the standards of landlords, and the properties they provide, is vital and the opportunity for improvement should be given to those who are well intentioned but need clear advice and training. Conversely the Council should be making every effort to find and root out those landlords who, either deliberately or through ignorance, put the lives of people at risk through dangerous homes, or exploiting those who are vulnerable. Focusing on the creation and support of more Good landlords who do the following will drive up standards:
- 4.4.1. Act in a fair, considerate and just way towards tenants
  - 4.4.2. Create a good tenancy
  - 4.4.3. Maintain a good tenancy
  - 4.4.4. Work in good faith with tenants and regulators to resolve problems
  - 4.4.5. Ending a tenancy in a good way
- 4.5. The evidence leads to six themes which make a well-functioning private rental sector, and if these can be improved then it is highly likely that the lives of tenants, landlords, neighbours and other stakeholders will also improve. These are:
- 4.5.1. Affordability
  - 4.5.2. Safety
  - 4.5.3. Security of tenure
  - 4.5.4. Ease to enter and leave the sector
  - 4.5.5. Ability to work well with other tenures and is part of the community
  - 4.5.6. Regulation

## **5. Strategic aims and objectives**

- 5.1. All of the local and national evidence leads to a conclusion that the private rental sector works for many but does not work as well as it could in all instances and therefore there are two aims that should be set:
- 5.1.1. To achieve an active and well-functioning PRS which works fairly for all.
  - 5.1.2. For the PRS to be seen as a desirable type of tenure which meets the needs of those who use it, with support being focussed on those who need it most.

5.2. From these aims there are nine proposed strategic objectives which are;

1. Good landlords will be welcomed, supported and promoted through the use of accreditation.
2. Information and guidance for landlords and tenants will be clear, easy to access to enable them to make fully informed choices when entering and moving around the PRS.
3. More tenants can afford a sustainable rent level. More tenants will also receive support in overcoming financial access barriers such as deposits and bonds.
4. The maintenance of tenancies will be supported, as far as possible, using a range of routes to try to resolve problems without the need for eviction.
5. Users of the PRS will be a stronger part of, and more integrated with, their local community. This will increase inclusion and cohesion with other tenures.
6. A wide range of stakeholders and user groups will work together to provide a focal point for the delivery of outcomes.
7. Tenants and landlords will be considered when significant decision-making within the city occurs, and that the benefits of economic regeneration will be felt equitably by those within the PRS.
8. Fair, transparent and professional regulatory functions will provide reassurance and support to all that request it and not adversely affect those that need help by adding disproportionate burden.
9. Strong regulators will use all of their powers, working with partner agencies and stakeholders, to tackle and remove criminal and antisocial behaviour.

## **6. Initial council action plan**

6.1. The role of the Council is varied but not without limits. It is not aiming to take management responsibility for a land number of rental properties, nor can it mandatorily control rent levels.

6.2. But there is more that it can do, both in the short term and over the next few years to improve the private rental sector in Portsmouth. Improvement needs to be measured, and overseen not only by the council but also by the network of stakeholder groups that it works with.

6.3. The strategy identifies actions that officers can undertake without the need for additional permissions or resources. The aim is that all of these will be completed by 31<sup>st</sup> December 2020.

- 6.3.1. Expand on the current website information on what makes a good tenant and include different situations. (For example someone living in a shared house will have different expectations put on them than someone who lives alone.)
- 6.3.2. Provide more information for tenants, such as average market rents across property sizes. This will help tenants to make an informed choice.
- 6.3.3. Develop the current HMO governance board into a multi-agency partnership group which oversee this strategy. Review the stakeholders to ensure that all voices are covered.
- 6.3.4. Investigate with third party stakeholders the feasibility for closer partnership working on a single communications and web strategy.

- 6.3.5. Work more closely with stakeholders to increase the understanding of the services that could be provided across Portsmouth to support the PRS.
- 6.3.6. Work with other local authorities to find new ideas to support the PRS
- 6.3.7. Ensure that data sharing, both within the Council and with external partners is maximised, within the legal boundaries of relevant legislation.
- 6.3.8. Review of all relevant enforcement policies to make them more transparent.
- 6.3.9. Implement the revised supplementary planning document for HMOs.
- 6.3.10. Ensure that officers responsible for regulating the PRS are trained to a professional standard and capable of meeting the needs of this strategy.
- 6.3.11. Working with stakeholders, approach the MHCLG to look for support in the development and implementation of this strategy, with a particular request to pilot some of the changes identified in actions 15-23.
- 6.3.12. Undertake a pilot of the rent deposit and bond scheme.
- 6.3.13. Continue to deal proactively when an unlicensed HMO is reported.
- 6.3.14. Be more proactive in promoting where enforcement and prosecution has been successful.

## **7. Actions which require further work**

- 7.1. A further nine actions (15-23) require additional investigation and resources. Officers will be required to bring further, more detailed, reports to councillors for approval before any can be permanently implemented. These will outline costs, timescales, risks, impacts and an operational delivery plan. The aim is that, subject to the feedback on the consultation of this draft strategy, all of these actions will be reviewed and a more detailed plan for timescales will be established, with an overarching aim that all agreed actions within the final strategy will be completed within the five year period. Progress of this will be monitored by the cabinet member for Housing.
- 7.2. Those actions are:
  - 7.2.1. Work with tenancy groups to provide workshops on how to be a good tenant, aimed at helping a tenant to maintain a tenancy
    - Money management
    - Good behaviour
    - How to work with the landlord
  - 7.2.2. Expand the Rent It Right model to help more tenants access the PRS
  - 7.2.3. Create a mediation service between landlords and tenants to help improve security of tenure. This may include a 'private sector housing court'
  - 7.2.4. Work with landlord groups to provide workshops on how to be a good landlord.
    - how to choose appropriate tenants
    - carrying out their own HHSRS assessment on their property.
  - 7.2.5. Provide bonds to help those who are eligible to gain access to the PRS
  - 7.2.6. Provide low interest loans for those who are eligible to be able to access the private rental sector. The loan will cover the rent deposit and any additional fees required to be paid to enter the Private Rental Sector.
  - 7.2.7. Provide loans for good, accredited landlords to improve the quality of their property. By creating such a loan a landlord would be able to make improvements to their property and the local authority would be able to provide positive instruction on what those works should be.

- 7.2.8. Consult on reintroducing additional licencing for HMOs to help in the better management of them and understand how they interact with the local community
- 7.2.9. Working with multi agency partners, develop the council's accreditation scheme to offer benefits to good landlords.

## **8. Consultation**

- 8.1. The draft strategy is not a statutorily required document and therefore the Council is not required to consult. However because of the city-wide nature of the issue, and the desire to ensure successful delivery and buy-in from stakeholders and residents, it is proposed that consultation is undertaken to gain feedback on this draft strategy.
- 8.2. It is proposed that the consultation takes place between 30<sup>th</sup> March and 30<sup>th</sup> June 2020.
- 8.3. Details of how to respond to the draft strategy will be developed and communicated following the approval of this report. The Council will not proactively communicate the consultation of this draft strategy during the purdah period prior to elections, although it will continue to receive feedback during this time
- 8.4. Consultation will take place with a range of stakeholders, including but not limited to:
  - 8.4.1. University of Portsmouth
  - 8.4.2. Tackling Poverty Partnership
  - 8.4.3. Safer Portsmouth Partnership
  - 8.4.4. Health and Wellbeing Board
  - 8.4.5. Housing associations
  - 8.4.6. Voluntary groups
  - 8.4.7. Private Sector landlord groups such as the PDPLA
  - 8.4.8. PCC directorates, including Regeneration, planning
- 8.5. Following consultation the feedback will be collated and reviewed and a final strategy and action plan (with appropriate design and communications) will come back to councillors for approval.

## **9. Reasons for recommendations**

- 9.1. As outlined in this report the need for this strategy has been identified to improve the PRS.
- 9.2. Officers have identified actions which could be undertaken without delay, to give some short term impetus to the strategy.
- 9.3. Officers have identified actions which would require consultation, as there are a large number of stakeholders and their views are paramount to the success of actions taken.
- 9.4. The consultation will enable us to have a rounded picture of the strategy and actions which should be taken forward. We will also be able to develop those actions which need permissions or additional resources.

## **10. Integrated impact assessment**

10.1. An Integrated Impact Assessment will be provided with the final report

## **11. Legal implications**

11.1. The basis of the recommendations are clearly outlined within the report. The necessary initial consultation is an essential pre-modelling stage in that dependent upon the results there will likely be a need to engage in a full statutory consultation as the future set of decisions facing Members will encompass potential: cost, effects to particular groupings (landlords and or tenants) and wider implications to PCC as the authority responsible for initiation and enforcement of any promulgated final policy.

## **12. Director of Finance's comments**

12.1. Any actions arising from recommendation 2.1 where officers immediately begin to implement the actions within the strategy will be met from existing Cash Limited resources as will the consultation on the draft strategy.

12.2. If as a result of the consultation on the strategy that measures are identified that require additional funding the Director of Housing and Neighbourhood Services will seek to meet this from his cash limited where possible, and a further report will be brought back to cabinet outlining what these measures might be.

Signed by:

.....  
James Hill, Director of Housing, Neighbourhood and Building Services

## Appendices:

### Appendix 1 - Draft Private Rental Sector Strategy

### Appendix 2 - Supporting information

### Appendix 3 - Integrated 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:

<b>Title of document</b>	<b>Location</b>
Making the Private Rented Sector easier and safer - Housing Cabinet decision report 21 <sup>st</sup> October 2019	PCC Democratic services website

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

.....  
Leader of the City Council





# Private Rental Sector Strategy for Portsmouth 2020-2025

## *Part 1*

To achieve an active and well-functioning Private Rental  
Sector which works fairly for all.

## Executive Introduction by Councillor Sanders, Cabinet Member for Housing

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Renting privately is, for many people in Portsmouth, the only way they can get a place to stay. Only recently has council house building increased significantly after years of stasis, yet the fact Portsmouth is so densely populated and the time it takes to build new homes means it can only ever be part of the solution.

Therefore, the private rented sector (PRS) must play a significant role in housing people in this city. Yet many people see barriers. As part of this strategy, the Council conducted the most comprehensive survey of private tenants and landlords this city has ever seen. I want to thank the nearly one thousand people who took part. What they say is interesting.

70% of private tenants feel trapped, with no plan or ability to move from where they are. They want a safe, secure and affordable place to live, tough action on criminal tenants and landlords and access to rent deposits and guarantees that help them move (the latter is something the Council is now piloting). Anecdotally, many people on the Council's housing waiting list say the absence of those things - rightly or not - makes them want to stay on that list rather than rent privately.

The vast majority of landlords are not commercial organisations, but people who see being a landlord as a way to supplement income or investment. More than one in six fell into it by accident. Yet what they want overlaps with tenants' desires in many ways. They want secure tenants living in a safe property that is not empty for long periods. They also want criminal landlords and tenants dealt with. They are in it for the long-term and want a low risk, low return investment.

Alongside this is the fact that many people living near these properties - especially shared houses (HMOs in the jargon) - fear rubbish in the forecourts or on the streets, noise late at night or 'the wrong sort of person' residing at the property.

What this strategy aims to do is find ways to overcome these barriers to a PRS that is attractive to current and potential tenants and landlords and respectful of their neighbours. This cannot be done overnight and this strategy does not pretend to do that. Instead, it puts forward an integrated, long-term, ambitious and radical package of measures that covers extra advice and support - including financial support - for tenants and landlords and tougher enforcement measures,

including consulting on additional licensing for smaller HMOs, where there are a significant number of complaints, and a comprehensive mediation service for tenant/landlord disputes, backed up by Britain's first 'housing court'.

Doing nothing is easy, but not an option. Believing that one silver bullet of a policy will solve a complex, interacting range of issues sounds great, but does not offer the integrated solution required to deliver a PRS that works for Portsmouth. The Council cannot achieve that goal by itself and this strategy does not pretend it can. It must - and will - work with tenants, landlords, Government and other statutory bodies to overcome the barriers to renting privately. This strategy allows the Council to do that. That is why it is important that we get everyone's views on its suggestions.

What is clear already is that overcoming the barriers to renting privately in Portsmouth requires carrots and sticks that help free tenants from the trap they feel they are in, help landlords get the low risk, low return investment they want and punish tenants and landlords that deserve it in a way that does not harm the many in pursuit of the few.

I am delighted to offer up this ambitious, comprehensive and radical package of measures for the next five years for the thoughts of the people of this city. Only by working together can we make renting privately work in Portsmouth now and in the future.



**Councillor Darren Sanders**

**Cabinet Member for Housing**

## Executive summary

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The private rental sector (PRS) is an important part of the provision of housing in Portsmouth, as it is across England. It is not only vital in providing a home for some 30,000 people that live in it, and a living for those that are landlords, but also has a wider impact upon the economy and community of the city.

The legislative and policy framework which surrounds the renting of private homes is complex and has developed over a number of years, with a focus on health and safety, home standards and the requirements surrounding tenancies. The signal from the government at the end of 2019 was that more legislation can be expected, particularly around the ending of 'no fault' evictions. The impact of this change upon the PRS market is unclear but could bring major changes to the market.

The licencing of Houses in Multiple Occupation (HMOs) has been a major change in recent years but only covers a part of the HMO sector and whilst licencing has focussed the council on the standards within properties, it has not been fully utilised to deal with the proven impacts that they can have on the local community. The impact of HMOs on waste and antisocial behaviour is disproportionate to their number and this should be addressed.

It is also clear that the supply and demand market for private renting in Portsmouth is biased towards the suppliers, with demand having risen in

recent years due to a growth in student numbers; increasing numbers not able to own their own home and the slow shrinkage of the social rented sector. In many cases market rents are significantly above what those on benefits can reasonably be expected to afford, and access often requires a significant deposit, rent in advance or a guarantor.

An assessment of the tenants of Portsmouth shows that whilst the largest single group of renters are those under 35 years old, an increasing number of people are renting for the long-term, with the number of tenants over 45 years old on the increase. This use of the PRS as a long-term solution for housing is something that needs to be at the heart of a strategy which makes the sector work for all. Tenants in Portsmouth have shown that they want a safe and secure place to live, which is affordable and can be rented for as long as needed and this strategy proposes that Good tenants do the following:

- **pay their rent on time,**
- **Communicate well with landlords and neighbours**
- **take care of their home even though they don't own it**
- **Understand and follow the tenancy agreement**

The integration of private tenancies into the rest of the community has been shown to need improvement to meet the needs of both users of the sector but also neighbours and other stakeholders.



Many of the landlords with properties in the city will be individuals with one or a few places to rent, and are doing so either as an investment or have obtained property unintentionally. Many landlords feel that issues such as taxation and regulation have made being a landlord harder, and are focussing on the security of their property and consistent payment of rent are top priorities.

The nature of how someone became a landlord does not necessarily indicate how good they are at managing a property, although those with less experience and time to understand the complex regulations and local policies are more likely to fall foul of them. Driving up the standards of landlords, and the properties they provide, is vital and the opportunity for improvement should be given to those who are well intentioned but need clear advice and training. Conversely the council should be making every effort to find and root out those landlords who, either deliberately or through ignorance, put the lives of people at risk through dangerous homes, or exploiting those who are vulnerable. Focusing on the creation and support of more Good landlords who do the following will drive up standards.



- **Act in a fair, considerate and just way towards tenants**
- **Create a good tenancy**
- **Maintain a good tenancy**
- **Work in good faith with tenants and regulators to resolve problems**
- **Ending a tenancy in a good way**

The evidence leads to six themes which make a well-functioning private rental sector, and if these can be improved then it is highly likely that the lives of tenants, landlords, neighbours and other stakeholders will also improve. These are:

- **Affordability**
- **Safety**
- **Security of tenure**
- **Ease to enter and leave the sector**
- **Ability to work well with other tenures and is part of the community**
- **Regulation**

All of the local and national evidence leads to a conclusion that the private rental sector works for many but does not work as well as it could in all instances and therefore there are two aims that should be set

**To achieve an active and well-functioning Private Rental Sector which works fairly for all.**

**For the Private Rental Sector to be seen as a desirable type of tenure which meets the needs of those who use it, with support being focussed on those who need it most.**

From this there are nine proposed strategic objectives which

1. **Good landlords will be welcomed, supported and promoted through the use of accreditation.**
2. **Information and guidance for landlords and tenants will be clear, easy to access to enable them to make fully informed choices when entering and moving around the PRS.**
3. **More tenants can afford a sustainable rent level. More tenants will also receive support in overcoming financial access barriers such as deposits and bonds.**
4. **The maintenance of tenancies will be supported, as far as possible, using a range of routes to try to resolve problems without the need for eviction.**
5. **Users of the PRS will be a stronger part of, and more integrated with, their local community. This will increase inclusion and cohesion with other tenures.**
6. **A wide range of stakeholders and user groups will work together to provide a focal point for the delivery of outcomes.**
7. **Tenants and landlords will be considered when significant decision-making within the city occurs, and that the benefits of economic regeneration will be felt equitably by those within the PRS.**

8. **Fair, transparent and professional regulatory functions will provide reassurance and support to all that request it and not adversely affect those that need help by adding disproportionate burden.**
9. **Strong regulators will use all of their powers, working with partner agencies and stakeholders, to tackle and remove criminal and antisocial behaviour.**

The role of Portsmouth City Council is varied but not without limits. It is not aiming to take management responsibility for a land number of rental properties, nor can it mandatorily control rent levels.

But there is more that it can do, both in the short term and over the next few years to improve the private rental sector in Portsmouth. Improvement needs to be measured, and overseen not only by the council but also by the network of stakeholder groups that it works with.



The following 14 actions can be progressed immediately within the existing resources available to officers

and the permissions agreed by the council.

1. **Expand on the current website information on what makes a good tenant and include different situations. (For example someone living in a shared house will have different expectations put on them than someone who lives alone.)**
2. **Provide more information for tenants, such as average market rents across property sizes. This will help tenants to make an informed choice.**
3. **Develop the current HMO governance board into a multi-agency partnership group which oversee this strategy. Review the stakeholders to ensure that all voices are covered.**
4. **Investigate with third party stakeholders the feasibility for closer partnership working on a single communications and web strategy.**
5. **Work more closely with stakeholders to increase the understanding of the services that could be provided across Portsmouth to support the PRS.**
6. **Continue to deal proactively when an unlicensed HMO is reported.**
7. **Work with other local authorities to find new ideas to support the PRS.**
8. **Ensure that data sharing, both within the council and with external partners is maximised, within the legal boundaries of relevant legislation.**
9. **Review of all relevant enforcement policies to make them more transparent.**
10. **Implement the revised supplementary planning document for HMOs.**
11. **Ensure that officers responsible for regulating the PRS are trained to a professional standard and capable of meeting the needs of this strategy.**
12. **Working with stakeholders, approach the MHCLG to look for support in the development and implementation of this strategy, with a particular request to pilot some of the changes identified in actions 15-23.**
13. **Undertake a pilot of the rent deposit and bond scheme.**
14. **Be more proactive in promoting where enforcement and prosecution has been successful**

A further nine actions (15-23) require additional investigation and resources. Officers will be required to bring further, more detailed, reports to councillors for approval before any can be permanently implemented. These will outline costs, timescales, risks, impacts and an operational delivery plan. The aim is that, subject to the feedback on the consultation of this draft strategy, all of these actions will be reviewed and a more detailed plan for timescales will be established, with an overarching aim that all agreed actions within the final strategy will be completed within the five year period. Progress of this will be monitored by the cabinet member for Housing.

**15. Work with tenancy groups to provide workshops on how to be a good tenant, aimed at helping a tenant to maintain a tenancy**

- **Money management**
- **Good behaviour**
- **How to work with the landlord.**

**16. Expand the Rent It Right model to help more tenants access the PRS**

**17. Create a mediation service between landlords and tenants to help improve security of tenure. This may include a 'private sector housing court'**

**18. Work with landlord groups to provide workshops on how to be a good landlord.**

It is proposed that this strategy is open for consultation with the public and with stakeholder groups to establish if the aims and objectives are correct and how actions to deliver these can be made a reality.

- **how to choose appropriate tenants**
- **carrying out their own HHSRS assessment on their property.**

**19. Provide bonds to help those who are eligible to gain access to the PRS.**

**20. Provide low interest loans for those who are eligible to be able to access the private rental sector. The loan will cover the rent deposit and any additional fees required to be paid to enter the Private Rental Sector.**

**21. Provide loans for good, accredited landlords to improve the quality of their property. By creating such a loan a landlord would be able to make improvements to their property and the local authority would be able to provide positive instruction on what those works should be.**

**22. Consult on reintroducing additional licencing for HMOs to help in the better management of them and understand how they interact with the local community.**

**23. Working with multi agency partners, develop the council's accreditation scheme to offer benefits to good landlords.**

This strategy presents an ambitious opportunity for Portsmouth to make real improvement in the lives of many that call it home, but don't have the security offered in the owner occupier or social rented sectors. By making it a housing solution for the short and long term it can have great benefits for the whole city.



## Consultation

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Consultation on this strategy will begin in March 2020. The Council would like to hear from anyone who has an interest in the issues surrounding the private rental sector in the city, either in response to this draft strategy, or with other constructive information which could be used to form the final strategy and action plan.

Full details of the consultation, and how to respond, will follow the approval of this draft strategy but it will be available in a range of ways including the council's website, social media, Your City Your Say email, housing offices and local media.

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# Part 1 Making the Private Rental Sector work in Portsmouth

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## Section 1: Helping those for whom the PRS does not work

For many people the PRS (Private Rental Sector) meets their needs, whether for short-term renting whilst they find the right location to live, or whilst they pass through into either owning their own home or into social rent. It has also been shown that only a small proportion of PRS properties in the city are complained about to the council, either by tenants or by neighbours.

However, these statements lead to further questions which need to be addressed

- 1. Can the satisfaction of the main user groups with the PRS be solely based upon the demand they place upon the council?**
- 2. What about the groups, and individuals, for whom the PRS does not work?**

The PRS market in Portsmouth is driven by the lack of supply compared to the level of demand. With a large student population and areas of deprivation these factors suggest that it is possible, in some situations, that tenants are being exploited either by paying high rents or living in non-decent conditions. If such exploitation is occurring it is also possible that some tenants are not approaching the council, or other organisations, for help for fear of the consequences that this may have.

Helping those groups of main users who are not in the situation they would

chose to be in should be the focus of this strategy for the following reasons.

- **Exploitation.** Even where the initial access can be afforded, tenants on the lowest incomes often have to choose a PRS property based upon ongoing affordability (i.e. where they can keep up the rent payments), and may accept the property being in a poor condition or being unsuitable for their needs in term of location, size or amenities. These tenants are the less likely to complain about their living conditions for fear of retaliatory eviction, or rental increase if their landlord did carryout repairs or improvements to the property. Equally, a landlord, who may not be aware of all of the requirements, is at risk of exploitation from disreputable tenants
- **Consistency of living.** For those who are living in the PRS long-term, especially those with families, they need to be able to feel that they are making a home. They need to feel confident that, providing they are acting as reasonable tenants, they can continue to live in their property for as long as possible. Where landlords wish to reclaim the property, tenants should be able to be aware of their rights, and expect as much notice as possible from the landlord

- The supply and demand imbalance mean that some landlords may not have the knowledge or inclination to act as good landlords. This in turn could put them, their properties, their tenants and their neighbours at risk. By supporting this group it will enable a landlord for whom it is not working to either exit the industry or gain the skills to become a good landlord.

This means that this strategy should be focussed on helping are tenants who are stuck in the PRS and landlords who either need help to become a good landlord, or want to leave the sector.

In addition this strategy proposes that it should be tougher on those landlords that deliberately choose not to be good landlords for the following reasons.

- **This groups has a negative effect on other stakeholders in the PRS, including neighbours, local authority etc.**
- **For everyone to have confidence in a well-functioning PRS in Portsmouth, there needs to be a strong enforcement.**

Whilst this strategy acknowledges that tenants should behave in a reasonable manner, legislation already exists to allow landlords to deal with poor tenant behaviour, and the demand-led market is the landlords favour in this respect.

There are a number of changes to the PRS which would help these groups, not all of which do the council have the ability or responsibility.

### **Increase supply of properties to use as homes**

"A consumerist regulatory model works best when a buyer is able to choose between competing sellers, while sellers have to provide quality of product in order to attract a buyer." (Marsh and Gibb <sup>26</sup>)

Currently the supply and demand model in Portsmouth is skewed in favour of landlords and sellers of properties as the amount of people

looking for housing is significantly greater than the amount of housing stock available. Therefore the number of homes in all tenures needs to rise, although it is important that they are the right size and mix of property types to ensure that. A development programme which focusses solely on one tenure type, or does not provide properties for different tenants and families, is likely to fail.

### More social housing available for those who need it

If more property was available at social or affordable rents then tenants who cannot sustain a PRS tenancy will have more and better choices.

However it should be recognised that the notion that social housing providers must continue to grow the number of

properties they provide to meet this demand. By having tenures and policies that also encourage those that can leave the social sector to do so, it will help to recycle social and affordable properties back for those who need it the most.

### More owner/occupier homes

By increasing the amount of owner occupiers in the market you reduce the reliance on the PRS being the stop gap

for both first time buyers and owner occupiers who cannot move effectively as they would have done 20 years ago.

### More homes for private rent

As this report will show, an increasing number of people are using the PRS as permanent accommodation, and therefore it is important that supply can meet this demand. It is also as important that the properties are good quality and free from health and safety hazards, so that the tenant is paying for a home that is not going to cause them ill health and is value for money.

The following models have been suggested to ensure that the housing stock in the private rental sector continues to grow.

- **Build new stock specifically for market rental.**
- **Re-designate existing social rented stock.**
- **Purchase housing from the open market for use as rental stock.**
- **Managing property on behalf of existing private landlords.**

### More financial support to enter / move around in the PRS

A significant problem for those on the lowest levels of household incomes (and those on benefits) benefits is gaining access to the PRS. Landlords may have concerns about the ability to sustain the rent and often require additional security, such as a guarantor or bond, or significant upfront rent (usually at least one month in advance) before they will be accept a tenant, and

this is particularly difficult for those who cannot afford it.

In January 2020 the council reviewed a number of options to pilot which may address this issue, and agreed a trial to offer improved bonds, and access to 0% interest loans for those who met the agreed eligibility criteria.

### **More financial support to stay in the PRS**

The gap between the Local Housing Allowance (LHA) rate and market rent means those on benefits will, in many cases, need to use other benefits to top up the rent, which mean they have less disposable income to spend on other essentials such as fuel, food, transport etc.

If the money available for those on benefits met the mean average rent this would enable tenants to have a realistic choice about the type of property they wish to stay in. This would require either the government to raise LHA rate, or for the local authority to offer rent top ups to meet this.

### **Maximise the efficiency of the stock**

It is a choice for those that can afford to pay to rent a property that is larger than their family needs, and the city council has neither the power to force people to move out of their homes, into something smaller, simply to create capacity. However it must be acknowledged that, as in all housing tenures, whilst there is a great deal of over occupation, there will also be some under occupation which if

resolved, would create more capacity overall.

The role of the council should be to provide advice and support for tenants and landlords about how to get the most from their tenancy, and the benefits and impacts of moving, either to a larger or smaller property.

### **Economic Growth**

The council have an economic growth strategy which aims to deliver more, better paid jobs within the city.

It is therefore an important part of this strategy, and the economic regeneration strategy, that these benefits are seen by those who are in

the PRS, and particularly those who feel that they are trapped. An increase in wages and opportunities for this group is likely to enable them to have more choice about where to live, and be more likely to afford the rent on a sustainable basis.





## Section 2: Defining a well-function private rental sector in Portsmouth

From the supporting evidence that has been shown in Part 2 of this strategy, it is possible to outline what a well function PRS would look like in Portsmouth, focussing on six key areas.

- **Affordability**
- **Safety**
- **Security of tenure**
- **Ease to enter and leave the sector**
- **Ability to work well with other tenures and is part of the community**
- **Regulation**

### Affordability

There would be a normal distribution of market rent levels in all areas with the mean average rent being at the relevant Local Housing Allowance rate, meaning that those on benefits could access a reasonable section of the PRS market.

Those in social rented sector would see the PRS as a possible place to move to if they wished to change to a property size, type or location that was

not available within the social sector. These people would be helped to make this move.

Bonds and guarantees would be easy to access in the event of a problem, and low cost deposits would be available for those that need them. Deposits could be easily moved from landlord to landlord as a tenant moves property.

### Safety

Properties would be maintained so that no properties were considered non-decent by the Decent Homes standards.

Landlords and tenants would work together to maintain the standard of the properties, each trusting the other that any problems would be resolved quickly and without hassle.

The number of deliberate problems in the fabric of a property, either as a

result of neglect by the landlord or deliberate action by the tenant would be very low. If such an issue did occur, it would be handled through an agreed process and all parties would abide by the decision.

### **Security of tenure**

No main user of the PRS would feel an overt power imbalance between tenants and landlords, and that both groups would feel the benefits of being in the sector for as long as desired.

For those who see the PRS as their long-term tenure of choice, they will feel confident that they can remain in a property for as long as the landlord is renting, and providing they remain a good tenant

Landlords and tenants would happily discuss their plans of tenure, with the aim of reaching agreement about when it may come to an end.

Where short-term problems occur, for either the landlord (e.g. maintenance issues) or tenant (e.g. paying of rent), they will be honest with each other and clear about the plans and timescale to resolution.

### **Easy to enter and leave the sector**

Tenants would be able to find accredited, good landlords through a trusted and easy to use mechanism. They would have clarity about the rent levels and how this compares to others in the local area.

Tenants would understand the responsibilities of taking on a tenancy and start a new tenancy at a timescale that meets their needs. When leaving a tenancy, tenants would give fair notice, have any outstanding deposits returned to them excepting any fair and reasonable charges which are fully understood

Landlords would be able to find suitable information and support to buy a property, set it up for rent (adhering to all relevant legislation) and meet any licencing conditions of the local area.

Landlords would find it easy to find new tenants, especially if they are considered a good and accredited landlord. When it comes to leaving the sector landlords would be able to end any existing tenancies in an orderly fashion within a reasonable timescale and pass on or sell the property. Ideally this would be to another good landlord.

### **Works well with other tenures and is part of the community**

Those who live in the PRS, especially those in (HMO) House of Multiple Occupation, would be respectful of neighbours who may be in other tenures.

All users of the PRS would feel that they are part of their local community and have a responsibility to play their part in maintaining local environmental standards and a reasonable behaviour.

All stakeholders (such as the council, University, landlords etc.) would work together to promote community engagement.

Eventually it would be difficult to identify a PRS property from any other type of tenure.



### Regulation

All who were in the PRS would have clear access to information which explained what was expected from them, the national legislation, local policy and the enforcement regime.

The council would only introduce policy changes or local regulation after providing suitable evidence. Where schemes are introduced, it should be at the aim of helping those who need it most.

Good behaviour by tenants and landlords would be supported and encouraged through appropriate accreditation schemes and the provision of information and education. Local and national bodies who

represent landlords and tenants would be visible.

Victims of crime within the PRS would be able to quickly and easily report it to the council, where it would be handled by professional officers who would provide the appropriate support and advice to help determine the best course of action.

Where investigations are undertaken, all would be clear of the reasons and the outcome, and any formal action that would be taken. The council would look to take all possible steps to remove criminal activity and wherever possible prevent individuals returning to the sector.



### Section 3: Strategic aim and objectives

The previous section of this strategy has identified what an ideal well-functioning PRS would look like in Portsmouth. These behaviours are seen on many occasions, but this strategy should be more ambitious about what can be done to make it a reality for more users. Therefore it proposes the following strategic aims and objectives.

#### Aims

**To achieve an active and well-functioning PRS which works fairly for all.**

**For the PRS to be seen as a desirable type of tenure which meets the needs of those who use it, with support being focussed on those who need it most.**

#### Objectives

1. **Good landlords will be welcomed, supported and promoted through the use of accreditation.**
2. **Information and guidance for landlords and tenants will be clear, easy to access to enable them to make fully informed choices when entering and moving around the PRS.**
3. **More tenants can afford a sustainable rent level. More tenants will also receive support in overcoming financial access barriers such as deposits and bonds.**
4. **The maintenance of tenancies will be supported, as far as possible, using a range of routes to try to resolve problems without the need for eviction.**
5. **Users of the PRS will be a stronger part of, and more integrated with, their local community. This will increase inclusion and cohesion with other tenures.**
6. **A wide range of stakeholders and user groups will work together to provide a focal point for the delivery of outcomes.**
7. **Tenants and landlords will be considered when significant decision-making within the city occurs, and that the benefits of economic regeneration will be felt equitably by those within the PRS.**
8. **Fair, transparent and professional regulatory functions will provide reassurance and support to all that request it and not adversely affect those that need help by adding disproportionate burden.**
9. **Strong regulators will use all of their powers, working with partner agencies and stakeholders, to tackle and remove criminal and antisocial behaviour.**

Strategic objective	Affordability	Safety	Security	Easy to enter and leave	Works well with the community	Regulation
1. Good landlords will welcomed, supported and promoted through the use of accreditation	Y	y	Y	y		
2. Information and guidance for landlords and tenants will be clear, easy to access to enable them to make fully informed choices when entering and moving around the PRS		y	Y	y		
3. More tenants who can sustainably afford rent will be encouraged. More tenants will also receive support in overcoming financial access barriers such as deposits and bonds	Y					
4. The maintenance of tenancies will be supported, as far as possible, using a range of routes to try to resolve problems without the need for eviction		y	Y			
5. Users of the PRS will be a stronger part of, and more integrated with, their local community. This will increase inclusion and cohesion with other tenures.					y	
6. A wide range of stakeholders and user groups will work together to provide a focal point for the delivery of outcomes.			Y		y	
7. Tenants and landlords will be considered when significant decision-making within the city occurs, and that the benefits of economic regeneration will be felt equitably by those within the PRS						y
8. Fair and transparent and professional regulatory functions will provide reassurance and support to all that request it, and not adversely affect those that need help by adding disproportionate burden.		y				y
9. Strong regulators will use all of their powers, working with partner agencies and stakeholders, to tackle and remove criminal and antisocial behaviour.				y	y	y

## Section 4: The roles currently undertaken by Portsmouth City Council in support of the Private Rental Sector.

The council currently undertake a number of roles, deliver a number of services and support in a number of ways with regard to the PRS, and this part of the strategy aims to outline those. It also considers the strategic aims and objectives of Section 3 outlines what further actions could be

taken by the council, many of which are complimentary.

By providing clarity on its role it gives a clear direction on the direction it is taking and the actions it should take. Also, in a time of restricted resources, it gives clear guidance on the prioritisation of resources.

### **Advise, Educate and Signpost**

#### Advise

A significant role for the council is that of providing specific advice for PRS tenants, landlords and neighbours. It does this through a number of channels, including the council website, city help desk and direct to the Private Sector Housing Service, Planning service and others. Areas of advice include

- **Housing Standards and Health & Safety in the home.**
- **How to apply for a licence to manage an HMO.**
- **How to save money in the home**
- **Waste collection dates.**

However this information has been organically created over a number of years and it is unknown if this reflects the needs of the customer.

#### Educate

In many instances the council goes beyond simple advice and offers more in-depth support and education to stakeholders

##### Being a good tenant

The council's website has helpful information on how people can look after their finances to ensure that they are successfully managing to pay their rent and other bills. There is online support on how to apply for benefits and to ensure that the user has applied for everything that they are entitled to. However this short of the support that tenants within council-owned stock receive, who have access to money

advisors who can meet face to face and help tenants to understand their finances in consequences of choices and places to receive help.

The council's Housing Needs, Advise and Support service advise tenants who are faced with homelessness, working with them and landlords to try to prevent an eviction wherever possible.

In cases where further support is required tenants are referred to third sector organisations who run various schemes to support tenants who could be at risk of losing their tenancy (including local authority tenants). The

schemes aim to educate them on how to be a better tenant by managing budgets, applying for the right benefits, managing the household and sometimes working to prevent anti-social behaviour.

The council will provide advice to a tenant on what their responsibilities are to the property that they are living in. This is especially important if the tenant's lifestyle is contributing towards the disrepair.

The Private Sector Housing service currently educates students in how to be good tenants and integrate into the community. They will also work with tenants, when there are concerns raised by neighbours, with the aim of creating a more integrated community.

#### Being a good landlord

The housing standards and licensing team work with landlords to ensure that they understand what their responsibilities are to their tenants. This will include; ensuring that the house that they are renting is safe and free from health and safety hazards; they provide the correct paperwork to their tenant (e.g. a gas safe certificate and

an Energy Performance Certificate) and how to evict a tenant legally.

Housing Needs Advise and Support will contact a landlord should a tenant come to them with a potential eviction concern. They will also discuss the eviction process with a landlord. If the landlord appears to have served eviction paperwork incorrectly they will be advised of this.

The council website provides landlords with information about how to apply for planning permission to own a Housing in Multiple Occupation. It also provides information on how all properties should be kept free from hazards that can cause harm to the occupier. There is information on how to carry out your own risk assessment for your property as well as who to contact if you need further support.

The Rent it Right Website provides a comprehensive guide for landlords to learn about all areas of the rented sector and what is expected of them. The website includes links to the planning portal to make an application to create a Housing in Multiple Occupation to being an accredited landlord through the Rent it Right Scheme.

#### Signpost

The council also undertakes a role to direct stakeholders in the direction of non-council services which can provide services and further assistance

Currently the council signpost to a range of organisations third parties who may be better placed, and or have a statutory or contractual duty to provide such support. These include:

- **Citizens Advice Bureau,**
- **Advice Portsmouth (through a contract funded by the council),**
- **Roberts Centre,**
- **Age UK,**
- **Shelter,**
- **HM Police,**
- **Hampshire Fire and Rescue Service,**
- **Coroner's Office and**
- **The Land Registry.**
- **The University of Portsmouth**
- **Portsmouth & District Private Landlords Association**

It is vital that the city retains, and possibly expands, the number of external stakeholders who can provide and support to those within the PRS.

This is because each organisation has a different role, with different knowledge, powers and focus which will ensure that

### **Protect, regulate and enforce**

Currently the council has a number of resources working together who have within their remit a role to ensure compliance with the law within the PRS.

These include:

- **Private Sector Housing**

- Compliance of legislation under such acts as the Housing Act 2004 and Public Health. This function is mainly carried out through inspections prompted by complaints to Housing Standards or through routine inspections for licensing of Houses in Multiple Occupation (HMO).

- **Environmental Health and Trading Standards**

- Investigate noise complaints.

- **Safe Clean and Tidy**

- Domestic dumping (fly-tipping) and work with the Waste collection team when domestic rubbish is placed out for early collection.
- Anti-social behaviour within the community.

- **Planning enforcement**

- Investigates breaches in planning legislation to ensure that the development of the city follows the Town and Country Planning Act 1990 and Planning (Listed building and conservation area) Act (1990).
- Building control are responsible for ensuring that building works within the city comply with legislation under the Building Regulations Act 2010 and the Building Act 1984. When a building is reported to them as dangerous they use their legislation to ensure it does not put the public or occupiers at risk.

- **Housing Needs Advice and Support**

- Help people who are homeless, or are at risk of becoming homeless, by assessing each persons need and creating a housing plan. This is in compliance with the Homelessness Reduction Act 2018.



## **Manage private rented property**

### **Managing properties to meet the needs of those who are homeless**

The council's Rent it Right leasing scheme is able to manage private rented properties on behalf of landlords for between 3 and 5 years. It provides a landlord with an agreed rental income that is paid quarterly in advance. They can also opt for a full repairing scheme as part of the agreement. The property is handed back to the owner at the end of the agreed leased term in the same condition as it was rented to the council,

minus fair wear and tear. The council manages the property, and the tenancies, with tenants being selected from the housing waiting list.

This service was relaunched in summer of 2019 and currently the leasing scheme only rents properties to tenants who are on the housing waiting list. The properties are not, therefore, for general tenant access.

### **Managing properties due to previous failure of the landlord**

If, upon inspection, a property is found to be an unlicensed House in Multiple Occupation (HMO), or if the HMO is not being managed correctly, an Interim Management Order can be served. The council will then manage the property on the owner's behalf until the management of the property is resolved, with all costs being passed to the landlord.

served on long term empty properties (more than empty for 2 years.) The local authority serve an Interim and Final EDMO on a property and then manage it for 7 years. The tenants are selected from the housing waiting list.

In both circumstances the Council becomes the landlord for these properties through the Housing Act 2004.

An Empty Dwelling Management Order (EDMO) works in a similar way but is

## **Enabler of Finance**

### **Lend rent deposits and guarantees**

The council currently do provide rent deposits for those who are on Housing Benefit. Housing Needs Advice and Support will also provide a means tested deposit to help prevent someone from being made homeless.

Discretionary Housing Payments (DHP) is something that a tenant can claim for to help them stay in their rented property or move into new accommodation.

DHP can only be awarded to claimants receiving housing benefit or the housing costs element of Universal Credit, which does not meet the full

amount of their eligible rent (housing costs). DHP can also be awarded for a rent deposit or rent in advance scheme for a property that the customer has yet to move into if they are already entitled to housing benefit or the housing costs element of Universal Credit at their present home.

<https://www.portsmouth.gov.uk/ext/documents-external/ben-rbe-dhp-policy-2018.pdf>

Extended Housing Benefit is a payment for 4 weeks of an existing Housing Benefit agreement that is going to reduce as a result of a change in

circumstances to the tenant. This change in circumstance could be an increase in the number of paid working hours. The extended benefit provides

the tenant with reassurance that they will still be able to pay their rent whilst their circumstances are changing.

Provide finance to undertake works on properties to make them safe.

The council, through the Private sector Housing Service, currently provide access to low cost finance for home renovations in a number of circumstances.

- A property may be subject to enforcement and, if the owner does not carry out the works required, the council may look to carry out works in default to ensure that the rented property is safe to use by the tenants.
- If an IMO is in place the council will have to remove all hazards from the property as part of ensuring it is properly managed. Costs incurred will be sought from the owner as part of the IMO.
- The EDMO (which is served on long term empty properties) will require the property to have be safe for use of tenants for 7 years. Therefore the council will carry out all necessary repairs prior to the property being rented

**and will continue this function whilst it is being managed by the local authority.**

- Should someone require a disabled facilities adaptation, so that they can stay in their home, the Housing Renewals team will also ensure that the property is free from any other hazards under the Housing Act 2004. The work schedule that they create will reflect these requirements to make the property safe for the occupier.
- Building Control will assess properties that are considered dilapidated and cause for concern. If they feel that there is an immediate risk to the occupier, and or general public, they will carry out any necessary works to remove this risk. The costs incurred will then be sought from the owner of the property.

**Controller**

Determine where HMOs are built.

The decision regarding how many HMO's can be permitted in certain areas of Portsmouth is based on the Portsmouth Plan and PCS20 "houses in multiple occupation (HMOs) ensuring mixed and balanced communities."

<https://www.portsmouth.gov.uk/ext/documents-external/pln-portsmouth-plan-post-adoption.pdf>

The policy outcome is to avoid concentrations of HMO's within the city and the planning department are responsible for this determination.



### Determine use of land

The Portsmouth Plan sets out the future development of Portsmouth until 2027. Any changes and developments to Portsmouth will need to be measured against this overarching planning document to ensure that its aims and objectives are being met.

If Portsmouth City Council own the land the portfolio holder would determine the use of it. This would be in conjunction with other departments such as planning to ensure that the land was being put to best use. For example building more houses on Council owned land.

The Town and Country Planning (Brownfield Land Register) Regulations 2017 places responsibility on a local authority to prepare and maintain a register of land for housing developers to access should they wish to develop in that authorities area.

The purpose of the register is that a developer will know what sites are ready for housing development as the land has already been determined by the Council. This should speed up the construction process as a developer will know what sites they can purchase and build on quickly.

## **Section 5: Strategic action plan for Portsmouth City Council**

In order to achieve the strategic aims and objectives of this strategy a range of additional actions can be taken by the council. These have been identified and fall into two broad categories

- **Those which can be pursued under existing approval or delegated authority, and have existing resources to enable delivery, or**
- **Those that require additional approval by the council and/or additional resources in order to deliver the action.**

For actions 1-14, council officers can use existing approvals and resources, to enable the actions to be begin to be pursued immediately. The aim is that all

of these will be completed by 31<sup>st</sup> December 2020.

For actions 15-23 additional investigation and resources, officers will be required to bring further, more detailed, reports to councillors for approval before any can be permanently implemented. These will outline costs, timescales, risks, impacts and an operational delivery plan. The aim is that, subject to the feedback on the consultation of this draft strategy, all of these actions will be reviewed and a more detailed plan for timescales will be established, with an overarching aim that all agreed actions within the final strategy will be completed within the five year period. Progress of this will be monitored by the cabinet member for Housing.

### Actions for which permissions and resources exist

Action number	Description	Strategic Objective
1	Expand on the current website information on what makes a good tenant and include different situations. (For example someone living in a shared house will have different expectations put on them than someone who lives alone.)	2
2	Provide more information for tenants, such as average market rents across property sizes. This will help tenants to make an informed choice.	2,3
3	Develop the current HMO governance board into a multi-agency partnership group which oversee this strategy. Review the stakeholders to ensure that all voices are covered	6
4	Investigate with third party stakeholders the feasibility for closer partnership working on a single communications and web strategy.	2,6
5	Work more closely with stakeholders to increase the understanding of the services that could be provided across Portsmouth to support the PRS.	6
6	Work with other local authorities to find new ideas to support the PRS	8
7	Ensure that data sharing, both within the council and with external partners is maximised, within the legal boundaries of relevant legislation	8,9
8	Review of all relevant enforcement policies to make them more transparent.	7
9	Implement the revised supplementary planning document for HMOs	7
10	Ensure that officers responsible for regulating the PRS are trained to a professional standard and capable of meeting the needs of this strategy	8
11	Working with stakeholders, approach the MHCLG to look for support in the development and implementation of this strategy, with a particular request to pilot some of the changes identified in actions 15-23	6
12	Undertake a pilot of the rent deposit and bond scheme.	3
13	Continue to deal proactively when an unlicensed HMO is reported.	7
14	Be more proactive in promoting where enforcement and prosecution has been successful.	9

**Actions requiring more detailed investigation, resources and/or permission**

<b>Action number</b>	<b>Description</b>	<b>Strategic Objective</b>
<b>15</b>	Work with tenancy groups to provide workshops on how to be a good tenant, aimed at helping a tenant to maintain a tenancy <ul style="list-style-type: none"> <li>• Money management</li> <li>• Good behaviour</li> <li>• How to work with the landlord</li> </ul>	<b>2,4</b>
<b>16</b>	Expand the Rent It Right model to help more tenants access the PRS	<b>3</b>
<b>17</b>	Create a mediation service between landlords and tenants to help improve security of tenure. This may include a 'private sector housing court'	<b>4</b>
<b>18</b>	Work with landlord groups to provide workshops on how to be a good landlord. <ul style="list-style-type: none"> <li>• how to choose appropriate tenants</li> <li>• carrying out their own HHSRS assessment on their property.</li> </ul>	<b>1,2</b>
<b>19</b>	Provide bonds to help those who are eligible to gain access to the PRS	<b>3</b>
<b>20</b>	Provide low interest loans for those who are eligible to be able to access the private rental sector. The loan will cover the rent deposit and any additional fees required to be paid to enter the Private Rental Sector.	<b>3</b>
<b>21</b>	Provide loans for good, accredited landlords to improve the quality of their property. By creating such a loan a landlord would be able to make improvements to their property and the local authority would be able to provide positive instruction on what those works should be.	<b>1,4</b>
<b>22</b>	Consult on reintroducing additional licencing for HMOs to help in the better management of them and understand how they interact with the local community	<b>5</b>
<b>23</b>	Working with multi agency partners, develop the council's accreditation scheme to offer benefits to good landlords	<b>1</b>



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# Private Rental Sector Strategy for Portsmouth 2020-2025

## *Part 2 - Supporting Evidence*

To achieve an active and well-functioning Private Rental  
Sector which works fairly for all.

[Part 2 - Supporting evidence](#)

## **Section 6: Defining the Private Rental Sector and its stakeholders:**

The Private Rental Sector (PRS) is a classification of housing tenure in England. A basic definition of the PRS is privately owned property or properties that are leased to a tenant. Owners or landlords could be an individual, commercial investor or property company. How these properties are managed and maintained can vary, with some tenants dealing directly with an individual landlord/owner, or through a management company or estate agency managing the property on behalf of the landlord.

In general privately rented properties in England can be separated into two categories:

- Market renters: Those who occupy the properties under a tenancy agreement, and pay market rents.
- Non-market renters: Those who do not pay rent. This group may be renting from a relative or occupying accommodation rent-free as part of their employment.

Information on what defines a tenancy, or a licence, within the PRS can be found elsewhere. (HM Government<sup>1</sup>, Shelter<sup>2</sup>).

### **Stakeholders**

The PRS has a considerable variety of stakeholders. They can be loosely divided into two separate groupings:

#### **Main Service Users:**

- Tenants
- Landlords
- Letting Agents (acting as a landlord agent)

#### **Supplementary Organisations and/or Individuals that may seek assistance or support regulation of the Sector:**

- Local Authority. This strategy only refers to the area of Portsmouth covered by Portsmouth City Council ("the council"). This includes a number of functions including
  - a. Private Sector Housing regulation and enforcement
  - b. Planning
  - c. Adult Social Care,
  - d. Regulatory Services and
  - e. Housing Needs, Advice and Support
- External Agencies such as Hampshire Fire and Rescue Service (HFRS), Hampshire Police, Advice Portsmouth and Portsmouth University
- Third sector organisations who support the main user groups
- Clients who may employ the services of the council
- Members of the public seeking advice other than main service users, such as neighbours or community groups.

## **Section 7: National Overview**

### **Legislation relevant to the Private Rental Sector (in England)**

The PRS is regulated by a range of legislation. Listed below are some of the main pieces of legislation with an overview of each piece of legislation, along with a link to the full legislation, in shown in Appendix 1.

#### Protection from Eviction Act 1977:

Prohibition on unlawful eviction, harassment and places restrictions on the re-entry/eviction without due process.

#### Landlord and Tenant Act 1985:

Outlines duties to landlords to disclose certain information and repairing obligations within the property.

#### Housing Act 1988:

The Housing Act 1988 introduced the Assured Shorthold Tenancy (AST) ensuring a clearer contractual arrangement between a landlord and tenant.

#### Housing Act 1996 (As amended)

#### Housing Act 2004

The Housing Act 2004 sets out a variety of provisions, including but not limited to, improving housing conditions via the use of the Housing Health and Safety Rating System, sets out the regulation of Houses in Multiple Occupation (HMO) via mandatory and non-mandatory licencing schemes and sets out powers for addressing empty properties.

#### Licensing of Houses in Multiple Occupation (Prescribed Descriptions) (England) Order 2018:

Designates HMOs subject to mandatory licensing.

#### Licensing and Management of Houses in Multiple Occupation and other houses (Miscellaneous Provisions) (England) Regulations 2018:

Prescribed minimum national standards for licensable houses in multiple occupation.

#### Management of Houses in Multiple Occupation (England) Regulations 2006:

Places a duty of the manager to address and take responsibility of certain areas of an HMO including the provision of information to occupiers, taking safety precautions, maintaining water supply and drainage and gas and electricity, managing common parts of the property, providing waste disposal facilities and maintaining living accommodation.

#### Right to Rent, immigration Act 2014

Places a duty on landlords to check that their tenants are not illegal immigrants. Since 1<sup>st</sup> December 2016, landlords or agents in England could be charged with a criminal offence if they know, or have reasonable cause to believe, that they are letting to an illegal migrant.



#### Retaliatory Eviction and the Deregulation Act 2015

Provisions under the Deregulation Act 2015 provide increased protection to tenants have been unfairly served Section 21 Eviction Notices following genuine complaints about the condition of the property or dwelling they are occupying. The Act ensures landlords have to comply with certain legal responsibilities before a Section 21 Notice can be served.

#### Housing and Planning Act 2016

Sets out powers that allow Local Authorities to set up a database of and investigate and ban Rogue Landlords and Property Agents, impose civil penalties for a range of offences under the Housing Act 2004, assist tenants in applying for Rent Repayment Orders. Other provisions under the Act include starter homes, right to buy schemes in relation to Social Housing and changes to the National Mandatory

#### Homes (fit for human habitation) Act 2018

Introduced on 20<sup>th</sup> March for all new tenancies that started from this date, and it will apply retrospectively to all current tenancies from 20<sup>th</sup> March 2020 regardless of when the tenancy started. This legislation ensures that rented houses and flats are 'fit for human habitation', which means that they are safe, healthy and free from things that could cause serious harm. If rented properties are not 'fit for human habitation', tenants can take their landlords to court. The court can make the landlord carry out repairs or put right health and safety problems. The court can also make the landlord pay compensation to the tenant. This legislation applies to all rental properties, both PRS and social housing.

Homelessness Reduction Act 2017 (HRA17), the council owes a duty to assist any household (that have a 'Right to Reside' in the UK and have recourse to public funds) that is eligible for assistance if they are at risk of homelessness within 8 weeks following the relevant interaction with the council. However, there is no duty to provide any specific forms of financial assistance, such as paying for a tenancy deposit or acting as guarantor.

#### The Homelessness Reduction Act 2017:

The Homelessness Reduction Act 2017 significantly amends Part 7 of the Housing Act 1996 increasing the duties placed on Local Authorities in relation to assisting those who make Homeless Applications.

#### Minimum Level of Energy Efficiency' standard (EPC band E) 2018

Sets out a minimum energy efficiency standard for (EPC rating E) for all domestic private rented properties. It replaces a responsibility on landlords for any properties that do not meet this minimum energy rating to pay up to £3,500 for measures to improve the energy efficiency rating of the property.

Tenant Fees Act 2019: landlords and letting agencies are prohibited from charging fees for securing or renewing a tenancy. However they can still charge a refundable holding fee of up to one week's rent, a tenancy deposit of up to five weeks' rent, and charge rent in advance.

#### Energy Performance of Building Regulations



Duty to landlord to hold/commission an Energy Performance Certificate (EPC) before marketing a property for rent. Duty to make the EPC available to prospective tenant and provide copy EPC to tenant. Providing EPC information along with written particulars of the property.

#### The Electrical safety standards in private rented sector (England) Regulations 2020

Require pre-tenancy and five yearly checks of all fixed appliances and wiring. This will be mandatory for landlords for all new tenancies from July 1 2020, and will be rolled out to all existing tenancies from April 2021. Landlords failing to comply with the new rules will face fines of up to £30,000.

### **Regulation of the PRS in England**

The Ministry of Housing, Communities and Local Government (MHCLG) is the creator of the national strategy and legislation in England. Their function is to “create great places to live and work, and to give more power to local people to shape what happens in their area”. (MHCLG<sup>3</sup>). They do this by:

- driving up housing supply
- increasing home ownership
- devolving powers and budgets to boost local growth in England
- supporting strong communities with excellent public services

MHCLG has developed a Single Departmental Plan (SDP) setting out their objectives and how they intend to meet them over the coming years. This was last updated in June 2019 and sets the following objectives relevant to the PRS:

1. *Deliver the homes the country needs*  
*By supporting the delivery of a million new homes by the end of 2020 and half a million more by the end of 2022.*
2. *Make the vision of a place you call home a reality*  
*By supporting vulnerable people via the Rough Sleeping Strategy and implementation of the Homeless Reduction Act. Making the housing market fairer by introducing reforms to the private rented sector and introducing the outcomes of the Social Housing Green Paper*
3. *Support local government to deliver high quality services with sustainable finances*  
*By delivering a sustainable long-term funding settlement for local government beyond 2019-20 and developing good practice across local government to raise standards and performance.*
4. *Create strong communities, socially, economically and a sense of place*  
*By delivery of the commitments in the Integrated Communities Strategy and Action Plan*
5. *Secure effective support for those affected by the Grenfell Tower disaster, delivering the changes this tragedy demands and ensuring people are safe and feel safe within their homes*

*By engaging with the community and offering support following the tragedy and meeting commitments to permanently house residents. Overseeing a response to high-rise buildings that have unsafe ACM cladding.*

The vast majority of legislation places the responsibility to deliver the regulation upon local authorities and, unlike the social sector, there is no separate regulator for the PRS. Therefore the council becomes the main enforcement body for legislation related to the PRS in Portsmouth.

### **Key national issues affecting the PRS 2020-2025**

#### **Impacts of the United Kingdom leaving the European Union**

The short and long term impacts that the UK leaving the European Union will have on EU citizens who rent in the PRS is unclear. More information is required from MHCLG regarding "Right to Rent" rules to ensure that landlords and tenants continue to know their responsibilities in the PRS.

#### **Fire Safety:**

In the wake of the Grenfell tragedy in June 2017, an addendum to the fire hazard within the Health and Safety Rating System (HHSRS) Operating Guidance in November 2018 was introduced to specifically address cladding systems on high rise residential buildings.

#### **Homelessness:**

Local authorities continue to develop how they implement the changes brought about by the Homelessness Reduction Act 2017.

#### **Housing demand**

Demand for all tenures of housing continues to outstrip supply. Well designed and planned regeneration projects are required to ensure an increase of dwellings available.

#### **Improving standards through appropriate legislation**

The Housing and Planning Act 2016 delivers increased regulation of landlords and agents. The goal to continuously strive to improve and maintain the way in which the sector is managed and maintained for all those facilitating and using it.

#### **Housing Health and Safety Rating System (HHSRS)**

Following feedback from landlords, tenants and local authorities, MHCLG have also announced a comprehensive review and overhaul of the HHSRS used by local authorities to assess a range of potential hazards in rented properties. The intention is to make it simpler and quicker for local authorities to assess health and safety standards in rented homes, helping them to improve conditions for tenants and better tackle rogue landlords.

#### **Houses in Multiple Occupation (HMOs)**

A high concentration of shared homes can sometimes cause problems, especially if too many properties in one area are let to short term tenants with little stake in the local community. So changes to legislation have given local authorities the freedom to

choose areas where landlords must submit a planning application to rent their properties to unrelated tenants (i.e. houses in multiple occupation). This was designed to enable high concentrations of HMOs to be controlled where local authorities decide there is a problem, but prevent landlords across the country being driven from the rental market by high costs and red tape.

### **Future direction for the PRS**

HM Government, on 19<sup>th</sup> December 2019, set out their agenda for the next parliamentary session which included some proposals related to the housing sector (HM Government<sup>4</sup>).

- Abolishing the use of 'no fault' evictions by removing section 21 of the Housing Act 1988 and reforming the grounds for possession.
- Giving landlords more rights to gain possession of their property through the courts where there is a legitimate need for them to do so by reforming current legislation.
- Introducing a new lifetime deposit for tenants
- Expand the scope of the database of rogue landlords and property agents. Giving greater powers to drive improvements in standards, and empowering tenants to make an informed choice about who they rent from.
- Building at least a million more homes over this Parliament, making the planning process clearer, more accessible and more certain for all users, including homeowners and small businesses.
- Commitment to end rough sleeping by the end of this Parliament.

At the time of publishing this strategy it is unclear what legislation will be brought forward and on what timescale. However it appears that the HM Government are focusing on making improvements to the PRS, with a particular view to making it a more secure and accessible tenure for tenants, and to make it more simplified for housing providers/ landlords.

### **What does the PRS look like in England?**

#### **Size**

In 2018-19, there were an estimated 23.5 million households in England of which 15.0 million (64%) were owner occupiers. The private rented sector accounted for 4.6 million (19%) of households. Throughout the 1980s and 1990s, the proportion of private rented households was steady at around 10%. While the sector has doubled in size since 2002, the rate has hovered around 19/20% since 2013-14.

The social rented sector, at 4.0 million households (17%), remained the smallest tenure, following a long downward trend which has stabilised over the last decade or so. However, the composition of the social rented sector has changed in recent years. In 2008-09, the social rented sector accounted for 18% of households with 2.0 million (9%) renting from housing associations and 1.9 million (9%) renting from local authorities. In 2018-19, 2.4 million (10%) rented from housing associations, 1.6 million (7%) from local authorities. (MHCLG<sup>5</sup>)

In 2010/11 68% of new households were private renters, and 14% were owner occupiers; In 2016/17, the proportion of new households becoming renters had dropped back to 51%, and new owner occupiers risen to 26%. (Rugg, J & Rhodes, D.<sup>6</sup>)

This change probably reflects the impact of the financial crash in 2008 on new mortgages for first time buyers.

Home ownership for first time buyers was at its peak in 1986 and declined in 2008. It has slowly been recovering and this is partly attributed to government-led schemes such as the Help to Buy equity loan (which 80% of first time buyers took advantage of from 2013 - 2017), shared ownership and Right to Buy Schemes.

The national average age of first time buyers has increased from 26 years old to 30 years old from 1976 - 2016. This is likely as a result of the problems that many people face of being able to raise enough funds for a deposit to apply for a mortgage. (Rugg, J & Rhodes, D.<sup>6</sup>)

### Standards

Before the introduction of the Homes (Fitness for human habitation) Act 2018 there was no minimum standard for property deemed suitable for letting. However, from March 2020 this new legislation will introduce a new requirement for all tenancies (current periodic tenancies) to be fit for human habitation at the start of and throughout the tenancy period. In addition the local authority can enforce compliance with the Housing Act 2004 if a property is inspected and found to have deficiencies that has the potential to cause harm. Property quality is assessed according to the Housing, Health and Safety Rating Standard (HHSRS), which is a complex, risk-related assessment.

The decent homes standard, as defined by MHCLG and last updated in 2006, sets out requirements that properties should be free from serious hazards, and have amenities such as kitchen and bathroom that meet modern standards, be in a reasonable state of repair and thermal comfort. The PRS had the highest proportion of non-decent homes with 36% of properties at the lowest quintile of rent are non-decent. 25% of homes in the private rented sector did not meet the decent homes standard. This compares with 19% of owner occupied, and 13% of socially rented homes. 14% of privately rented homes had at least one Category 1 hazard, compared with 11% of owner occupied homes, and 6% of those in the social rented sector. (MHCLG<sup>5,7</sup>)

The standard of the property has also been shown to drop as the length of tenancy increases, with 42% of households renting in the same property for more than ten years shown to be classified as non-decent accommodation, compared to 25% of households where the tenancy was one year or less. (Rugg, J & Rhodes, D.<sup>6</sup>)

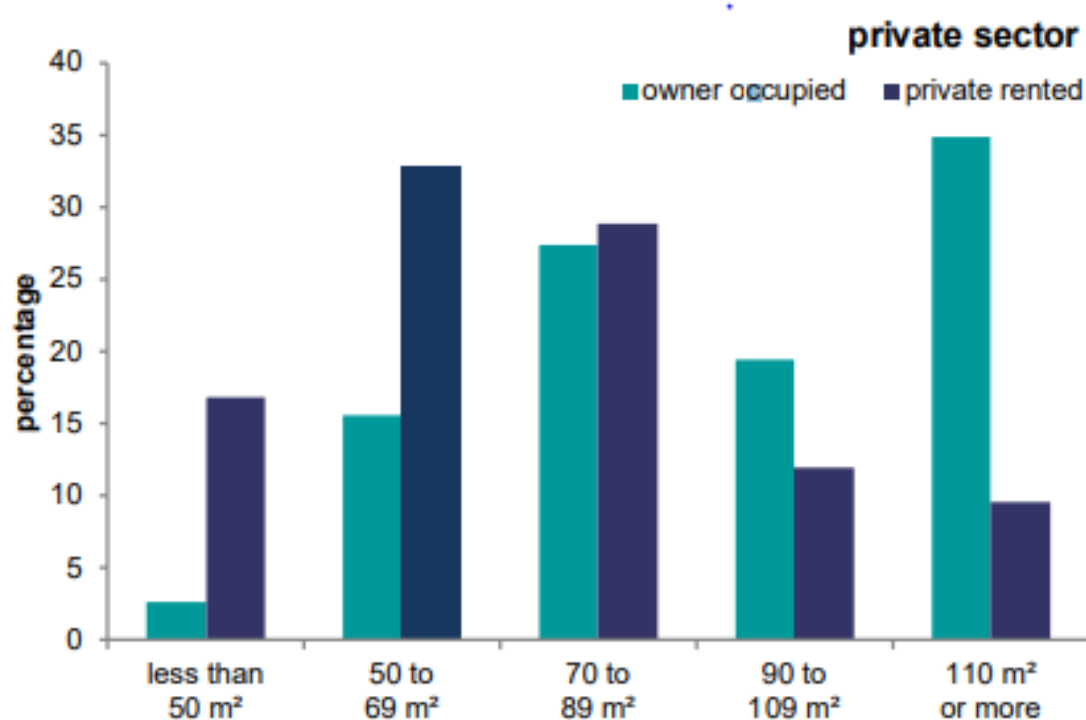
The Landlords Statutory Repairing Covenants are legal obligations which are imposed on all landlords of residential rented properties where there is a term of less than seven years.

The landlord is responsible for keeping in repair:

- the structure and exterior of the property; and
- the installations for the supply of water, gas, electricity, sanitation, space heating and heating water

### Size standards

There is no nationally prescribed space standards for existing properties. However the sizes of properties in the PRS differs from owner occupiers, and more closely resembles the social housing sector.



Useable floor area by tenure 2018 (MHCLG<sup>5</sup>)

### Reasons for leaving PRS

Of those who had lived in their current PRS property for less than three years, 72% moved because they wanted to, for reasons such as work job (18%), location (16%) and larger home (13%). For the remaining 28% who didn't move by choice reasons included forced by landlord (12%), mutual agreement (10%), and end of a fixed term tenancy (8%). (MHCLG<sup>5</sup>)

### Projected Changes

The private rented sector is growing as a proportion of the UK's housing stock, with greater numbers of people forced to rely on it as house prices rise and social housing declines. It is expected to account for more than a third of the UK's housing stock by 2032. (Bentley, 2015)

### Change in landlords

Data indicates that there are an estimated 2.3m adults in England who are private landlords in some form and 9% of landlords are themselves private tenants. (Rugg, J & Rhodes, D.<sup>6</sup>)

PRS landlords can be a range of different people/organizations. In 2018, half of landlords owned only one property for rent, whilst 17% owned five or more properties. However these larger landlords accounted for nearly 48% of the sector.

The reasons for providing private rental housing are varied, with the main reason landlords seeing it as an investment. From a tenants point of view it provides flexible accommodation with predictable monthly costs where they will not need to pay large unexpected repair bills. However market rents are usually much higher than social or affordable rents.

### Rental levels

Rental levels in the private sector market vary across the country. The median monthly rent recorded between 1<sup>st</sup> April 2018 and 31 March 2019 in England was £695. (Valuation Office<sup>8</sup>) with rent inflation of 1.3% in the 12 months to September 2019 (ONS)

### Savings and disposable income

63% of private renters report having no savings and Shelter have found that due to the rental levels of the private rental sectors, sacrifices are made in other areas to enable private renters to afford the rent. (Shelter, n.d.<sup>9</sup>)

## **Case studies in the PRS - Greater Manchester**

Greater Manchester is a combined authority of ten metropolitan boroughs and an estimated population of approximately 2.7million that had its first elected mayor in 2017. Although Manchester and Portsmouth are different in some respects both have higher deprivation levels than the national average, and lower household incomes levels. Both unitary authorities also experience high demand for affordable housing. Therefore it can be expected that the views of landlords and tenants may be similar in both areas.

Greater Manchester have worked with Shelter and Nationwide Foundation to carry out a study to establish "an informed understanding of the private rented sector in Greater Manchester".

They started by defining those vulnerable in the PRS as households at greater risk of harm for reasons that include, and in some instances combine, economic status and income, age, health and household demographic characteristics. The report considers households to be vulnerable in the PRS if they fall into one of the six vulnerable categories and experience at least one of the three measurable harms. (Rhodes, D and Rugg, J<sup>10</sup>)

### **PRS vulnerability characteristics**

- Households with dependent children: primarily with younger families (a child or children under 5 years old). Households with pre-primary school aged children have higher costs in terms of childcare.
- Disability and long-term sickness: Physical and mental health problems which cause the tenant or a member of the household to be unable to work. Definitions from the Equality Act should be considered.
- Older age: Older households are often reliant on a fixed pension income and may struggle to cover any shortfall in housing benefit for rental costs. Poor property conditions can also carry severe health consequences and risks such as trips or falls associated with disrepair.
- Households in receipt of means tested benefits: Increased risk of homelessness due to reliance on benefits to cover rent payments, essential outgoings and the shortfall in rent and council tax.
- Low-income, non-means tested benefit or tax credit dependent: Individuals cycling between work and welfare. There is increased risk of rent arrears and debt due to delays in Universal Credit and low income/zero-hour contracts. This group has the same risks as the previous group with an added risk of debt.
- Recent migrants: PRS is the most accessible type of tenure for migrants but includes obstacles including; language barriers, inability to provide deposits, references and/or guarantors and the risk of renting poor quality PRS accommodation with overcrowding and unsanitary conditions also being a factor.

### **Quantifying harms**

- Not meeting the bedroom standard i.e. overcrowding
- Property standards – the quality of properties and the lack of options for lower income households



- After Housing Costs (AHC) poverty – the biggest problem for vulnerable households

The study found that tenants and landlords often want the same things from the PRS (Shelter<sup>11</sup>)

Tenants experiencing vulnerabilities want...

- A home (not just a house) where they can feel safe and secure, in a good area, with a good, attentive and communicative landlord that would keep them in the property long term.
- More control and choice when renting a property, not having to settle for poor quality accommodation or rogue landlords.
- More / improved regulation for landlords and letting agents.
- A fairer process that encompasses all involved - tenants, landlords and letting agents, to eliminate the rogues, including 'bad tenants'

Landlords want....

- A good tenant, who will pay rent on time, respect the property, turn it into a home (not just a house) and stay long term.
- More support and regulation when dealing with issues and challenges caused by 'bad tenants', mainly rent arrears and damages to property.
- More regulation of landlords and letting agents to eliminate the rogues.
- More information and support as they enter and navigate PRS.





## **Section 8: Local Overview**

### **Local policy**

As stated in section 2, The Housing Act 2004 provides a local authority with legislation to ensure that housing stock, in their district, meets a suitable standard of safety using the Housing Health and Safety Rating System (HHSRS). This legislation comes with enforcement powers to ensure compliance.

Portsmouth City Council (the council) principally meets this duty through its Private Sector Housing service. This service undertakes a number of functions and provides a number of services, with the following of relevance to the PRS.

- Renewals and provision of grants to help in home adaptations.
- Licencing of HMOs
- Financial assistance policy
- Oversight of the housing market
- Supporting tenants through work on retaliatory evictions and redress schemes
- Enforce the relevant changes in legalisation on standards
- Support and education for landlords through an accreditation scheme

More details on these functions and how they are provided is available in section 9 of this strategy.

However what the council has not produced until now is a comprehensive set of data and information upon which strategic guidance can be made about the whole of the PRS. This document aims to create that strategy.

### **Case study - Licencing of Private Rental Sector properties**

Legislation allows for local authorities to operate a licencing scheme for rental properties in certain circumstances. The details of the specific licencing scheme are within the relevant legislation. However the operation of a licencing scheme is similar in the following regards.

When a licence application is received it is checked to ensure all relevant documentation are included. Once this happens a confirmation letter is sent to the applicant, along with confirmation of the requirement for a verification inspection. Verification inspection (Part 2 of The Housing Act 2004) are carried out when information within the application need to be confirmed by the issuing authority, and is not necessary for all licenses issued. The result of this inspection could be that special conditions are added to the license.

When a draft licence is issued by the officer the applicant has 21 days to respond to the conditions within the licence and if no representations are made then a full licence will be issued. An example of a representation may be if there is disagreement on the communal space standards.

A licence is usually issued for a maximum of 5 years, although may be shorter if the property is not suitable for the number of occupants that currently live there. The licence time period would allow the landlord time to lower the number of occupants living in the property.

Every licensed property will have a Housing Health Safety Rating System (HHSRS) inspection during the period of the licence. This inspection is an assessment of 29

potential hazards and looks for deficiencies with the property. If deficiencies are found then remedial works are required.

The licence holder must comply with the conditions of the licence and two examples of conditions are:

**The licence holder must comply with any waste management scheme, introduced by the local housing authority in respect of the storage and disposal of the household waste from the property pending collection.**

If a property was not complying with the waste management scheme we would look at the information/guidance that had been provided to the tenants by the landlord. If the landlord was doing all they could to ensure compliance we would look at ways to work with them rather than take enforcement action when a landlord is doing all they can to get their tenants to comply. If no information/guidance has been provided and the landlord is not communicating with their tenants regarding the waste disposal then we would look at a different approach. All cases would be looked at individually.

**The licence holder will work pro-actively and responsibly with all enforcement agencies in response to anti-social behaviour caused by tenants within the curtilage of the property and take all reasonable steps to prevent anti-social behaviour from within the boundaries of the property.**

We would expect the licence holder to work with us if there were reports of anti-social behaviour within the property. This could include attending meetings with their tenants and agencies or speaking to their tenants directly about their behaviour. All cases would be looked at individually.

### **Mandatory Licensing of Houses in Multiple Occupation**

Mandatory licensing was introduced in 2006 which required certain large Houses in Multiple Occupation (HMO) to be licensed. This originally applied to properties with 5 or more unrelated tenants (forming 2 or more households) over 3 storeys. The definition of a mandatory licensable HMO was extended by new legislation introduced in 2018, to include smaller HMOs. Since 1 October 2018 all HMOs with 5 or more occupiers (forming in 2 or more households), regardless of the number of storeys, require a mandatory license.

The position in relation to flats is rather more complex. Mandatory licensing does not apply to a purpose-built flat in a block with 3 or more self-contained flats. Most flats within large purpose-built blocks (such as those built specifically as student accommodation) will therefore fall outside of the scope of mandatory licensing provided there are 3 or more flats in the block. However, purpose-built flats in smaller blocks with up to 2 self-contained flats will fall within mandatory licensing if the occupancy and household requirements are satisfied.

### **Additional Licensing of Houses in Multiple Occupation**

In 2013, the council brought in an additional licensing scheme for all HMOs with three or more occupants to be licensed in postcode areas PO1, PO4 & PO5 (the areas of the city with the highest concentrations of HMOs at the time).

Such a scheme could only be introduced for a maximum period of 5 years and evidence had to show a need for additional controls over HMOs locally, and that suitable alternative options had been explored. Consultation with local landlords, tenants & residents was required as part of this process.

Any renewal of additional licensing required evidence that it had failed to deal with the problem that led to its introduction in the first place. The evidence for this was conclusive, therefore the scheme ceased in August 2018.

Currently only HMOs with three or four tenants do not require a license; any potential re-introduction of additional licensing would therefore focus on the licensing of some or all of those properties not currently covered by mandatory HMO licensing criteria.

### **Planning permission for Houses in Multiple Occupation**

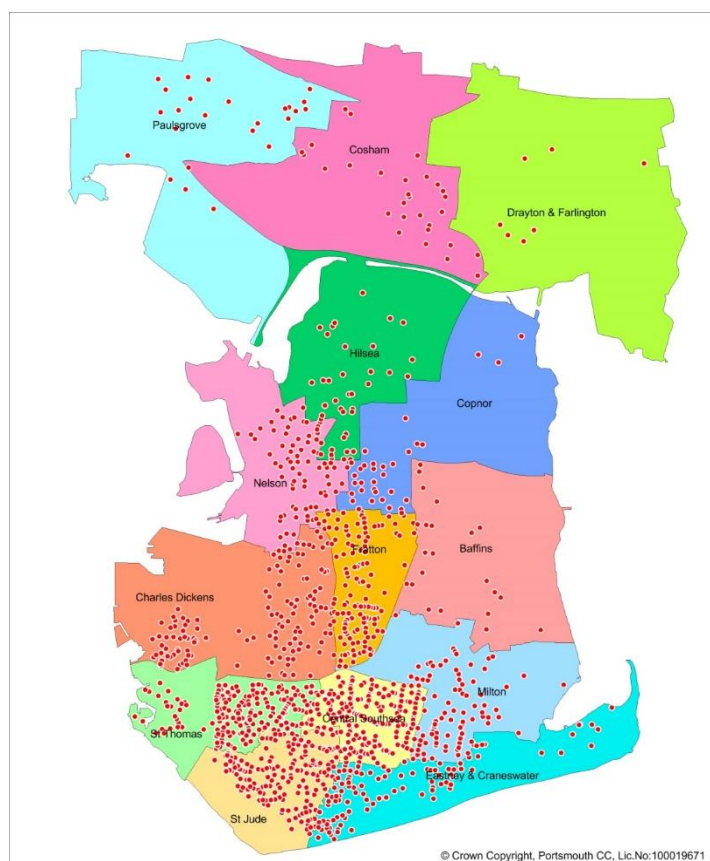
Since 2011 all HMOs in Portsmouth have required planning permission in order to change the use of a Class C3 (dwelling house) to a Class C4 (HMO) where between three and six unrelated people share a kitchen and/or a bathroom.

Planning applications for new HMO's in the city are guided by Policy PCS20 of the [Portsmouth Plan](#). The new Portsmouth plan which is currently in draft form will include a policy position on HMO's to replace policy PCS20.

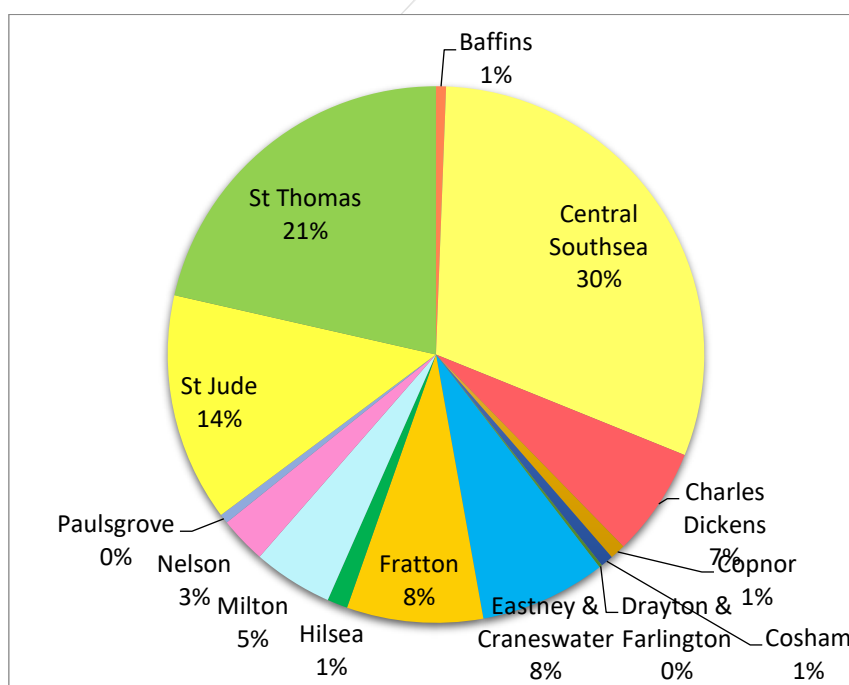
The city Council also has a published [HMO supplementary Planning Document](#) which provides further guidance for new HMO's

### **Location of Houses in Multiple Occupation in the City**

The exact number of HMOs in the city (all those occupied by 3 or more people forming more than 1 household) is unknown as there is no mandatory duty for HMO owners to register their properties with the local authorities aside from mandatory licensing for those occupied by 5 or more people, or those properties that have been converted from a family home to a HMO since 2011 and have therefore required planning permission. However, according to the council there are estimated to be 4,471 HMOs across the city. The following maps shows their approximately location.

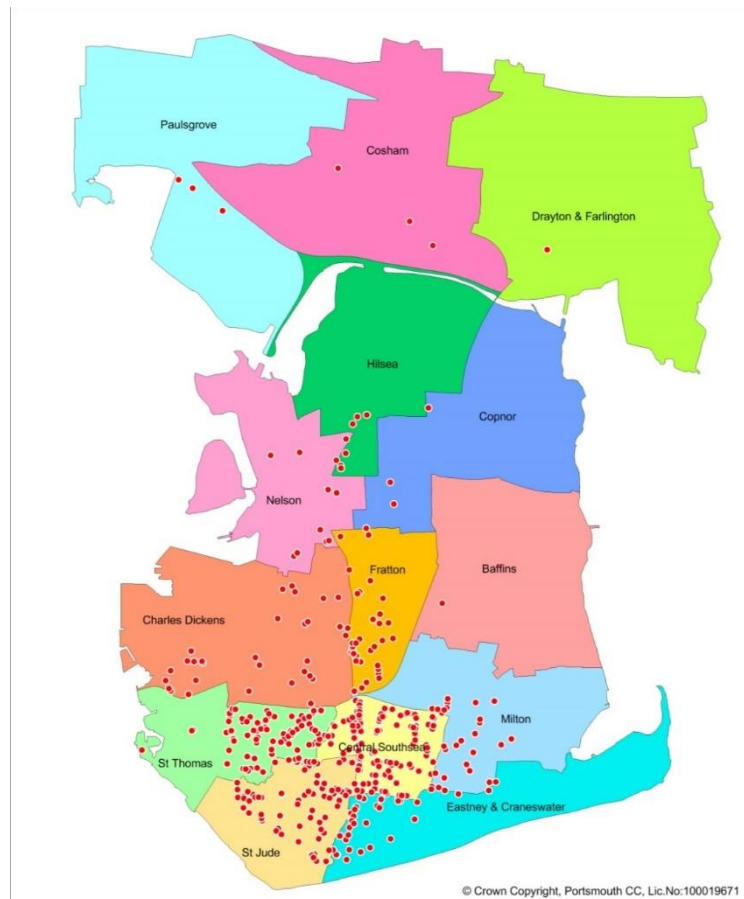


The majority of HMOs are believed to be located in the wards of Central Southsea, St Thomas and St Jude respectively.

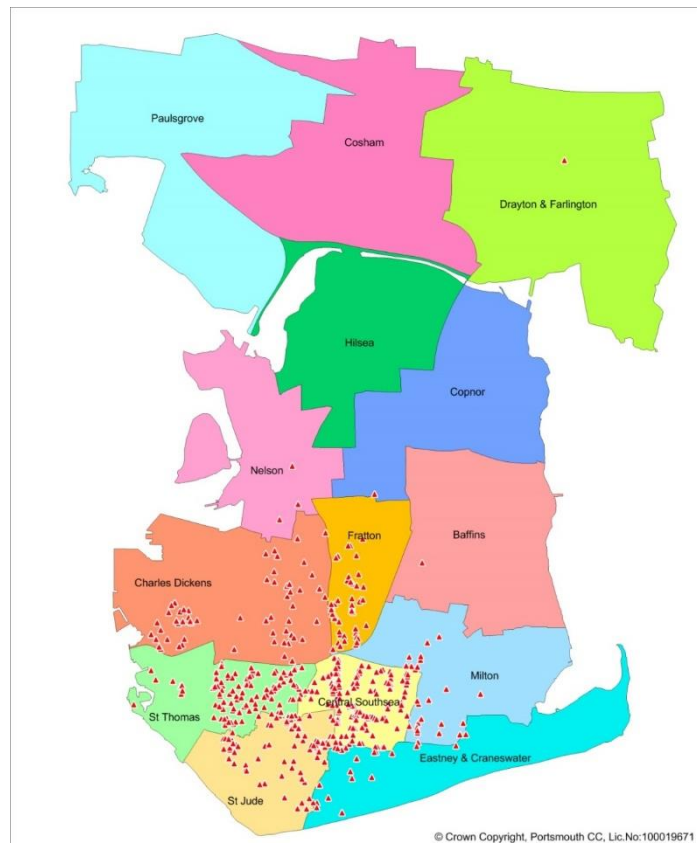


Data regarding the number of licensable HMOs in the city (those occupied by 5 or more people forming more than 1 household) is reliable as the owners or managers do have a mandatory duty to register them with the local authority.

At the start of 2020 there are 1,224 licensed HMOs in the city, the location of which are shown on the following map.



There are 1,579 properties registered with the council as occupied entirely by students (Class N council tax exemption). The location of these student occupied properties are shown on the following map.

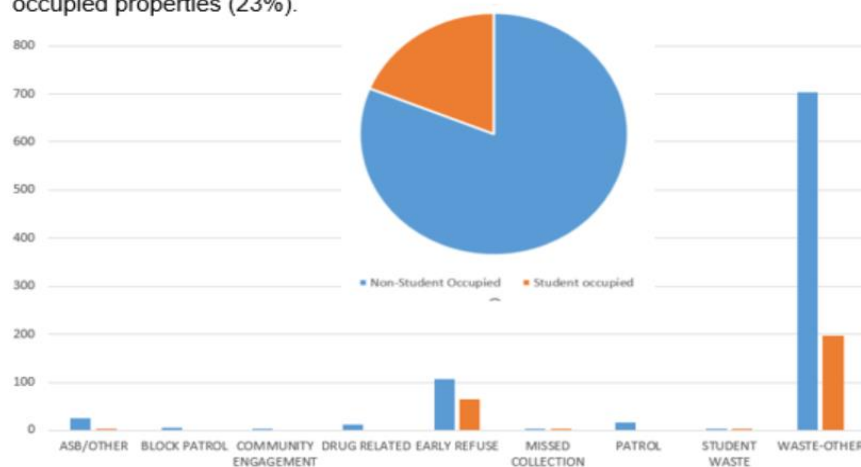


Whilst the spread of all HMOs in the city can be seen in all wards, the majority are concentrated in the south of the city, and those occupied by 5 or more people, or entirely student occupied are largely located in Central Southsea, St Thomas and St Jude wards, with few located in the northern wards of the city.

### Impacts of HMOs in the City

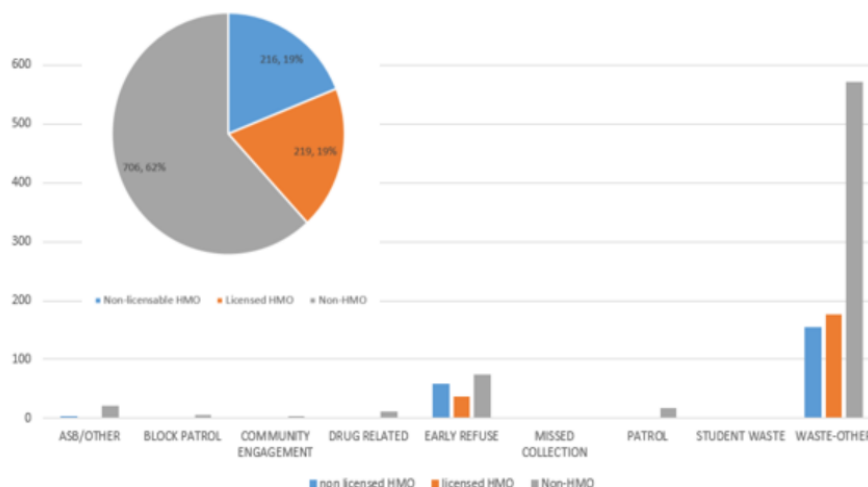
## Waste issues related to student occupied properties

Of the 1141 complaints received, 265 of these were regarding to student occupied properties (23%).



## Waste issues related to Licensed HMO

Of the 1141 demands they received 219 were regarding licenced HMO properties (19%) and 216 were regarding non licensable HMO properties (19%).



Although HMO's are only a small proportion of properties in Portsmouth (approximately 5% of the overall tenure of the city), the council's waste team receive 38% of their demand from these properties. Although student occupied properties account for only 1.7% of the overall occupancy of the city, they account for 23% of waste demand calls.

## Noise Complaints

	2017	2018	2019	Total
No. of Complaints	2141	2256	2129	6526
No. of Properties complained about	1653	1733	1583	4969

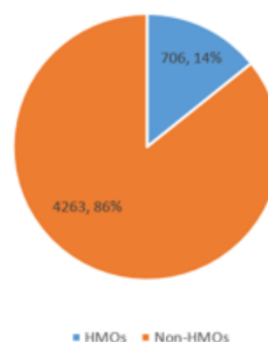
### Noise Complaints regarding HMOs

	2017	2018	2019	Total
No. of Complaints	288	341	299	928
No. of Properties complained about	227	256	223	706

### Noise Complaints regarding Non-HMOs

	2017	2018	2019	Total
No. of Complaints	1853	1915	1830	5598
No. of Properties complained about	1426	1477	1380	4263

Tenure of properties with noise complaints in last 3 years

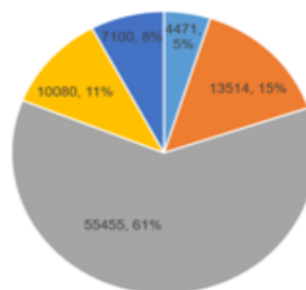




## Noise Complaints – Proportionality of HMOs



■ HMOs ■ Non-HMOs



■ HMO ■ Other Private Rented = Owner Occupied  
■ City Council rented ■ Other social housing

Complaints received by the council's noise team related to HMOs was relatively small, at only 706 out of 6,526 complaints received over a 3 year period. However when considering that HMOs make up only 5% of the properties in the city, but are generating 14% of the noise complaints, this is disproportionately high.

### Private Sector Housing team

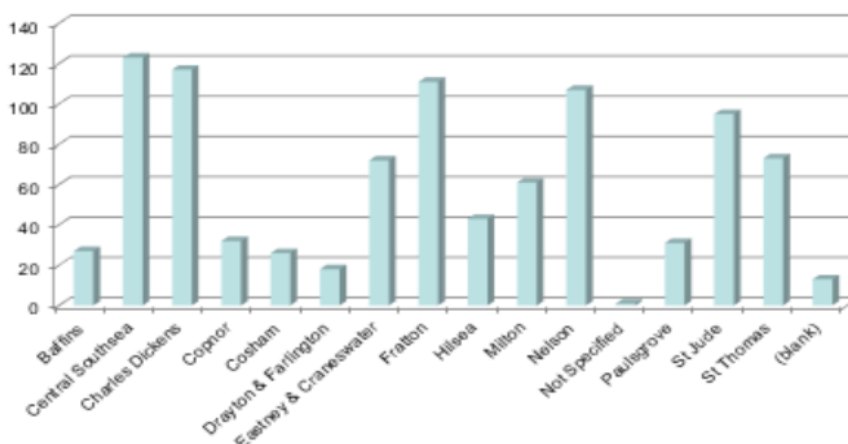
The Private Sector Housing Team deal with complaints regarding disrepair to properties, waste problems in forecourts, problems with the property related to pests, and whether properties should be licensed HMOs or not. The following data provides an overview of the complaints received over a 12 month period.

## Complaints in the City

All properties other than licensed HMOs

last 12 months

Ward	Complaints
Baffins	27
Central Southsea	123
Charles Dickens	117
Copnor	32
Cosham	28
Drayton & Farlington	18
Eastney & Craneswater	72
Fratton	111
Hilsea	43
Milton	61
Nelson	107
Not Specified	1
Paulsgrove	31
St Jude	95
St Thomas	73
(blank)	13
<b>Total</b>	<b>950</b>



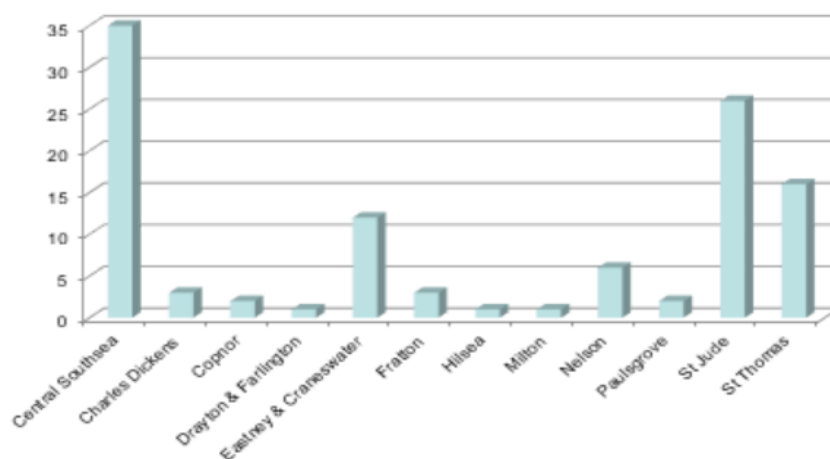


The number of complaints received regarding all properties other than licensed HMOs was 950 over a 12 month period. The highest numbers of complaints came from the Central Southsea, Charles Dickens, Fratton and Nelson wards.

## Complaints in the City

All licensed HMOs  
last 12 months

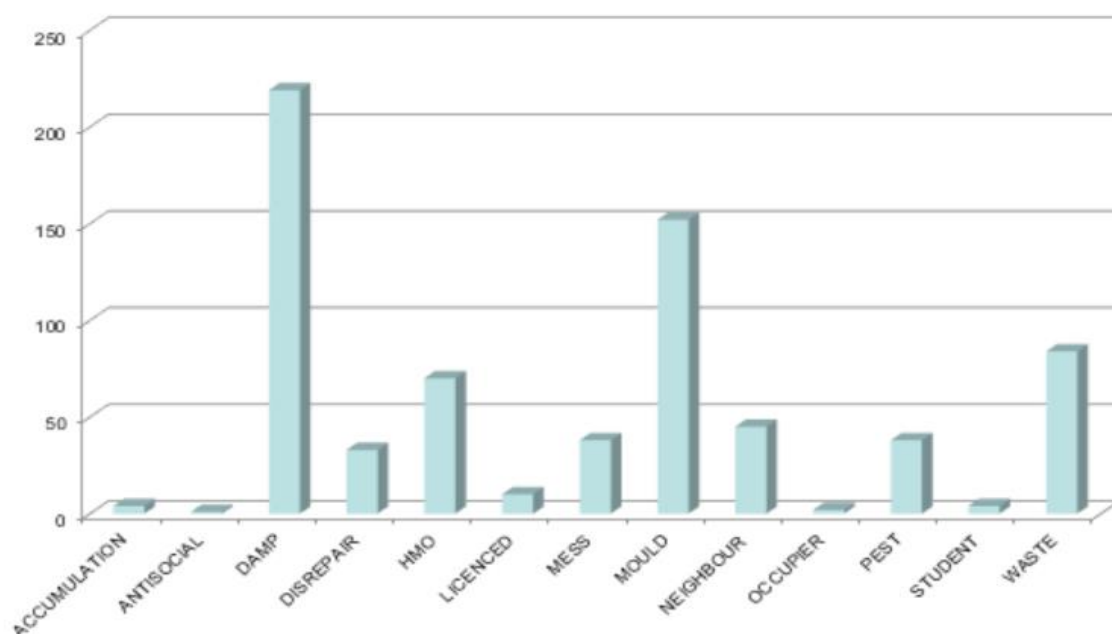
Ward	Complaints
Central Southsea	35
Charles Dickens	3
Copnor	2
Drayton & Farlington	1
Eastney & Craneswater	12
Fratton	3
Hilsea	1
Milton	1
Nelson	6
Paulsgrove	2
St Jude	26
St Thomas	16
<b>Total</b>	<b>108</b>



The number of complaints received regarding licensed HMOs was 108 over the same 12 month period. The highest numbers of complaints came from the Central Southsea, St Jude and St Thomas wards.

## Complaints to Private Sector Housing

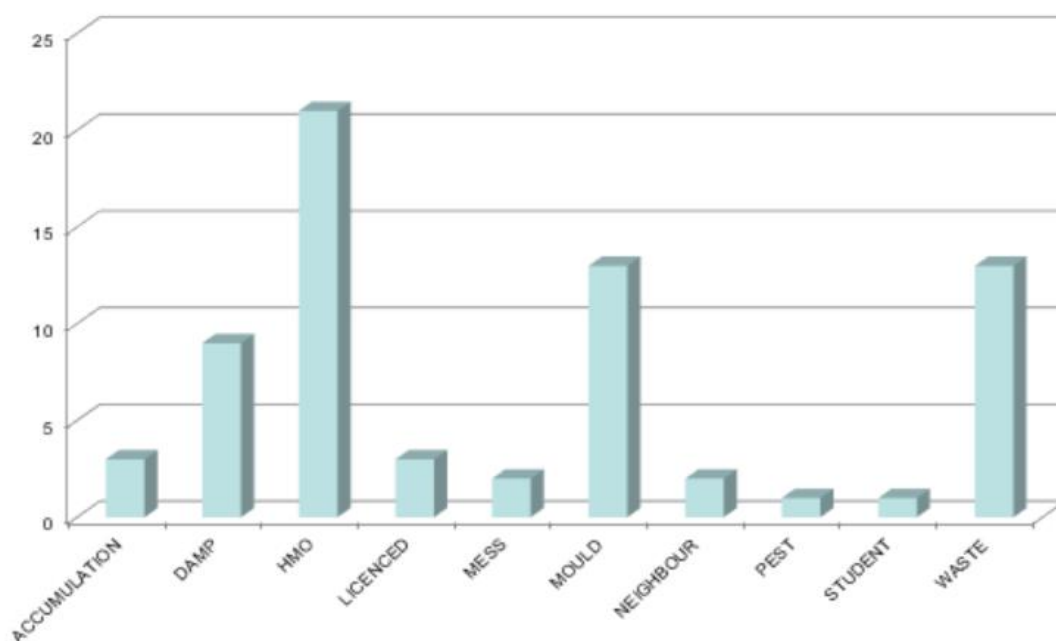
All properties (Including HMOs)



For all property (HMO and non-HMO) complaints received the majority of complaints received were regarding damp, mould, and waste.

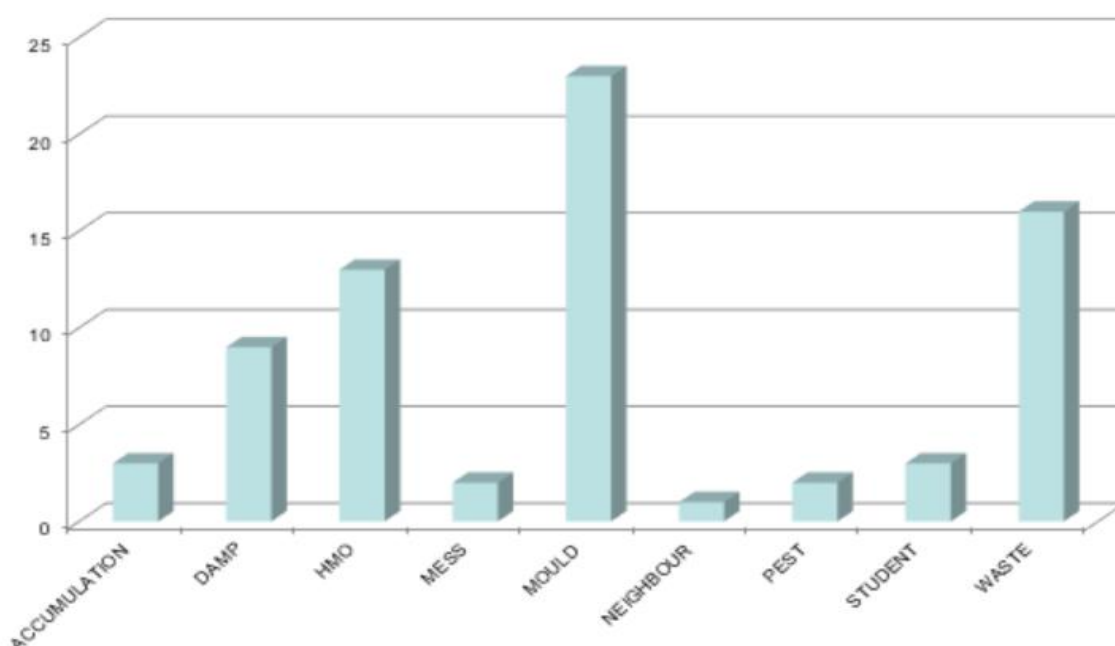
## Complaints to Private Sector Housing

Licensed HMOs



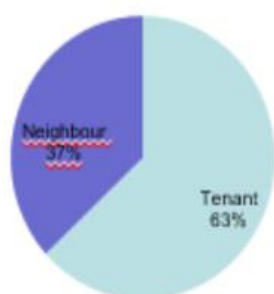
# Complaints to Private Sector Housing

Student Occupied



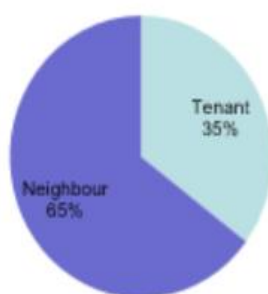
For student occupied properties the majority of complaints were regarding mould and waste, as well as the fact that they were a HMO.

**All Complaints**



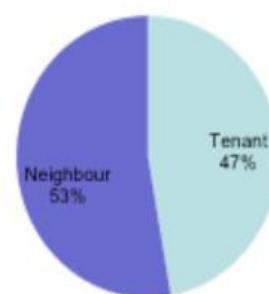
Tenant	442
Neighbour	258
<b>Total</b>	<b>700</b>

**Licensed HMOs**



Tenant	24
Neighbour	44
<b>Total</b>	<b>68</b>

**Student HMOs**



Tenant	34
Neighbour	38
<b>Total</b>	<b>72</b>

Who makes the complaints differs depending on the type of property. For all complaints received 63% of the complaints are made by the tenant of the property. For licensed HMOs and student occupied properties however, more complaints are received by neighbours of the properties than the actual occupants which indicates that the impacts of them on their surrounding environment is higher.

### **Selective Licencing - licencing of ALL properties within the Private Rental Sector**

The legislation does exist for the council to require any type of private rental property to be licenced, although to do this across the entire city would need approval from the Secretary of State for MHCLG. As of January 2019 only four councils in England have done this across all wards and was usually done because of an acute and identified problem. A further 40 did it in specific geographical areas, 31 of which did it in an area which covered less than 20% of their geographic area or less than 20% of their total PRS.

Introducing such a scheme in Portsmouth would need to be justifiable, not only to landlords, but also tenants and neighbours and currently the data to do so is not clear. However the identified risks, such as increasing costs (which may be passed on to tenants) and landlords leaving the sector are known. More importantly the council would be introducing a licencing scheme into a sector where there is no evidence of significant levels of failure i.e. the vast majority of properties are not complained about, either by tenants or by neighbours. Only in relation to HMOs are a higher proportion of properties causing such problems.

### **Landlord Accreditation**

Originally introduced in 2010 the council's Landlord Accreditation Scheme, but now called the Rent It Right aimed to improve the physical and management standards in the private rented sector by providing encouragement, support and incentives to accredited landlords. At a national level the benefits of accreditation are well understood

- longer and often renewed tenancies
- higher property standards
- increased tenant satisfaction, and
- a reduction of disputes which significantly lowers cost for all

(Shelter<sup>12</sup>),

The scheme was voluntary that landlords could join for a nominal fee (it is currently free to join) and have access to support and information including their responsibilities, best practice, and changes in legislation. Landlords received a free inspection of their properties to provide tailored advice regarding any deficiencies in their properties, and for HMO properties, members of the scheme receive a discount on mandatory licensing fees.

The scheme currently has 278 landlord members. A relaunched website allows landlords to advertise their accredited properties, and for prospective tenants to view these with the assurance that the landlord is accredited by the local authority.

### **Key issues**

#### **Regeneration of the city**

The MHCLG provide each local authority with a number of houses that they need to build over a 20 year period. The current projection is from 2016 to 2036 and Portsmouth is expected to deliver 17,340 properties during this time. This equates to 867 properties per year.

Hampshire County Council monitor our progress for meeting this target and provide the figures to the City Council every year. The City Council provides this information to central government informing its performance monitoring through the Housing Delivery Test. PCC is currently meeting its Housing Delivery Test requirement largely down to provision of student accommodation.

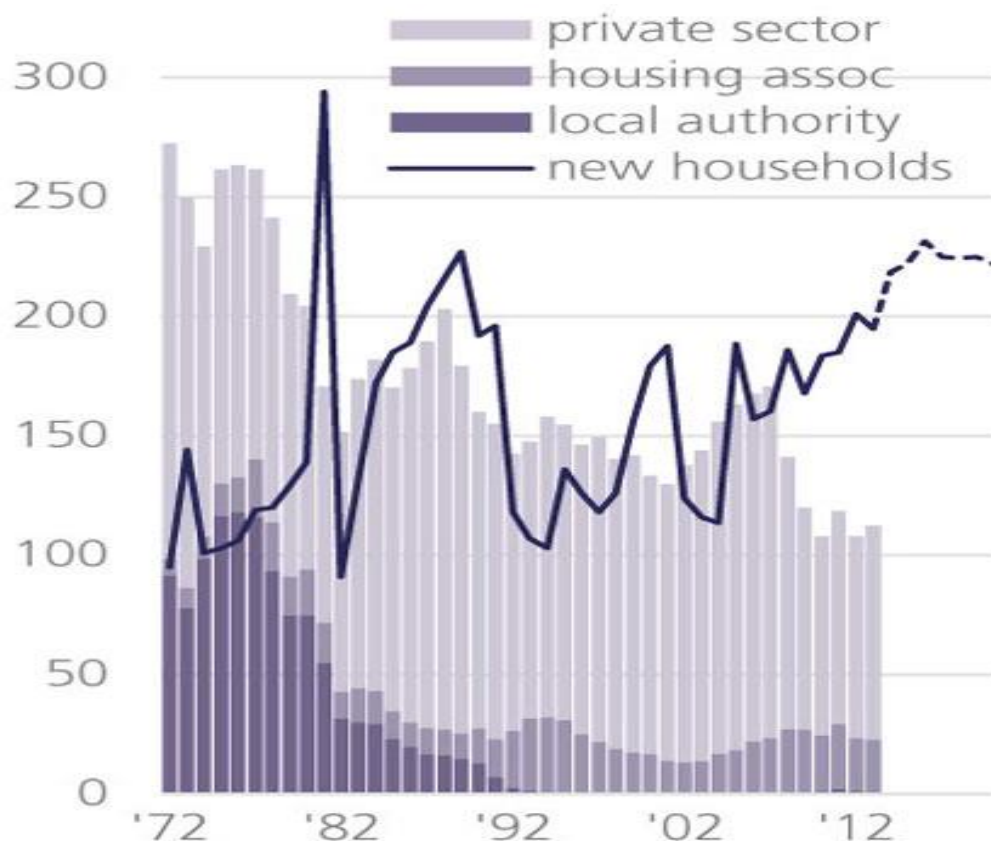
Over the past 3 years student accommodation development in Portsmouth has helped the City Council meet our Housing Delivery Test target for development as the governments methodology counts every 2.5 student rooms delivered as equal to 1 residential dwelling. Student accommodation has since 2016 delivered 1,459 dwelling equivalents.

### **University of Portsmouth**

The University of Portsmouth has grown in student numbers from 2007-2018 with the number of home/EU students having increased by 20% since 2007, and International Students by 50% since 2007 (University of Portsmouth 2018<sup>13</sup>)

### **Supply and demand**

The number of new households nationally each year has exceeded the number of homes built in every year since 2008, and the gap has grown in recent years, new dwellings (bars) by tenure, and new households (line), 1972-2013 (projections of new households to 2020).



The resultant house price inflation in areas of high demand has led commentators to suggest that by 2020 home ownership will be an 'impossible dream' for those not

already on the ladder. Declining affordability would suggest that, for many, that dream is already impossible. (Parliament<sup>14</sup>)

(Source: Hampshire County Council)						
	2006	2011	2016	2021	2026	Change
Dwellings	84,751	88,801	92,732	96,897	100,740	<b>15,989</b>
Population	191,514	197,614	202,145	207,275	212,312	<b>20,798</b>
Households	81,657	85,572	89,365	93,379	97,089	<b>15,432</b>

This data showing population and household projections shows that in Portsmouth (just considering local need and no in migration) there is a need to provide an additional 17,340 homes between 2006-2036. This figure includes additional housing for the increase in population and also the increase in households due to splitting and newly forming households. There are also 2,242 households on the housing register (as of January 2020), some of which may be included in the housing figures above but others may be new households. Therefore this would only increase the figure. (PCC<sup>15</sup>)

### **What does the PRS look like in Portsmouth?**

The knowledge and data around the PRS in Portsmouth is weak, and therefore some assumptions will have to be made using national data. Some data has been provided by the council's private sector housing team

### **Number of properties**

In Portsmouth, approximately 41% of homes are rented, while 59% are owner occupied (with or without a mortgage). How this breaks down by tenure is shown in the following table

Estimates of dwelling stock in Portsmouth by tenure:

Tenure	Number of homes	%age of total dwelling stock
Owner occupied	55,455	61.2%
Private rented	17,985	19.8%
<b>Total private sector</b>	<b>73,440</b>	<b>81.0%</b>
City council rented	10,080	11.1%
Housing association and other public sector	7,100	7.9%
<b>Total public sector</b>	<b>17,180</b>	<b>19.0%</b>
<b>Total</b>	<b>90,620</b>	<b>100%</b>

**(ONS), Subnational dwelling stock by tenure estimates, 27 Nov 2019**

Although the estimates in the above table are broadly correct, most local authorities, including the council, do not know precisely how many homes in Portsmouth are owned by a landlord and then rented to a tenant, either on a tenancy or license.

There is no local data available on the number of landlords who operate in Portsmouth, but based on the national average of 1.8 properties per landlord, there would be approximately 11,000 landlords in Portsmouth. Nationally, 61% of landlords use a

letting agency. If this is applied to Portsmouth it would indicate that approximately 6,700 landlords use a letting agency, and 4,300 operate independently.

### **Standards within the Portsmouth PRS**

The standard that a property is maintained at is usually agreed between a tenant and landlord or letting agent at the start of a tenancy, and in the vast majority of cases, this arrangement continues to the satisfaction of both parties without the need to refer to external support. In the year 2019 the council's Private Sector Housing Service, who investigate complaints, received complaints regarding 1,058 properties from a total of approximately 18,000 PRS. This means that a complaint is only received about 6% of the PRS.

When an enquiry is received by the council which it believes needs to be investigated, an officer will arrange to make a visit and carry out a Housing Health and Safety Rating System (HHSRS) assessment of the rental property. This is a risk-based assessment tool, used by council officers, that identifies hazards in dwellings and evaluates their potential effects on the health and safety of any potential occupants and their visitors. Hazards that are identified are scored on their severity of harm and categorised as either Category 1 (the most severe) or Category 2 Hazards (less severe, but still may have a significant impact on property occupants).

On completion of the HHSRS of the rental property, if hazards are identified a work schedule to mitigate those hazards is issued to the landlord to action within a specific time period. Should this time period lapse, or the works fail to be completed to an appropriate and reasonable standard, the council will follow its published enforcement policy.

This policy aims to support the local community and promote continuing growth whilst making sure that there is a balanced housing market that provides for a range of individual needs and income levels. The main objective of enforcement action is to ensure that non-compliance in the local market is addressed. (PCC<sup>17</sup>)

The council has a legal duty to take the most appropriate course of action available in relation to category 1 hazards and can do this through a range of formal notices or orders. The type of notice or order served will be based on the best course of action undertaken as required by the relevant legislation. Each course of action is decided on an individual basis.

The council also has the power, which is enacted through its local enforcement policy, with regard to Category 2 hazards.

Regarding space standards (the minimum amount of amenity space within a property depending upon the number of occupants) the council have adopted their own amenity and space standards to improve the rental property standards in Portsmouth.

### **Affordability**

#### **Portsmouth rent levels by property size (£ per month)**

Size	Rent data Oct 2017-Sep 2018 (Portsmouth)		
	Lower quartile	Median	Mean
Shared	£340	£395	£412
Studio	£450	£525	£536
1 bed	£550	£595	£615
2 bed	£685	£750	£770
3 bed	£817	£895	£912
4 bed	£1,238	£1,400	£1,527

### National Rental levels based on property size (Valuation Office<sup>8</sup>)

Across the UK on average, private renters spent a third (33%) of their household income (including Housing Benefit) on rent. This is compared to 28% for social renters, and 17% for mortgagors. Most private renters (71%) said they found it easy or very easy to pay their rent. (MHCLG<sup>18</sup>)

### Financially assistance for tenants

Assistance with rental costs (from either Housing Benefit or Universal Credit) is available in the PRS. However the amount of money available is capped at the Local Housing Allowance (LHA) rate and is determined by the number of bedrooms the household is deemed to need.

### LHA rates for Portsmouth 2013-2020 (£ per week)

Property size	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Shared	67.96	68.50	69.04	69.04	69.04	69.04	69.04
1 bed	115.38	115.38	116.53	116.53	116.53	116.53	120.03
2 bed	141.51	142.93	144.36	144.36	144.36	144.36	148.69
3 bed	170.99	172.70	172.60	172.60	172.60	172.60	177.78
4 bed	235.85	230.77	240.00	240.00	240.00	240.00	240.00

Across England one fifth of private renters received Housing Benefit (HB), but in Portsmouth approximately two thirds of households in the PRS receive partial or full HB and for most recipients, this does not cover their whole rent. Across England 85% of those in the PRS who receive HB reported that the benefit covered only part of their rent. (MHCLG<sup>18</sup>).



For 67% of households in PRS housing in Portsmouth receiving HB under the LHA rules, their LHA rate is well below the average. The average shortfall is £25.95 per week (£112.45 per month) which the tenant must find from other income or fall behind on their rent.

LHA rates were initially set at the median rent level but from April 2011 they were reduced to the 30<sup>th</sup> percentile of market rents. This meant that just 3 in 10 properties within the local market would be at or below the LHA level. LHA rates were then frozen between April 2016 and March 2021, while market rents have increased, so LHA rents are now well below market rent levels.

The government introduced some Targeted Affordability Funding in 2018 to increase LHA rates that were furthest behind market rents. In Portsmouth, this increased the 1, 2 and 3 bedroom rates from April 2019, while the shared accommodation and 4 bedroom rates remained frozen.

For a tenant living in a PRS home, who receives any amount of HB, or UC including a Housing Costs Element (HCE), any increase in their rent above their LHA rate will not result in any increase to these benefits.

For both social and PRS tenants whose HB or UC does not cover their full rent, Discretionary Housing Payments (DHP) can provide short term assistance to meet the shortfall. Awards are often made for three months, and focus on providing time for the tenant to explore alternative options to afford their rent, such as finding work or increasing their hours, or moving to a more affordable home.

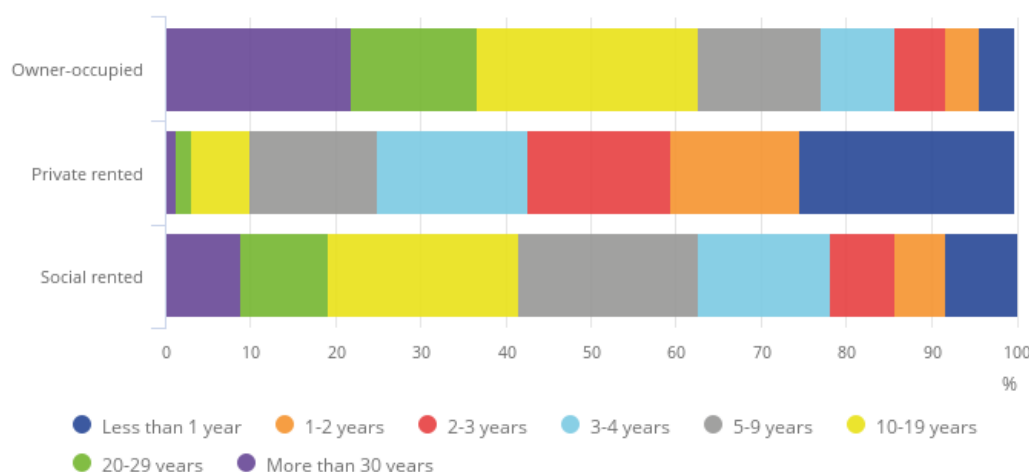
The council receives an annual ring-fenced grant for DHP from the Department of Work and Pensions (DWP), and can choose to add its own funds.

A 2019 study of affordable housing concluded that on a single day in Portsmouth only 9 of 415 two- bedroom homes were affordable to rent on the current housing benefit. According to this study the average benefit allowance in Portsmouth would need to increase by £129 a month for someone to afford the cheapest 30% of homes. (The Bureau of investigative Journalism<sup>19</sup>)

## Section 9: Tenants

25 to 34 years age remains the single biggest group, which represents 33% of the sector with 1.5 million households. However there were more than three times as many 35- to 44-year-olds renting privately in 2017 than 20 years previously. Households in the 45 to 54 years age group saw the biggest percentage increase from 11% in 2007 to 16% in 2017, an estimated increase of 384,000 households. (ONS) Households aged 65 and above decreased as a proportion of renters although then overall numbers are increasing. Approximately 20% of older renters are still in work and an estimated 45% are in receipt of Housing Benefit.

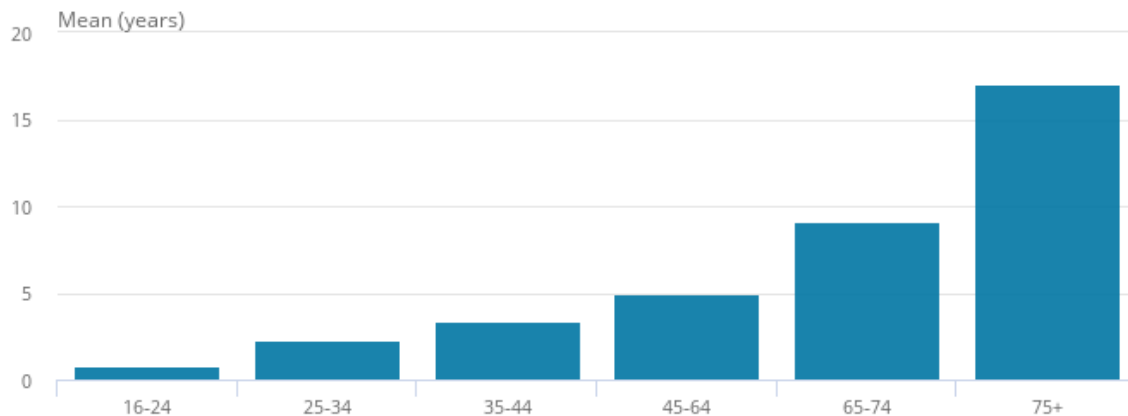
62% of households in the private rented sector in the UK had spent under three years in the same accommodation and only a small proportion (4%) had been in the same residence for 20 years or longer. However there is some evidence that this is changing. In 2008/9, 39 per cent of households had lived in their current tenancy for less than a year; in 2015/16, this figure was 26 per cent. The proportion who had been living in their property for three to five years increased from 18 to 30 per cent over the same time period with a marked increase in tenancy lengths for families with dependent children. (Rugg, J & Rhodes, D.<sup>6</sup>)



Source: English Housing Survey, Ministry of Housing, Communities, and Local Government

The average length of residence for tenants at their current address in the private rented sector differs according to age. Younger people (aged 16 to 24 years) have stayed in their current residence for a shorter amount of time, an average of 9.6 months. Older people (aged 75 years and over) on the other hand are more likely to have lived at their current private rented accommodation for an average of 17 years

(MHCLG<sup>5</sup>)



There is evidence to suggest that tenants are more likely to move properties within the sector, than to move to social housing or owner/occupation.

Young people (aged 16 to 24 years) were most likely to move for job related reasons or for neighbourhood related reasons whereas those between 45 and 65 years were most likely to move because the landlord gave notice or because of divorce or separation. For those with dependent children, the most prominent reason for moving was because the landlord gave notice followed by job-related reasons. (ONS<sup>20</sup>)

The number of private renters who expect to buy has been stable over the last 10 years at between 50-50% of the total. This indicates that the remainder do not expect to buy, and therefore can expect to remain within the PRS for the rest of their lives, or move into social housing. (MHCLG<sup>5</sup>)

## **Case Study - Story of a Portsmouth PRS tenant**

Miss A and her baby daughter rented a 1 bedroom partial basement flat in Southsea. Miss A, by her own admission, suffers from anxiety which led her to feel that the property she is renting was unsafe and she contacted the council for assistance in February 2019. Miss A raised all concerns with her landlady prior to contacting the council.

In July 2019 Miss A contacted the council seeking assistance and an officer visited to undertake a Housing Health & Safety Rating System (HHSRS) assessment. A handful of Category 2 hazards (those considered under the system to be less serious or urgent) were identified including a leaking flat entrance door and disrepair around a double power socket in the kitchen. However, before a work schedule could be sent to the landlord, Miss A was served a notice to vacate the property under section 21 of the Housing Act 1988. It is unknown whether the landlord served this notice before or after they became aware of the council's involvement in the case.

Although Miss A was being lawfully evicted she felt that the council ought to have served an Improvement Notice to prevent the eviction from going ahead. However as the deficiencies identified were addressed by the landlord, there were no grounds on which the council were able or justified to serve notice. The outcome meant that Miss A will be evicted.

Miss A sought help from the council when formally evicted. As Miss A was a single mother to a baby daughter, it was highly likely she will be supported into new accommodation which almost certainly will be social housing.

All of the information leads this strategy to proposing five main reasons why people rent

- a. People in PRS for a fixed term short period of time (students). Mainly low/no connection to Portsmouth and likely to leave after fixed term (university may be able to provide data here).
- b. People in PRS for a medium term, indeterminate period with plan to move out. Those saving for a deposit to become an owner occupier or waiting to enter social housing (and will enter it)
- c. People in PRS for long term and indeterminate period with no plan to move out, but could move out if they wanted to
- d. People using the PRS as a second home for work
- e. People in the PRS for long term and indeterminate period with no plan to move out, and cannot move out. These people do not qualify for social housing and are not saving for a deposit to become an owner/occupier. These people are stuck in the PRS and not here by choice.

To find out if these are true in Portsmouth, and how many of each there may be, surveying of tenants was undertaken. This is outlined in Section 6.

### **What makes a 'good' tenant?**

Fundamentally the success of a well function PRS depends upon the behaviour of the main user groups. Whilst other stakeholders, such as the university, council, developers, charities etc. can have an influence in specific cases, and have some influence on the direction of travel, the success for of the PRS for individuals will be based upon their personal experience of the people that they deal with and their behaviours.

The role of this strategy is to make clear what should be considered as good behaviour by a tenant.

It is useful to try to define what a 'good' landlord may look like

A number of sources were reviewed to understand what is considered to be a 'good landlord', including

- Local authorities (City of York<sup>21</sup>)
- The Tenants Voice (The Tenants Voice<sup>22</sup>)
- Landlord organisations (Clan Gordon<sup>23</sup>)

As well as a review of what the council. As a regulator of the sector would expect to see from a good tenant. There were many common theme amongst most of these groups, and this has been used to create the following definition of a good landlord

This strategy proposes that the definition of a good tenant should be:

- Good tenants pay their rent on time, or if they can't (for any respectable reason) they warn their landlord immediately and look for a solution.
- Good tenants communicate with their landlords on all necessary matters – repairs, negotiating terms, asking for permission.
- Good tenants provide access to the property when requested or offer a flexible schedule when they need to postpone.
- Good tenants take care of their home even though they don't own the property. They are not shy about doing work to the property or small repairs and even improve the conditions at their own cost. Good tenants report every repair issue on time, so it can be fixed in due time.
- Good tenants have read and understood the tenancy agreement and are prepared to follow the terms listed.
- And if all of the above are followed, it is highly likely that a good tenant will be living in their property for the long-term.

## Section 10: Landlords

A private rental sector landlord has been defined in as "Those who are receiving rent from either second homes or buy-to-let properties in the UK (or both). This does not include those who receive rent from lodgers in their own home. (SSC <sup>28</sup>)

In order to understand landlords it is necessary to split the landlords up into groups.

- A) Commercial Organisations (Companies often owning a large number of properties who are run professionally on a commercial basis.)
- B) One man band business - An individual who owns properties as their main business / form of income.
- C) Small landlord by choice. People who buy one or two properties as an investment or supplement their main income.
- D) Accidental landlord. People who did not chose to become a landlord but now have a property to manage. This may be due to inheritance or families merging.

Commercial Organisations (Companies often owning a large number of properties who are run professionally on a commercial basis.)

Commercial Organisations/companies are considered the larger landlords in our groupings. They are likely to include landlords that are not letting on the open market, including government departments, higher education institutes and employers. They are also small individual incorporated landlords as well as landlords letting many properties.

This group of landlords comprises of 6% of the private rental sector. 2% describe themselves as companies, and the other 4% as organisations. (MHCLG <sup>27</sup>)

In the 2012 report - "Review of the barriers to institutional investment in Private Rented Homes" recommended many changes to make this a reality. These included a change in planning, a change in land release, and a more radicalised look at when houses are built for a buy to let market, not owner occupier. The main barrier was recognising that this was an innovative approach and convincing investors that they would receive a return on their money.

The likely motivation for a company/organisation to invest in the PRS is the financial return.

In 2014 the national Build to Rent (BTR) Fund made £200m available on an equity share or loan basis over the period of 2012-16, and £10bn of debt guarantees. In 2015 it was reported that 15 schemes had secured £455m funding which was rolled into the Home Building Fund in 2016. There was no final figure on how much of the fund had been allocated at its close.

Small companies or partnerships that manage their own portfolio - An individual who owns properties as their main business / form of income.

This group of landlords are as "Portfolio builders". They use a variety of financial packages to make their gains from acquisition to selling units that are not performing as well. They are the professional landlords and may have staff to help manage their portfolio. 17% of landlords fall into the group, and own 48% of the sector which (up from 39% from 2010.)

Although the number of people that this group rent to in the PRS has increased, the number seeking to increase their portfolio has dropped from 29% in 2015 to 15% in 2018

In the English Private Landlord Survey only 4% of landlords state that they became a landlord as their full time career. It is most likely this group of people that this figure refers to. . (Rugg & Rhodes)

Small landlord by choice. People who buy one or two properties as an investment or supplement their main income.

This type of landlord has been described as a "Pension- plan" landlord. They usually only have one or two properties and bought them as a long term investment and as a side line to their main occupation. They will likely have funded the investments with:

- savings;
- an outright sale;
- from an owner occupied mortgage or
- be reliant on buy to let finance.

44% of landlords have said that they bought their rental property to contribute towards their pension although it is not for this strategy to comment on whether these are wise investments. 39 % of landlords are already retired and an estimated one fifth of landlords fall into the pension- plan category.

Accidental landlord. People who did not chose to become a landlord but now have a property to manage. This may be due to inheritance or families merging.

This type of landlord did not necessarily plan to be a landlord but has become one through circumstance. 32% of landlords have admitted that the first house they rented out they originally lived in themselves.

It may be that they have to rent their own property to acquire a larger property and are renting their property out until a sell will occur. They may have inherited a property or have merged two families together and found themselves with an extra property as a result. This group is the most likely group to sell their property and stop being a landlord as soon as possible, unless letting the property is more financially beneficial.

45% of landlords own only one property, making up 21% of the PRS properties.

This type of landlord has been described as a "Churn" landlord and this is because they will not be in the private rental sector for long but churn over regularly when the asset can be sold. They will only be motivated to stay in the private rental sector for as long as they have to.

### **Why do landlords stop being landlords?**

There are many reasons why a landlord will decide to no longer be part of the private rental sector. As explored previously, an accidental landlord is more likely to sell and leave the private sector far more quickly than the other three group sets that have been explored. However, what could influence other landlord groups to no longer work within the private rental sector?

#### **Change in Taxation**

In 2015 central government reduced the tax advantages to landlords compared to owner occupier purchasers, and used stamp duty land tax (SDLT) to be more preferable to households seeking home ownership. They also made changes to interest rate offset rules to influence the number of Buy to Let (BTL)

The market response to these changes meant that more property was bought for BTL purposes before the changes were implemented in April 2016. The impact of the taxation change was that it did not stop landlords buying property but bought more quickly that financial year to avoid the change in taxation.

It is difficult to judge what long term impact these financial changes will have on landlord behaviour. Some believe that "Portfolio landlords" whilst those with "mature" portfolios who have little to no loans against their properties and accidental landlords will be less affected, such as accidental landlords and companies/organisations

The full impact on all landlord types will not be known until 2020 when individual landlords start completing tax returns and fully understand any losses.

#### **Change in legislation/regulatory framework**

It is widely recognised that the PRS requires regulation in order to ensure that properties are safe to live in.

The impact of licencing legislation on landlords has been hard to ascertain. This is because not all properties that are licenced are visited by the Local authority and therefore the impact that the licence has on the property owner could be minimal depending on where they live in the country.

The Right to Rent requirement has changed who some landlords are willing to rent to. 44 % of landlords state that they are less likely to rent their property to someone without a British passport.

The protection against retaliatory eviction has been criticised as the legislation, in particular its requirement for a local authority to issue an improvement notice before the tenant has protection against eviction, is seen to be convoluted in nature (as demonstrated in the case study of Miss A in section 4).

The Deregulation Act 2015 also recognised that tenants needed to be better informed about their rights. The "How to Rent" guide has been created to be given to tenants at the beginning of their tenancy. If the landlord fails to provide this information then any Section 21 Notice served later on will be invalid. The industry have expressed concern, however, that the "How To Rent" guide is actually creating confusion as there have been changes made to the guide and, therefore, the validity of the version that they are giving will effect whether they can seek eviction under Section 21.



It has been stated that effective regulation of the sector is undermined by the nature of the broad, overarching regulatory and governance framework."

#### Change to the benefit system.

Prior to universal credit a landlord renting to a recipient of Housing Benefit would almost be guaranteed their rent as a result of negotiating with the local authority to have their rent paid directly to them. Under the new Universal Credit, all benefits are paid directly to the tenant. They are then required to budget their benefits to cover all their bills, including their rents.

A landlord can apply for an Alternative Payment Arrangement (APA) which can mean that a landlord can receive their rent directly. However, of the 53% of landlords who had successfully applied for an APA over half have said that they found the process difficult.

38% of landlord with Universal Credit tenants have seen those tenants fall into rent arrears with an average owed of £1150. Tenants in this situation are likely to struggle to ever pay this debt back.

The impact that this situation has on private landlords is that they are facing both a loss of revenue and potentially expensive possession procedure. Landlords will change their management practices to mitigate this risk.

#### **Summary**

In summary, the private rental sector is made up of 94% individual landlords who are likely to be either one man bands, retirement fund landlords or accidental landlords. 4 % are a company and 2 % are an organisation.

45 % of landlords own one property and they rent to 21% of the private rental sector. The biggest contributors to the private rental sector (at 48 %) are landlords who own 5 or more properties. This group of landlords is expanding as they have increased from 2010 from 5 % to 17 % in 2018.

46 % of landlords gave their main motivation for becoming a landlord as they wished to invest in property rather than other investments. This is likely to cover the majority of professional landlords.

44 % bought to increase their pension which is more likely to be relevant to small and accidental landlords. Only 4 % have said that they bought with the intention of it being their main income.

The increase in legislation and changes in the benefit and tax system, may see a change in the amount of landlords per group set in the future.

This information leads the strategy to propose four main reasons why someone may be a landlord, as follows.

- a. Commercial organisations. Companies, often owning a large number of properties, who are run professionally on a commercial basis
- b. One man band businesses. Individuals who own properties as their main business/form of income
- c. Small landlord by choice. People who buy one or two properties as an investment or to supplement their main income

- d. Accidental landlord. People who did not chose to become a landlord but now have a property to manage. This may be due to inheritance or families merging.  
The removal of Section 21 may make these people want to leave the sector but find that they cannot.

### **What makes a 'good' landlord?**

Similar to the section on tenants, it is useful for this strategy to define what Portsmouth may want a good landlord to look like.

It is useful to try to define what a 'good' landlord may look like

A number of sources were reviewed to understand what is considered to be a 'good landlord', including

- National Landlords Association
- Residential Landlords Association
- Portsmouth & District Private Landlords Association
- The Tenants Voice
- Shelter

As well as a review of what the council, as the local regulator of the sector, would expect to see from a good landlord. There were many common theme amongst most of these groups, and this has been used to create the following definition of a good landlord (NLA <sup>25</sup>)

### **Five principles of a good landlord**

#### **1) Act in a fair, considerate and just way towards tenants**

- The landlord will respect the tenant's rights to peaceful and quiet enjoyment of the property and will, emergencies excepted, ensure the tenant is given reasonable notice of access.
- Reacts proportionately when there is a problem with the property to rectify it in a way which minimises disruption wherever possible.

#### **2) Create a good tenancy**

- The landlord should provide tenants with a written statement of the terms of their occupancy, and make every effort to assist the tenant with the understanding of their tenancy agreement.
- The landlord will inform the tenant in writing of any additional charges that the tenant will be required to pay during the tenancy.
- The landlord should make the tenant aware of local information on issues such as waste collection, and parking restrictions. They will also signpost tenants to the local authority who may assist with issues such as:
  - claiming housing benefit and paying council tax (where relevant)
  - Advice on being a good tenant
  - Other support services such as social care or education

#### **3) Maintain a good tenancy**

- Abide by relevant landlord/tenant law, including racial equality and disability legislation.

- The landlord will communicate promptly with tenants, informing them of relevant changes.
- The landlord will abide by the rules of any tenancy deposit scheme of which they are a member.
- All disrepair in the property for which the landlord is responsible will be attended to promptly, with minimum disturbance to the tenant.
- The landlord will provide the tenant with accommodation that complies with legal requirements relating to the fitness of accommodation.

#### **4) Work in good faith with tenants and regulators to resolve problems**

- Tenants will be treated with appropriate courtesy and respect and will not be deliberately misled. The landlord will act in a fair, honest and reasonable way in all their dealings with the tenant and will not, as far as is reasonable, disclose personal tenant information to other parties without their consent.
- Before proceedings are commenced, the tenant will be notified of any breach of the tenancy agreement that is to be used as a basis for legal proceedings against the tenant.

#### **5) Ending a tenancy in a good way**

- Give as much notice as reasonably possible, following the correct procedure, and in line with legal requirements as a minimum.
- At the end of the tenancy the landlord will return any deposit paid by the tenant promptly in accordance with tenancy deposit protection legislation in effect at the time.
- The landlord will not refuse a tenant a reference for the purposes of securing a new tenancy, without good cause.



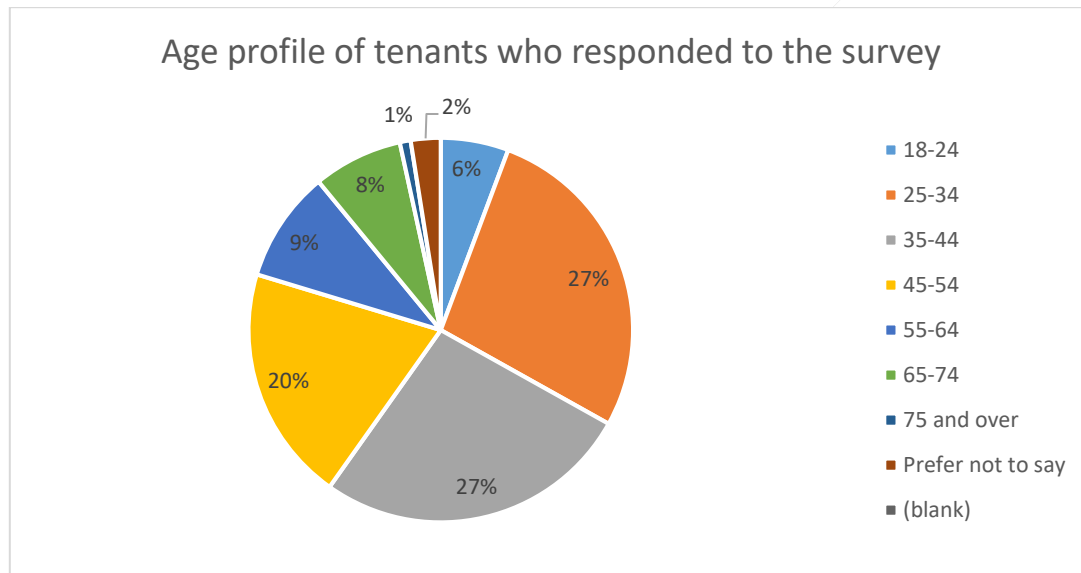
## Section 11: Important factors to each group in private rental sector in Portsmouth?

During 2019/20 the council undertook an online survey to discover the view of tenants and landlords who are active in Portsmouth. The nature of this survey meant that it was not possible to verify the reliability of each respondent, nor is it possible to confirm if this represents an accurate picture of all landlords and tenants across the city as only those who wished to complete the survey will have done so. Therefore it is with these caveats that we report the results of the survey and the conclusions that have been drawn from it.

There were 849 respondents, of which 324 were from landlords, and 525 were from tenants.

### Tenant's summary

63% of the respondents identified themselves as female, and this figure was slightly higher (67%) when looking at long term renters. The age profile of tenant responders was as shown in the chart below



Only 6% of respondents were in the 18-24 age group, which may have traditionally been considered to be the group associated with students. Therefore this, along with subsequent data, indicates that the responses were predominantly from the non-student tenant population.

27% of respondents were aged 25-34, compared to the national figure of people of this age in the PRS of 33%. There was also a bigger response from those aged 45-54 (20%) compared to the national average of 16%.

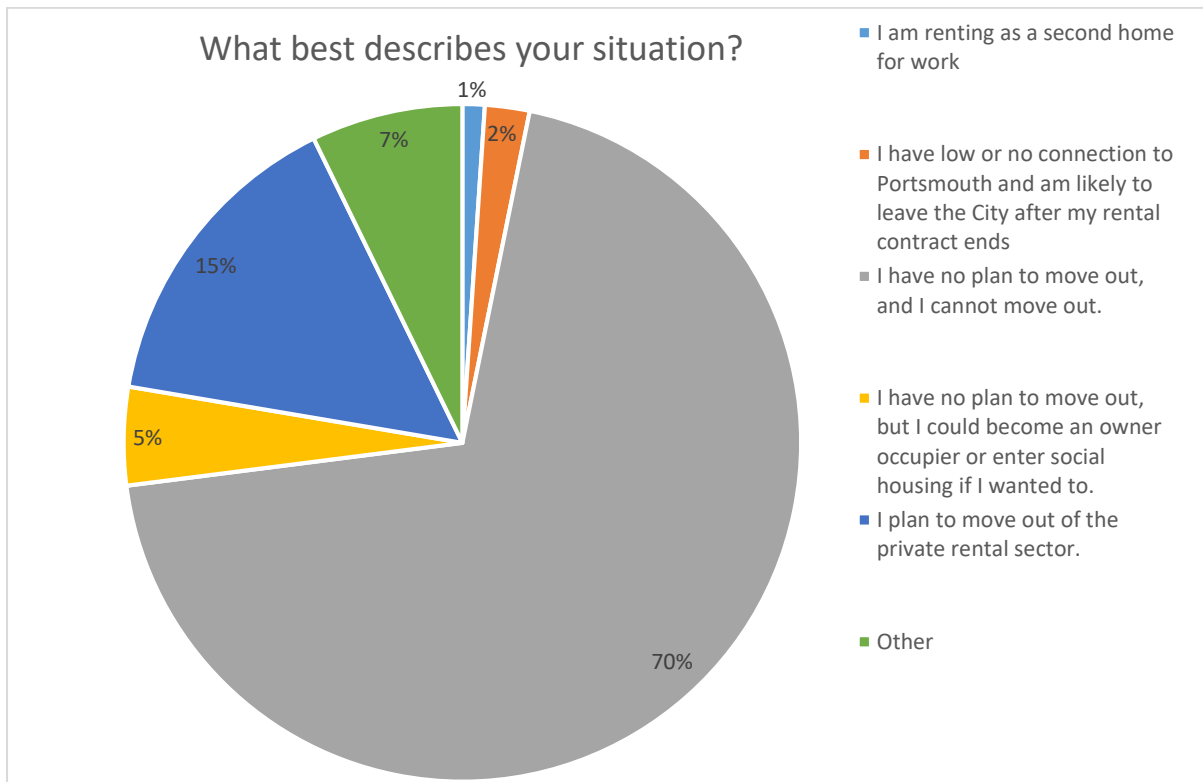
This data confirms that renting in the PRS is relevant to all age groups, but that Portsmouth may have a slightly older demographic within the PRS than the national picture.

Only 4% of tenant responses were from those who identified themselves as an ethnic group other than white, and 13% identified themselves as having some form of disability as identified under the Equalities Act 2010.

When asked the question about the type of tenancy that they had, 45% identified that they had a fixed term contract i.e. with a fixed expiry date, whilst 55% identified that their contract was periodic i.e. on a monthly rolling basis. This indicates that the majority of tenancies in the survey have a large level of uncertainty when it comes to the ending of their contract. This may be beneficial to the tenant and/or landlord, but probably not where a power imbalance may be in place.

When asked how long were they renting for, just over three quarters indicated that they were renting for the long-term, and only 4% were renting in the short term. This seems to support the hypothesis that the respondents to the survey were from a non-student population.

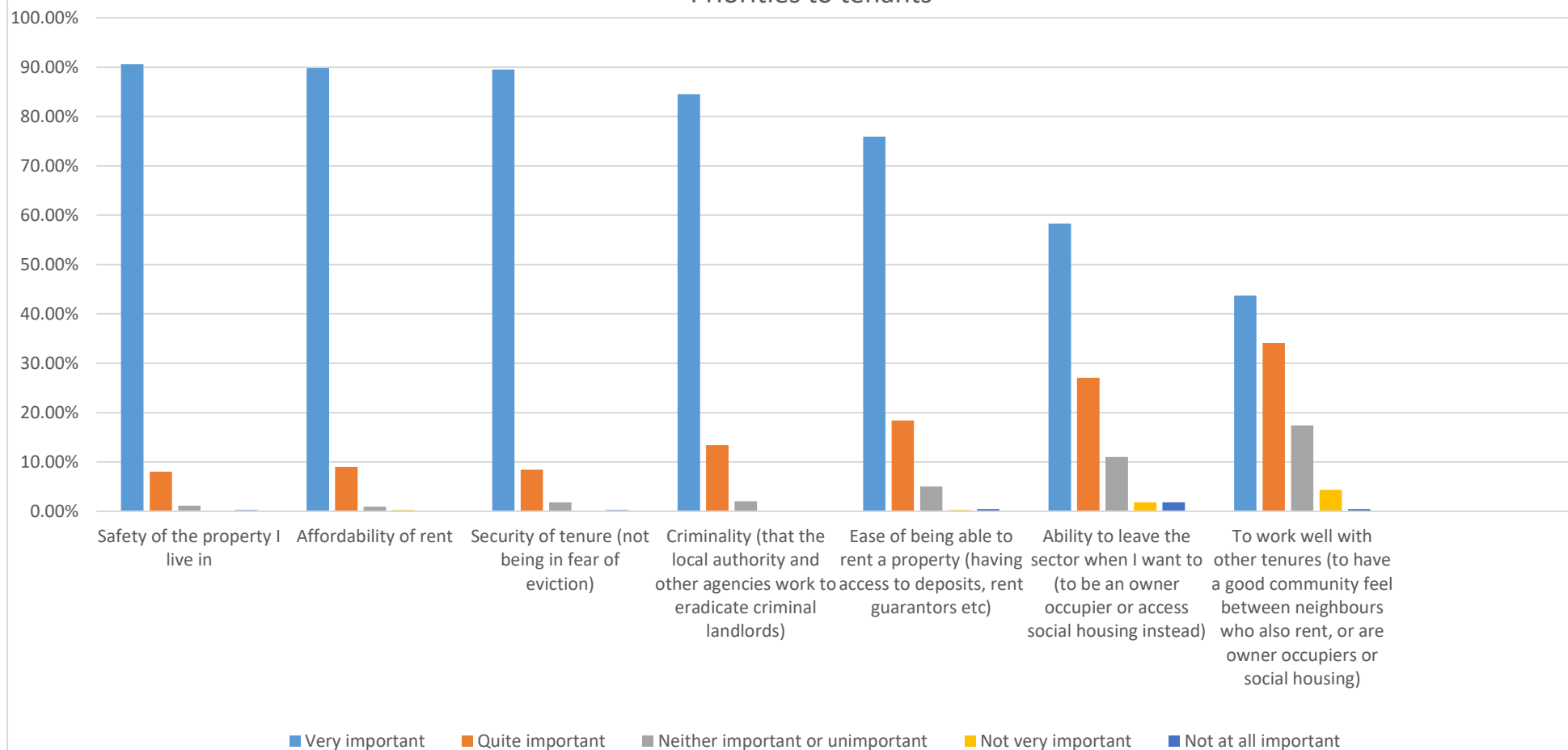
When asked for more details about the reason that they rent, the respondents indicated as per the chart below



70% of respondents described themselves as those that have no plan to move out, and cannot do so. This shows a population which is trapped and in need of support to make the PRS work for them.

When asked what their priorities were, tenants responded as shown in the following graph.

### Priorities to tenants



It can be seen that whilst all categories are considered very important to the responding population, property safety, affordability and security of tenure can be considered as the strongest priorities.

The weakest priority was to work well with other tenures and create a good community. This is unsurprising given that PRS tenants have less security of tenure and therefore may feel less attachment to their property and neighbours.

This was echoed when considering the comments made by responding tenants. Some representative examples of comments made are as follows:

*"For the landlord to upkeep the property and carry out maintenance works when necessary and on request without the fear of being evicted! I asked my landlord to do necessary works and was served an eviction notice shortly after, landlords are unscrupulous in their management of properties!"*

*"Property standards, making sure repairs are made on time without fear of rental increase or eviction."*

*"To have a system which makes landlords accountable for their properties being fit to live in - e.g. ensuring that damp and mould is not something they can avoid doing anything about"*

*"Threatened eviction, rent increase and no way out the hell hole I live in because I can't afford anywhere else and housing won't help me."*

*"A capped level of rent. I cannot get social housing where my housing benefit would probably cover my entire rent yet I am in continual financial hardship as have to top rent up from benefits"*

*"I cannot save enough for a deposit to buy a house as we are too old to get a mortgage, following respective breakdown of my partner and mine marriages"*

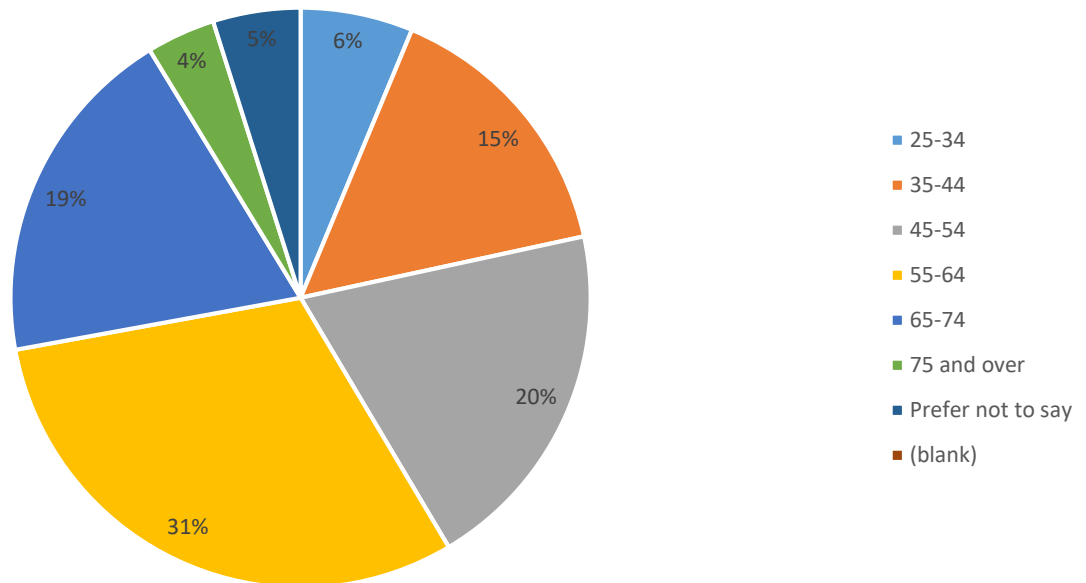
*"It is important to feel secure but equally not be trapped in long term contracts because circumstances change"*

*"My age is 73 holds a future of uncertainty in the rental sector"*

### **Landlord's summary**

52% of the respondents identified themselves as male, and 54% of landlords identified themselves as being 55+, compared to only 17% of tenants being in this age group.

Age profile of landlord respondents



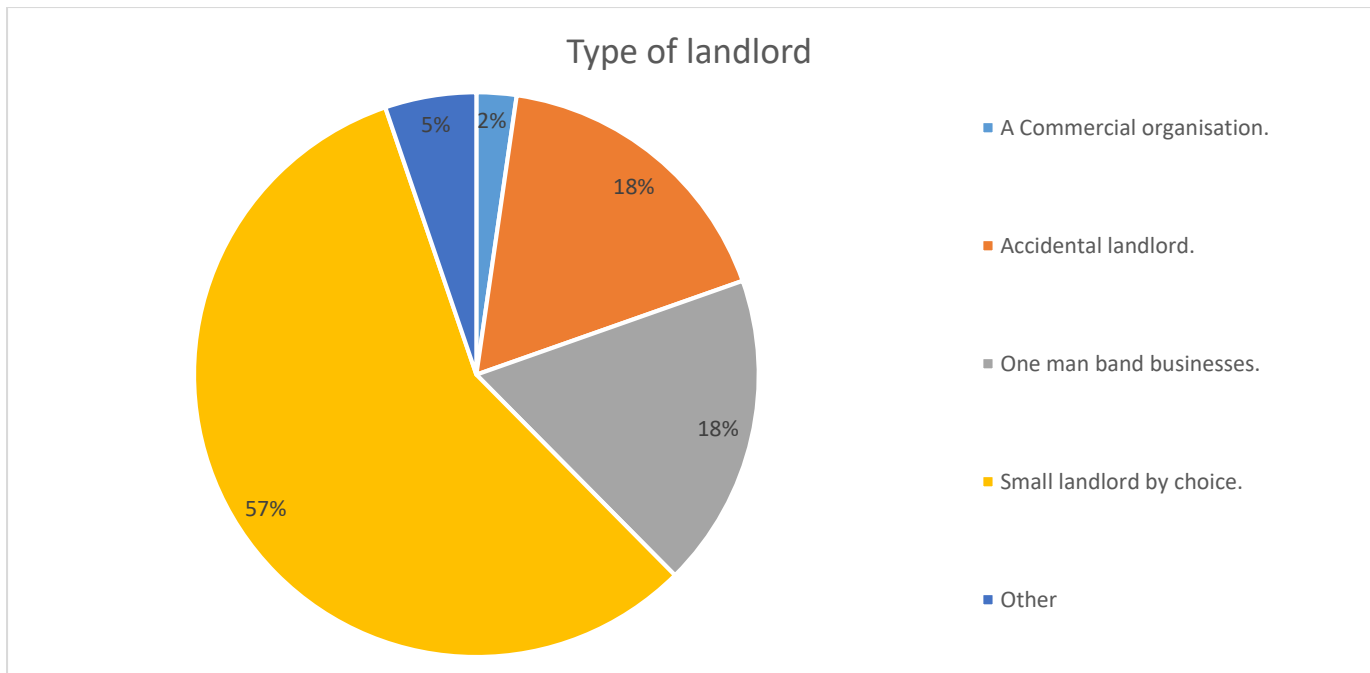
Only 3% of landlords responses were from those who identified themselves as an ethnic group other than white, and 5% identified themselves as having some form of disability as identified under the Equalities Act 2010.

When asked what type of landlord they described themselves as, there were five categories to choose from.

- A Commercial organisation. Companies, often owning a large number of properties, who are run professionally on a commercial basis.
- Accidental landlord. People who did not chose to become a landlord but now have a property to manage. This may be due to inheritance or families merging.
- One man band businesses. Individuals who own properties as their main business/source of income.
- Small landlord by choice. People who buy one or two properties as an investment or to supplement their main income.
- Other

The landlords who responded to the survey described themselves as follows.

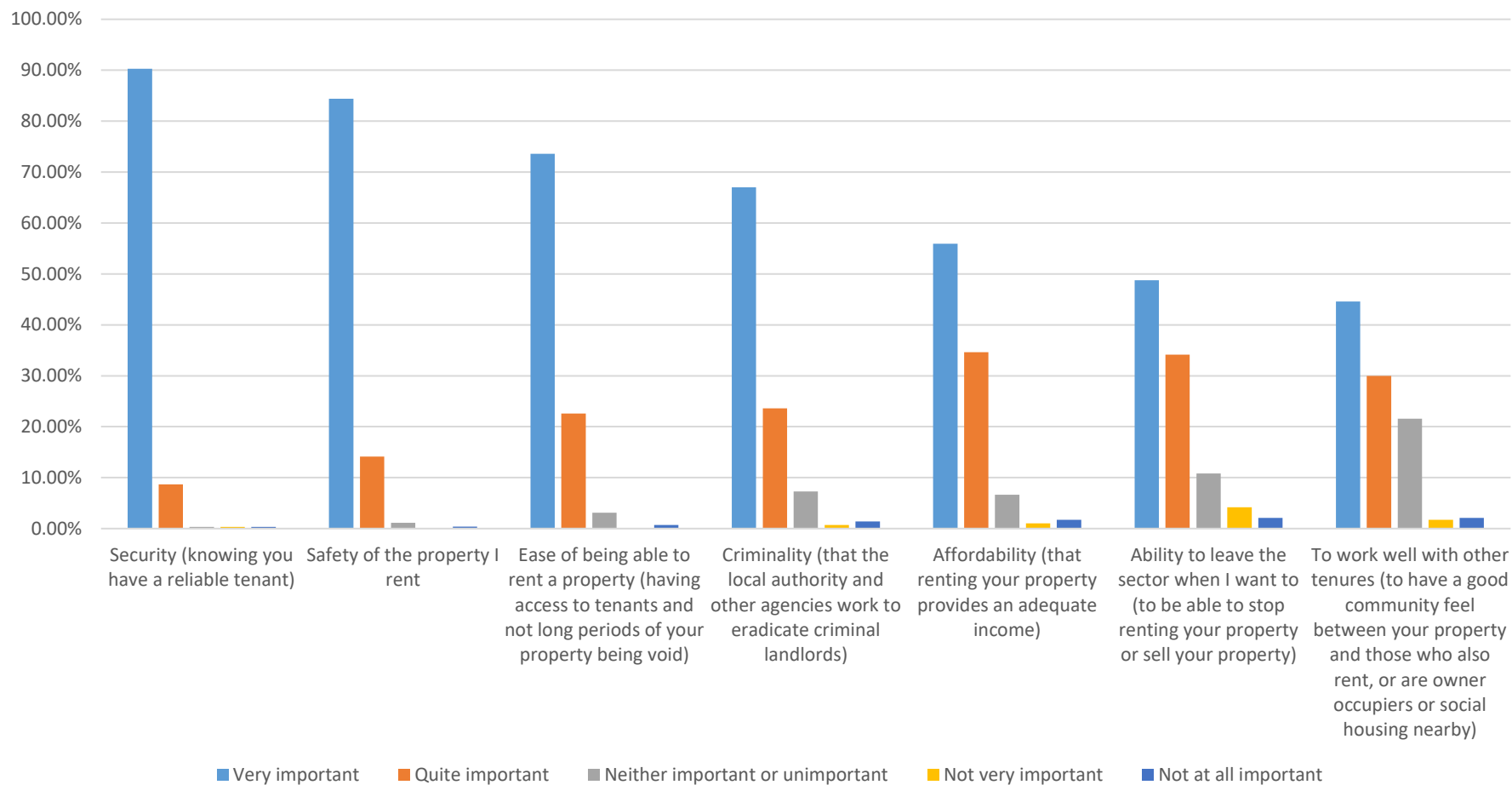




This indicates that three quarters of the landlords who responded consider themselves to be doing it not as a main job but either to supplement income/investment, or by accident. 18% were small business whilst 2% were large organisation landlords. This is similar to the national figures and indicate that there may be a need to support the majority of landlords who are doing it by accident or as a small investment.

When asked about their strategic priorities, landlords responded as shown in the following graph.

### Priorities for landlords



It can be seen that whilst all priority areas are considered very important to the responding population, having a reliable tenant, safety of the property and ease of renting are considered as the strongest priorities, whilst the ability to leave the sector as a landlord, and working with the surrounding community are the weakest priorities. What is also of interest is that financial affordability is not the strongest priority. These results suggest that landlords see their role as a long-term, and they want low risk, low return in favour of high rents but continual turnarounds.

Some comments from landlords were as follows

*"If a tenant stops paying rent it must be easier to evict them, any tenant can live rent free for close to a year before final eviction, that just can't be fair"*

*"I am concerned that the pursuit of rogue landlords is putting undue pressure on those of us that are conscientious landlords."*

*"To feel supported by PCC in providing rental properties in PCC area"*

*"To have the legal right to evict a tenant who refuses to pay rent, or damages the property."*

*"Stop Portsmouth University turning the city into a dormitory. Stop them absorbing all the students into their own accommodation. Stop them taking the best real estate in the town. PU's has changed demographics in the city. Reduced number of tenants looking and therefore reduced rents and therefore investment. Thus degrading the quality of property in the City. Portsmouth University was good for the City but has overstepped its place and is now ruining it."*

*"It isn't about profit it's about adding to the sense of community, charging a fair rent, providing a good standard of housing and assisting with the problem of the lack of social housing. Providing stability and better community through "partnership"."*

*"At present renting is so heavily regulated that I find it difficult to make a reasonable return. If regulations increase, I will leave the sector"*

*"That the tenants will pay and not destroy the property!"*

### **Summary**

A large number of tenants are in PRS not by choice, but due to a lack of alternatives. 18% of landlords are in a similar situation in that they did not chose to enter the sector.

Property safety is a top priority for landlords and tenants, along with security of rent payments, whilst the need to work well with other tenures and neighbours is seen as a lower priority.

The age profile of tenants is spread across all ages with a large minority over 45. Landlords tend to be older and the majority own one or two properties, either as an investment or by accident.

## **Appendix 1: legislation overview**

### Protection from Eviction Act 1977:

Prohibition on unlawful eviction, harassment and places restrictions on the re-entry/eviction without due process.

### Landlord and Tenant Act 1985:

Outlines duties to landlords to disclose certain information and repairing obligations within the property.

### Housing Act 1988:

The Housing Act 1988 introduced the Assured Shorthold Tenancy (AST) ensuring a clearer contractual arrangement between a landlord and tenant.

### Housing Act 1996 (As amended)

### Housing Act 2004

The Housing Act 2004 sets out a variety of provisions, including but not limited to, improving housing conditions via the use of the Housing Health and Safety Rating System, sets out the regulation of Houses in Multiple Occupation (HMO) via mandatory and non-mandatory licencing schemes and sets out powers for addressing empty properties.

### Licensing of Houses in Multiple Occupation (Prescribed Descriptions) (England) Order 2018: Designates HMOs subject to mandatory licensing.

### Licensing and Management of Houses in Multiple Occupation and other houses (Miscellaneous Provisions) (England) Regulations 2018:

Prescribed minimum national standards for licensable houses in multiple occupation.

### Management of Houses in Multiple Occupation (England) Regulations 2006:

Places a duty of the manager to address and take responsibility of certain areas of an HMO including the provision of information to occupiers, taking safety precautions, maintaining water supply and drainage and gas and electricity, managing common parts of the property, providing waste disposal facilities and maintaining living accommodation.

### Right to Rent, immigration Act 2014

Places a duty on landlords to check that their tenants are not illegal immigrants. Since 1<sup>st</sup> December 2016, landlords or agents in England could be charged with a criminal offence if they know, or have reasonable cause to believe, that they are letting to an illegal migrant.

### Retaliatory Eviction and the Deregulation Act 2015

Provisions under the Deregulation Act 2015 provide increased protection to tenants have been unfairly served Section 21 Eviction Notices following genuine complaints about the condition of the property or dwelling they are occupying. The Act ensures landlords have to comply with certain legal responsibilities before a Section 21 Notice can be served.

### Housing and Planning Act 2016

Sets out powers that allow Local Authorities to set up a database of and investigate and ban Rogue Landlords and Property Agents, impose civil penalties for a range of offences under the Housing Act 2004, assist tenants in applying for Rent Repayment Orders. Other provisions under the Act include starter homes, right to buy schemes in relation to Social Housing and changes to the National Mandatory Homes (fit for human habitation) Act 2018

Introduced on 20<sup>th</sup> March for all new tenancies that started from this date, and it will apply retrospectively to all current tenancies from 20<sup>th</sup> March 2020 regardless of when the tenancy started. This legislation ensures that rented houses and flats are 'fit for human habitation', which means that they are safe, healthy and free from things that could cause serious harm. If rented properties are not 'fit for human habitation', tenants can take their landlords to court. The court can make the landlord carry out repairs or put right health and safety problems. The court can also make the landlord pay compensation to the tenant. This legislation applies to all rental properties, both PRS and social housing.

Homelessness Reduction Act 2017 (HRA17), the council owes a duty to assist any household (that have a 'Right to Reside' in the UK and have recourse to public funds) that is eligible for assistance if they are at risk of homelessness within 8 weeks following the relevant interaction with the council. However, there is no duty to provide any specific forms of financial assistance, such as paying for a tenancy deposit or acting as guarantor.

The Homeless Reduction Act 2017:

The Homelessness Reduction Act 2017 significantly amends Part 7 of the Housing Act 1996 increasing the duties placed on Local Authorities in relation to assisting those who make Homeless Applications.

Minimum Level of Energy Efficiency' standard (EPC band E) 2018

Sets out a minimum energy efficiency standard for (EPC rating E) for all domestic private rented properties. It replaces a responsibility on landlords for any properties that do not meet this minimum energy rating to pay up to £3,500 for measures to improve the energy efficiency rating of the property.

Tenant Fees Act 2019: landlords and letting agencies are prohibited from charging fees for securing or renewing a tenancy. However they can still charge a refundable holding fee of up to one week's rent, a tenancy deposit of up to five weeks' rent, and charge rent in advance.

Energy Performance of Building Regulations

Duty to landlord to hold/commission an Energy Performance Certificate (EPC) before marketing a property for rent. Duty to make the EPC available to prospective tenant and provide copy EPC to tenant. Providing EPC information along with written particulars of the property.

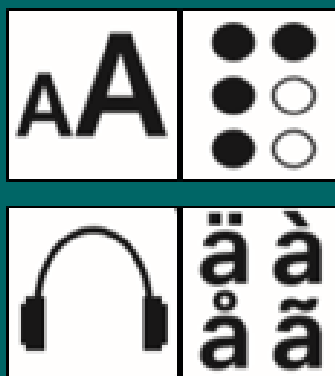
The Electrical safety standards in private rented sector (England) Regulations 2020

Require pre-tenancy and five yearly checks of all fixed appliances and wiring. This will be mandatory for landlords for all new tenancies from July 1 2020, and will be rolled out to all existing tenancies from April 2021. Landlords failing to comply with the new rules will face fines of up to £30,000.

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Published: March 2020



# Integrated Impact Assessment (IIA)

**Integrated impact assessment (IIA) form December 2019**

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

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

- identify those policies, projects, services, functions or strategies that could impact positively or negatively on the following areas:
  - Communities and safety
  - Regeneration and culture
  - Environment and public space
  - Equality & - Diversity This can be found in Section A5

**Directorate:**

Housing, Neighbourhoods and Building Services

**Service, function:**

Private Sector Housing

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

Private Rental Sector Strategy

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

- ☐ Existing
- ☒ New / proposed
- ☐ Changed

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

To achieve an active and well-functioning Private Rental Sector which works fairly for all.  
For the Private Rental Sector to be seen as a desirable type of tenure which meets the needs of those

who use it, with support being focused on those who need it most.

Has any consultation been undertaken for this proposal? What were the outcomes of the consultations? Has anything changed because of the consultation? Did this inform your proposal?

Research has been undertaken to understand the PRS market in Portsmouth, the needs and circumstances of both tenants and landlords in the city. A survey was conducted in December 2019 to January 2020. There were 849 respondents, of which 324 were from landlords, and 525 were from tenants.

Just over a fifth of households in the city are housed in the PRS, so it is an important part of the housing market. Non-student households make up approximately 80% of the PRS market, and of these, 37% receive some financial support to pay their rent. The survey results showed that 70% of the tenants who responded stated that they had no plan to move out of the PRS and did not have the ability to (either to become an owner occupier or to move into social housing). Tenants stated that the most important factors in a rental property were safety, affordability, and security of tenure.

With regard to Landlords, approximately three quarters of those that responded stated that they were not a landlord as their main job, but were either doing it to supplement their income or they were "accidental landlords". For the landlords that partook in the survey, the priorities they stated were to have a reliable tenant, safety of the property, and ease of being able to rent the property. Learning from this research has informed the proposals outlined in the strategy.

## A - Communities and safety

Yes

No

Is your policy/proposal relevant to the following questions?

**A1-Crime** - Will it make our city safer?



In thinking about this question:

- How will it reduce crime, disorder, ASB and the fear of crime?
- How will it prevent the misuse of drugs, alcohol and other substances?
- How will it protect and support young people at risk of harm?
- How will it discourage re-offending?

If you want more information contact [Lisa.Wills@portsmouthcc.gov.uk](mailto:Lisa.Wills@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-spp-plan-2018-20.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

How will you measure/check the impact of your proposal?

## A - Communities and safety

Yes

No

Is your policy/proposal relevant to the following questions?

**A2-Housing** - Will it provide good quality homes?



In thinking about this question:

- How will it increase good quality affordable housing, including social housing?
- How will it reduce the number of poor quality homes and accommodation?
- How will it produce well-insulated and sustainable buildings?
- How will it provide a mix of housing for different groups and needs?

If you want more information contact [Daniel.Young@portsmouthcc.gov.uk](mailto:Daniel.Young@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/psh-providing-affordable-housing-in-portsmouth-april-19.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

To achieve an active and well-functioning Private Rental Sector which works fairly for all. For the Private Rental Sector to be seen as a desirable type of tenure which meets the needs of those who use it, with support being focused on those who need it most. The proposals focus on those in the PRS that need assistance the most; mainly those who are living in the PRS but not through choice and have no prospect of moving out of it. The strategy specifically outlines that it will use regulations to support those that request it, without adversely affecting those that need help by adding disproportionate burden. The actions also focus on providing education and support for how to be a good Landlord or good tenant. This includes working with landlord and tenant groups to provide workshops, and to work with stakeholders to understand the services that could be provided to assist.

How are you going to measure/check the impact of your proposal?

Consultation with stakeholders, and the development of a multi-agency partnership group will oversee this strategy and its outcomes. This will implement measures to check and understand the impacts.

## A - Communities and safety

Yes

No

Is your policy/proposal relevant to the following questions?

**A3-Health** - Will this help promote healthy, safe and independent living?



In thinking about this question:

- How will it improve physical and mental health?
- How will it improve quality of life?
- How will it encourage healthy lifestyle choices?
- How will it create healthy places? (Including workplaces)

If you want more information contact [Dominique.Letouze@portsmouthcc.gov.uk](mailto:Dominique.Letouze@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cons-114.86-health-and-wellbeing-strategy-proof-2.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

Unsuitable and insecure housing are among the wider determinants for poor health outcomes. The aim of the schemes is to improve quality of life for those currently struggling to access a suitable PRS home.

How are you going to measure/check the impact of your proposal?

Measures for the demand for the councils regulatory functions of the PRS will be monitored, as well as demand for educational services for landlords and tenants.

**A - Communities and safety****Yes****No**

Is your policy/proposal relevant to the following questions?

**A4-Income deprivation and poverty**-Will it consider income deprivation and reduce poverty?



In thinking about this question:

- How will it support those vulnerable to falling into poverty; e.g., single working age adults and lone parent households?
- How will it consider low-income communities, households and individuals?
- How will it support those unable to work?
- How will it support those with no educational qualifications?

If you want more information contact [Mark.Sage@portsmouthcc.gov.uk](mailto:Mark.Sage@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-homelessness-strategy-2018-to-2023.pdf>  
<https://www.portsmouth.gov.uk/ext/health-and-care/health/joint-strategic-needs-assessment>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The strategy identifies actions which would aim to make the PRS more secure and affordable. Reducing the financial exclusion of residents who are less able to access suitable homes due to lack of financial resources.

How are you going to measure/check the impact of your proposal?

Monitor reasons why those assisted were previously unable to access a suitable PRS home, and their housing and financial circumstances. It is not possible to identify which other households are interested in a home and fail to secure it, and therefore there is no identified means for the council to measure the potential negative impact.

**A - Communities and safety****Yes****No**

Is your policy/proposal relevant to the following questions?

**A5-Equality & diversity** - Will it have any positive/negative impacts on the protected characteristics?



In thinking about this question:

- How will it impact on the protected characteristics-Positive or negative impact (Protected characteristics under the Equality Act 2010, Age, disability, race/ethnicity, Sexual orientation, gender reassignment, sex, religion or belief, pregnancy and maternity, marriage and civil partnership,socio-economic)
- What mitigation has been put in place to lessen any impacts or barriers removed?
- How will it help promote equality for a specific protected characteristic?

If you want more information contact [gina.perryman@portsmouthcc.gov.uk](mailto:gina.perryman@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cmu-equality-strategy-2019-22-final.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

This strategy is not specifically targeted towards any of the protected characteristic groups. However, some of those groups are more likely to be financially disadvantaged, including people with disabilities, and some black and minority ethnic groups. By tackling one of the impacts of financial exclusion (inability to secure suitable housing), this strategy will help to promote equality for beneficiaries to any actions which make the PRS more accessible or affordable. There is some evidence that people with physical disabilities are disadvantaged in the private rented sector, where landlords and letting agencies rarely provide information on the accessibility of homes for rent, and where some landlords are unwilling to allow their properties to be adapted to meet tenants' needs (eg fitting ramps, grab rails, accessible bathrooms etc). This strategy does not directly address these issues.

How are you going to measure/check the impact of your proposal?

Gather and monitor equalities data for any schemes introduced which help those who are financially disadvantaged, to understand whether people with protected characteristics are requesting and receiving support.

**B - Environment and climate change****Yes****No**

Is your policy/proposal relevant to the following questions?

**B1-Carbon emissions** - Will it reduce carbon emissions?

In thinking about this question:

- How will it reduce greenhouse gas emissions?
- How will it provide renewable sources of energy?
- How will it reduce the need for motorised vehicle travel?
- How will it encourage and support residents to reduce carbon emissions?

If you want more information contact [Tristan.thorn@portsmouthcc.gov.uk](mailto:Tristan.thorn@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cmu-sustainability-strategy.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

Around 30% of all direct greenhouse gas (GHG) emissions in Portsmouth are due to energy used in the home. However, the strategy is aimed at assisting people who already live in Portsmouth and therefore these emissions already exist. There is no evidence that helping someone move to a suitable PRS home will either increase or reduce GHG emissions. Some of the proposed actions from the strategy include inspections of property conditions. Properties in poor repair are likely to have poor EPC ratings, by addressing the conditions of these properties, some may become more efficient to heat or gain improved thermal efficiency.

How are you going to measure/check the impact of your proposal?

Record and monitor the deficiencies found with properties which are inspected due to poor repair.

**B - Environment and climate change****Yes****No**

Is your policy/proposal relevant to the following questions?

**B2-Energy use** - Will it reduce energy use?

In thinking about this question:

- How will it reduce water consumption?
- How will it reduce electricity consumption?
- How will it reduce gas consumption?
- How will it reduce the production of waste?

If you want more information contact [Triston.thorn@portsmouthcc.gov.uk](mailto:Triston.thorn@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/pln-portsmouth-plan-post-adoption.pdf>

<https://democracy.portsmouth.gov.uk/documents/s24685/Home%20Energy%20Appendix%201%20-%20Energy%20and%20water%20at%20home%20-%20Strategy%202019-25.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

As above, the council can identify whether properties in poor repair could be improved with regard to the energy efficiency of their home. Referrals can also be made to the council's LEAP home energy visit scheme to help eligible households to make their homes warmer and more energy and water efficient.

How are you going to measure/check the impact of your proposal?

Record and monitor the deficiencies found with properties which are inspected due to poor repair. Record the referrals to the LEAP scheme to improve the energy and water efficiency of the home.

## B - Environment and climate change

Yes

No

Is your policy/proposal relevant to the following questions?

**B3 - Climate change mitigation and flooding**-Will it proactively mitigate against a changing climate and flooding?

☐☒

In thinking about this question:

- How will it minimise flood risk from both coastal and surface flooding in the future?
- How will it protect properties and buildings from flooding?
- How will it make local people aware of the risk from flooding?
- How will it mitigate for future changes in temperature and extreme weather events?

If you want more information contact [Tristan.thorn@portsmouthcc.gov.uk](mailto:Tristan.thorn@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/env-surface-water-management-plan-2019.pdf>

<https://www.portsmouth.gov.uk/ext/documents-external/cou-flood-risk-management-plan.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

There are no identified negative impacts on climate change or flooding mitigation.

How are you going to measure/check the impact of your proposal?

Not applicable

## B - Environment and climate change

Yes

No

Is your policy/proposal relevant to the following questions?

**B4-Natural environment**-Will it ensure public spaces are greener, more sustainable and well-maintained?

☐☒

In thinking about this question:

- How will it encourage biodiversity and protect habitats?
- How will it preserve natural sites?
- How will it conserve and enhance natural species?

If you want more information contact [Daniel.Young@portsmouthcc.gov.uk](mailto:Daniel.Young@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/pln-solent-recreation-mitigation-strategy-dec-17.pdf>

<https://www.portsmouth.gov.uk/ext/documents-external/pln-portsmouth-plan-post-adoption.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

There are no identified negative impacts on public spaces.

How are you going to measure/check the impact of your proposal?  
Not applicable

## B - Environment and climate change

Yes

No

Is your policy/proposal relevant to the following questions?

**B5-Air quality** - Will it improve air quality?

☐☒

In thinking about this question:

- How will it reduce motor vehicle traffic congestion?
- How will it reduce emissions of key pollutants?
- How will it discourage the idling of motor vehicles?
- How will it reduce reliance on private car use?

If you want more information contact [Hayley.Trower@portsmouthcc.gov.uk](mailto:Hayley.Trower@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/env-aq-air-quality-plan-outline-business-case.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

There are no identified negative impacts on air quality.

How are you going to measure/check the impact of your proposal?  
Not applicable

## B - Environment and climate change

Yes

No

Is your policy/proposal relevant to the following questions?

**B6-Transport** - Will it improve road safety and transport for the whole community?

☐☒

In thinking about this question:

- How will it prioritise pedestrians, cyclists and public transport users over users of private vehicles?
- How will it allocate street space to ensure children and older people can walk and cycle safely in the area?
- How will it increase the proportion of journeys made using sustainable and active transport?
- How will it reduce the risk of traffic collisions, and near misses, with pedestrians and cyclists?

If you want more information contact [Pam.Turton@portsmouthcc.gov.uk](mailto:Pam.Turton@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/travel/local-transport-plan-3>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

There are no identified negative impacts on transport.



How are you going to measure/check the impact of your proposal?  
Not applicable

## B - Environment and climate change

Yes

No

Is your policy/proposal relevant to the following questions?

**B7-Waste management** - Will it increase recycling and reduce the production of waste?

☐☒

In thinking about this question:

- How will it reduce household waste and consumption?
- How will it increase recycling?
- How will it reduce industrial and construction waste?

If you want more information contact [Steven.Russell@portsmouthcc.gov.uk](mailto:Steven.Russell@portsmouthcc.gov.uk) or go to:

<https://documents.hants.gov.uk/mineralsandwaste/HampshireMineralsWastePlanADOPTED.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

This strategy will not increase recycling or reduce the production of waste.

How are you going to measure/check the impact of your proposal?  
Not applicable

**C - Regeneration of our city**

Yes

No

Is your policy/proposal relevant to the following questions?

**C1-Culture and heritage** - Will it promote, protect and enhance our culture and heritage?

☐☒

In thinking about this question:

- How will it protect areas of cultural value?
- How will it protect listed buildings?
- How will it encourage events and attractions?
- How will it make Portsmouth a city people want to live in?

If you want more information contact [Claire.Looney@portsmouthcc.gov.uk](mailto:Claire.Looney@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/pln-portsmouth-plan-post-adoption.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

There are no identified negative impacts on culture and heritage.

How are you going to measure/check the impact of your proposal?  
Not applicable

**C - Regeneration of our city**

Yes

No

Is your policy/proposal relevant to the following questions?

**C2-Employment and opportunities** - Will it promote the development of a skilled workforce?

☐☒

In thinking about this question:

- How will it improve qualifications and skills for local people?
- How will it reduce unemployment?
- How will it create high quality jobs?
- How will it improve earnings?

If you want more information contact [Mark.Pembleton@portsmouthcc.gov.uk](mailto:Mark.Pembleton@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-regeneration-strategy.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The proposed strategy will not create any employment beyond the specific posts needed to deliver the scheme.

How are you going to measure/check the impact of your proposal?  
Not applicable

Is your policy/proposal relevant to the following questions?

**C3 - Economy** - Will it encourage businesses to invest in the city, support sustainable growth and regeneration?

☐☒

In thinking about this question:

- How will it encourage the development of key industries?
- How will it improve the local economy?
- How will it create valuable employment opportunities for local people?
- How will it promote employment and growth in the city?

If you want more information contact [Mark.Pembleton@portsmouthcc.gov.uk](mailto:Mark.Pembleton@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-regeneration-strategy.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The strategy is not expected to have a big impact on the overall PRS market in Portsmouth, as it is predominately aimed at assisting those who are already in the PRS but struggling.

How are you going to measure/check the impact of your proposal?  
Not applicable.

**Q8 - Who was involved in the Integrated impact assessment?**

Clare Hardwick - Head of Private Sector Housing

**This IIA has been approved by:**

James Hill, Director of Housing, Neighbourhood and Building Services

**Contact number:**

023 9283 4223

**Date:**

21 February 2020

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# Agenda Item 5

Agenda item:

**Title of meeting:** Full Cabinet

**Date of meeting:** 10<sup>th</sup> March 2020

**Subject:** Energy and Water at Home Strategy

**Report by:** James Hill, Director of Housing, Neighbourhood and Building Services

Wards affected: All

Key decision: No

Full Council decision: No

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## 1. Purpose of report

- 1.1. The purpose of this report is to bring the finalised *Energy and Water at Home Strategy* to Cabinet which was approved in draft form on 5<sup>th</sup> November 2019. This includes reporting the key findings of the consultation and a number of changes made to the strategy itself as a result of this exercise. This report also highlights work undertaken to respond to decisions made in the November Cabinet to:
- a) Develop a detailed action plan to achieve the strategic objectives set down in the report
  - b) Develop a marketing and communication strategy to reach and engage all residents in the City

## 2. Recommendations

- 2.1. That Cabinet notes the extensive consultation undertaken with key partners and the wider public; and that the response of the consultation was overwhelmingly positive and in agreement with the objectives laid out in the draft strategy.
- 2.2. That the Cabinet approves the final strategy for publication.
- 2.3. That Cabinet notes the development of a detailed action plan which will help to expand the scope and scale of the help currently offered by the authority; whilst acknowledging that this is a live document which will be subject to further development.
- 2.4. That Cabinet notes the development of a marketing and communication strategy which will reach and engage every household in Portsmouth; whilst acknowledging that this is a live document which will be subject to further development.

## 3. Background

- 3.1. In order that the approach to domestic energy and water efficiency be formalised, a draft strategy was brought before Cabinet in November 2019. This

now updated strategy, for final approval, can be found in Appendix A with the accompanying Cabinet Report from November in Appendix B. The Cabinet approved the draft strategy for publication.

3.2. Although confident that the draft strategy covered the core issues surrounding domestic energy and water efficiency; officers noted that wider consultation had not been possible in arriving at the draft stage. They therefore recommended (and it was approved) that wider consultation should be done with key partners and the wider public for a period of two months; in order that all views be heard (this can be found in Appendix C).

3.3. It was further recommended (and approved) that the issues, particularly those surrounding fuel poverty, were serious and that a detailed action plan be drawn up, to strengthen and extend the work already taking place to tackle the issues highlighted. Examples of current ongoing work are included in the strategy in the section titled 'How we are taking action now', but this is not a comprehensive list of all the work the council has undertaken to make homes more energy and water efficient and reduce energy and water bills. Other significant projects delivered that highlight the council's innovative approach to home energy efficiency and affordability include the improvement of Wilmcote House to 'EnerPHit' standard (the retrofit equivalent to 'Passivhaus'). Whilst the action plan is to be a live document; the consultation period was to be used to draw together key themes, actions and time frames (this can be found in Appendix D).

3.4. It was highlighted that a key consideration should be as to how the issues of home energy and water be communicated. It was recommended (and approved) that a marketing and communication plan be developed in order that every household in the city be reached and engaged. Whilst, again, this was to be a live document; the consultation period was used to draw together key themes, actions and timeframes (this can be found in Appendix E).

3.5. Furthermore, the Cabinet noted the successful work already being undertaken; and the contribution they felt that such a strategy, could make towards achieving the council's goal of becoming carbon neutral, and increasing water efficiency to mitigate the impact of nitrate levels.

#### **4. Legislative requirements**

4.1 There are no legal requirements relating to the publication of this strategy.

#### **5. Consultation Activities and Response**

5.1. The authors of the report, the Tackling Poverty Coordinator and the Energy Services team, have undertaken a two month period of consultation with key partner organisations and the wider public. The consultation feedback from which has been used to amend the strategy, as well as feed into the action plan and communications strategy can be found in Appendix C.

5.2. The key organisations and partners consulted have included face to face presentations to:

- Portsmouth Fuel Poverty Working Group
- Portsmouth Climate Action Board
- Portsmouth and District Private Landlords Association
- Houses in Multiple Occupancy Governance Board
- End Fuel Poverty event, sponsored by National Energy Action
- Housing, Neighbourhood and Building Services

As well as email and telephone correspondence with National Energy Action, Agility Eco and the Environment Centre.

5.3. The key themes identified with partners and key groups, and incorporated within the strategy and supporting documents, include:

- A reaffirmation of tenure being the key factor when identifying the support that can be given to a household
- Increasing focus on carbon reduction in areas where there is potential to make a difference without risking exacerbating fuel poverty
- Increasing the scope and reach of communication to include further messaging to the non-fuel poor sector
- Support to private landlords and owner occupiers through communication channels
- Identification of additional support that can be brought by these groups

5.4. Online consultation was available for anyone to respond to between 17th December 2019 and 31st January 2020. It was promoted via the council's Your City Your Say network, Team Brief for City Council staff, the city council Residents Consortium, the Health and Wellbeing Board, the Tackling Poverty Strategy Steering Group, the HIVE newsletter and the Council's website and social media platforms.

5.5. The online consultation was completed by 273 respondents, of whom most responded as individuals (87.8%). The remainder being made up of businesses, voluntary and community sector organisations and other organisations.

5.6. Respondents were asked to what extent they agreed with the key aspects of the report: The Vision (80.22% agreed or strongly agreed) and the Delivery (84.73% agreed or strongly agreed).

5.7. Respondents were then asked whether they agreed with other work areas, short and long-term opportunities for improving energy efficiency, cutting energy and water bills, and maximising household income. Respondents again showed that they were either in agreement or strong agreement between 76.47% and 84.98% of the time.

5.8. The questions also allowed free text answers and respondents were prompted to say whether there were other things that should be taken into account or prioritised, as well as those highlighted within the strategy.

5.9. A number of responses were entirely outside of the scope of the strategy; relating to issues such as industrial and commercial buildings, waste management and transport.

5.10. Some themes recurred in the consultation responses;

- Respondents were comfortable with the Council leading and delivering the strategy
- Respondents felt that greater emphasis should be given to reducing carbon emissions
- Respondents wanted to see greater investment in renewable energy technologies; particularly solar
- Respondents queried the rationale of using gas-fired boilers against a background of the climate emergency
- Respondents were often looking primarily for advice from the Council on how to make their homes more energy efficient or details about renewable technologies

## **6 Responding to the consultation**

- a. The consultation period was extremely useful to build a picture of what diverse groups felt should be being delivered as part of the PCC offer. It lead to a realisation that, because much of the Energy Service team's work is currently focussed primarily on fuel poverty, a shift in approach would be required in future to assist all homes as stated in the vision.
- b. Many of the respondents gave answers which related to specific actions and technologies. These have been used to build the action plan according to demands recognised in the responses.
- c. The balance between delivering affordable warmth in fuel poor scenarios and the use of fossil fuels has been drawn out within the strategy. With an emphasis on climate change mitigation being made by those households who are not considered vulnerable.
- d. The suggestions on delivery of renewable technologies, including solar were included within the action plan; with potential actions for all tenures.
- e. A communication strategy (detailed in full in Appendix E) will be implemented to ensure homes get the help, support and advice they need to make good, well-informed decisions when making their homes more energy efficient.

## **7 Development of the Action Plan**

- a. The consultation period was used to develop an action plan, detailing activities, 'owners' and timeframes for a range of energy efficiency related projects and actions.
- b. It is intended that the action plan be used as a live document on which to build and improve as additional demands are received; or new funding streams and business cases become available.
- c. Funding streams in domestic energy efficiency are often variable and short-lived. It is therefore envisaged that the Energy Services team be flexible



and open to new challenges, and able to spot new opportunities, as they arise.

- d. Having the action plan prepared allows potential funders and partners to see the scale and scope of the work already on going in Portsmouth. This will be utilised to encourage further partnerships as it gives confidence that PCC can deploy funding expediently to achieve results.

## **8 Development of the communications strategy**

- a. The communication strategy helps to outline the future communication messages and activities which will come from the implementation of the strategy and action plan.
- b. Feedback from the consultation period has allowed us to understand better the broad range of communication messages required to speak to all homes in the city.
- c. For instance, much of the face to face consultation revealed that many respondents simply required trusted sources of information to assist them when considering improving their homes with energy efficiency measures. This can be provided through online resources.
- d. Whereas some respondents to the consultation reminded us that not everybody is in possession of a computer or smart phone. For this cohort of households, posters, letters and well-trained frontline staff will be required to disseminate the messages around energy efficiency.

## **9 Reasons for recommendations**

- a. The recommendations recognise that wider views have been sought extensively on the draft strategy. That the response has been large and overwhelmingly in favour of the approach taken; and that key recommendations from respondents have shaped the final strategy, action plan and communications strategy.
- b. The final strategy, action plan and communications strategy will together provide a shared plan and direction in order to strengthen and develop the work already taking place towards making energy and water sustainable and affordable for every home in Portsmouth.

## **10 Integrated Impact Assessment (IIA)**

- a. An IIA has been completed and is attached at Appendix F. The work recommended by the strategy has positive impacts across a range of issues, and no negative impacts have been identified.

## **11 City Solicitor's comments**

- a. There are no identified legal implications arising from the recommendations set out within this report (if approved). The recommendations will support the City Council's plans and strategic priorities as set out within this report

as well as contributing to the Council's duties to address poor housing standards in the private rented sector.

## 12 Director of Finance comments

- a. There are limited financial implications as a result of approving the recommendations within this report.
- b. The costs of consultation for this strategy will be met from existing cash limited budgets.
- c. If measures, works or initiatives are identified as a consequence of delivering the strategy then funding may be required and these will be delivered within existing approved resources or a request for more funding

Signed by:

.....  
James Hill, Director of Housing, Neighbourhood and Building Services

### Appendices:

Appendix A - Portsmouth City Council's Final home energy and water efficiency strategy

Appendix B - Cabinet report - November 2019

Appendix C - Energy and Water at Home Strategy Consultation Summary

Appendix D - Action Plan

Appendix E - Energy and Water at Home Communications Strategy 2020

Appendix F - Integrated 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: .....

## APPENDIX A - ENERGY AND WATER AT HOME STRATEGY



Portsmouth  
CITY COUNCIL

# Energy and water at home

*2020-2025*

A strategy for efficiency and affordability  
for every household in Portsmouth

## Contents

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## Our vision

To ensure all homes in Portsmouth use energy and water as efficiently as possible for an appropriate level of comfort, safety, health and dignity; and that every Portsmouth household can afford their energy and water bills.

## How the vision will be delivered

- ✓ The council will lead the way in helping our community to make Portsmouth's homes more energy and water efficient and low-carbon.
- ✓ Residents will be empowered to reduce their energy and water bills and increase their household income, ensuring that their home energy costs are affordable.
- ✓ Support will be offered as widely as possible, to maximise the number of people who benefit, while targeting those most at risk from cold homes, to maximise the impact.
- ✓ The council will develop national partnerships to attract investment in energy and water efficiency into the city, supporting the creation of skilled green jobs locally and driving innovation in clean energy generation to ensure the city's energy and water needs are affordable, sustainable and secure.

Working together with our residents and stakeholders in the area we will ensure that everyone understands the help that is available and can meet their energy and water needs, to make Portsmouth a fairer, healthier and more prosperous city.

## Strategic objectives

This strategy will contribute to the council's shared aim, to make Portsmouth a place that is fairer for everyone: a city where the council works together with thriving communities to put people at the heart of everything we do.

It focuses on our five corporate priorities:

1. Make Portsmouth a city that works together, enabling communities to thrive and people to live healthy, safe and independent lives.
2. Encourage regeneration built around our city's thriving culture, making Portsmouth a great place to live, work and visit.
3. Make our city cleaner, safer and greener.
4. Make Portsmouth a great place to live, learn and play, so our children and young people are safe, healthy and positive about their futures.
5. Make sure our council is a caring, competent and collaborative organisation that puts people at the heart of everything we do.

To ensure that all households in Portsmouth have access to affordable and sustainable energy we will strive to:

### Priority One

- Ensure our residents are informed, active and engaged consumers who take action to reduce energy and water costs and wastage.

### Priority Two

- Ensure all homes in Portsmouth meet a minimum Energy Performance Certificate rating of D by 2025 where practicable.

- Lead the way in using new housing developments and refurbishments to reach the highest possible levels of energy and water efficiency, and reduce carbon emissions.

### Priority Three

- Develop clean energy generation that contributes to reducing fuel poverty, reducing carbon dioxide and other harmful emissions.
- Reduce carbon emissions and improve air quality.

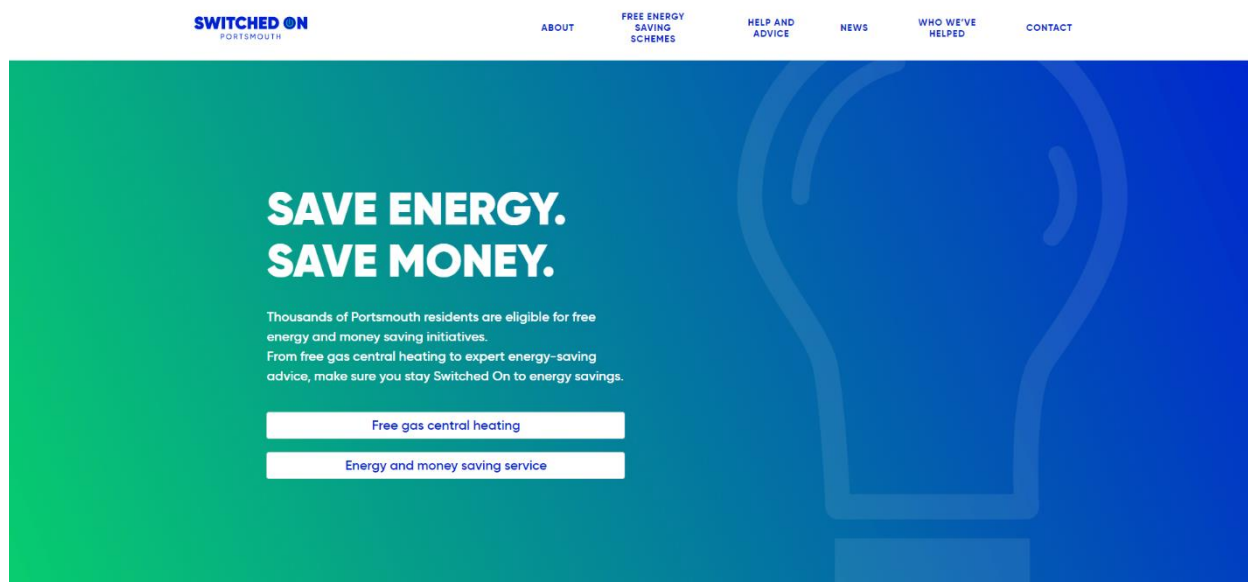
### Priority Four

- Maximise household incomes to ensure every resident exceeds a minimum reasonable standard of living.

### Priority Five

- Clearly communicate a comprehensive offer of assistance for residents.

This strategy will contribute to the council's action plan to achieve net zero carbon emissions in Portsmouth by 2030.



## The challenge

The council has declared a climate emergency to highlight the need for urgent action to reduce greenhouse gas emissions<sup>1</sup>. We have pledged to achieve net zero carbon emissions in Portsmouth by 2030, considering both the production and consumption of emissions.

Emissions caused by the use of energy in the home comprise 31% of total emissions in the Solent region<sup>2</sup>, and therefore this strategy has a role to play in achieving net zero carbon emissions. While working to increase energy efficiency and sustainability and improve indoor and outdoor air quality, we also want to achieve fairer access to energy for all.

Fuel poverty is estimated to affect 10.9% of households in England and 12.1% in Portsmouth, which equates to over 11,000 households<sup>3</sup> (see map on page 7). This is based on the Low Income High Costs indicator<sup>4</sup>, which considers a household to be fuel poor if:

- they have required fuel costs that are above average (the national median level), and
- were they to spend that amount, they would be left with a residual income below the official poverty line.

This measure of fuel poverty is based on the amount of energy the household should use, to achieve a reasonable standard of comfort and dignity. In reality, these households face a 'choice' between adequately heating and lighting their home or spending money on other essential outgoings. Many decide to use less energy than they need, and live in cold homes. This disproportionately affects the elderly, families with young children and those living with long-term sickness or disability.

Being unable to afford to adequately heat the home or use energy for other essential activities, such as cooking and cleaning, contributes to social isolation, poor health outcomes, an increase in hazards in the home, and impedes child development.

Every year there are around 125 more deaths in Portsmouth during the coldest four months of the year compared to the average of the rest of the year<sup>5</sup>. An estimated 30% of these deaths are attributable to the avoidable circumstances of living in cold homes<sup>6</sup>.

Cold homes are dwellings which are energy inefficient and difficult to heat; resulting in high energy bills and unnecessary carbon emissions. These properties can be broadly identified as those with an Energy Performance Certificate (EPC) rating of E, F or G. In

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<sup>1</sup>

<https://democracy.portsmouth.gov.uk/documents/s22583/Draft%20Council%20Mins%20March%202019.pdf>

<sup>2</sup> <https://solentlep.org.uk/media/2669/solent-lep-heat-and-power-strategy-and-action-plan-final-docx.pdf>

<sup>3</sup> <https://www.gov.uk/government/statistics/sub-regional-fuel-poverty-data-2019>

<sup>4</sup> <https://www.gov.uk/government/publications/fuel-poverty-statistics-methodology-handbook>

<sup>5</sup> <https://fingertips.phe.org.uk/public-health-outcomes-framework#page/3/gid/1000044/pat/6/par/E12000008/ati/102/are/E06000044/iid/90641/age/1/sex/4>

<sup>6</sup> <https://www.nea.org.uk/wp-content/uploads/2018/02/E3G-NEA-Cold-homes-and-excess-winter-deaths.pdf>



Portsmouth there are 13,500 homes rated E, F or G (around 21% of all homes with an EPC rating), with the private sector accounting for the lowest average EPC ratings. Assuming similar levels in homes without an EPC, the total number of cold homes in the city would be over 18,000.

Average annual home electricity bills rose by 5.6% in 2017, 9.1% in 2018, and are predicted to rise further, taking up an increasing proportion of household income. While home gas prices have reduced from a peak in 2014, in real terms gas prices have increased over the last 10 years<sup>7</sup>. The 10.3% increase in the energy price cap from April 2019 underlines why the price cap policy will not be enough to bring home energy bills down to an affordable level.

Despite high costs, many households are paying more than they need to, with 54% of consumers on a standard variable tariff (not including prepayment meter tariffs), which are usually the highest. Although regulation has driven huge improvements in the experience of consumers switching energy suppliers, only 19% of British consumers switched supplier between July 2017 and June 2018, and 61% have never switched supplier, or have only switched once<sup>8</sup>.

Under the English Indices of Multiple Deprivation 2019, Portsmouth was ranked 59<sup>th</sup> most deprived out of 317 local authority areas<sup>9</sup>. A fifth of children living in the city are growing up in poverty, but in Charles Dickens ward this rises to over two fifths of children<sup>10</sup>. About 7,100 Portsmouth residents aged over 60 live in income deprivation.

Where schemes are available to improve efficiency and make energy affordable, take-up is often low. Our residents who are most in need may be socially and digitally excluded. A history of mis-selling in the energy supplier market also appears to have contributed to a reluctance among some residents to ask for or accept support.

Although a fuel poverty strategy for England was published in 2015, there have been a number of legislative, policy and funding changes since then. This requires local authorities to be informed and flexible, with a clear local vision for sustainable business streams that are resilient to changes in the national context. The council has responded to the government's recent consultation on a new fuel poverty strategy for England.

Figure 1 shows the areas of Portsmouth with the highest proportion of fuel poor households, based on the Low Income, High Costs indicator (see definition page 4).

Whereas a map of the Indices of Multiple Deprivation<sup>11</sup> would show the highest concentrations of deprivation on Portsea Island around the council estate areas in Charles Dickens, Nelson and St Thomas wards, the highest prevalence of fuel poverty is in Central Southsea. This is driven by the concentration of relatively older homes in

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<sup>7</sup> <https://www.gov.uk/government/statistical-data-sets/annual-domestic-energy-price-statistics>

<sup>8</sup> <https://www.ofgem.gov.uk/publications-and-updates/state-energy-market-2018>

<sup>9</sup> <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019>

<sup>10</sup> <https://www.gov.uk/government/statistics/personal-tax-credits-children-in-low-income-families-local-measure-2016-snapshot-as-at-31-august-2016>

<sup>11</sup> <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019>

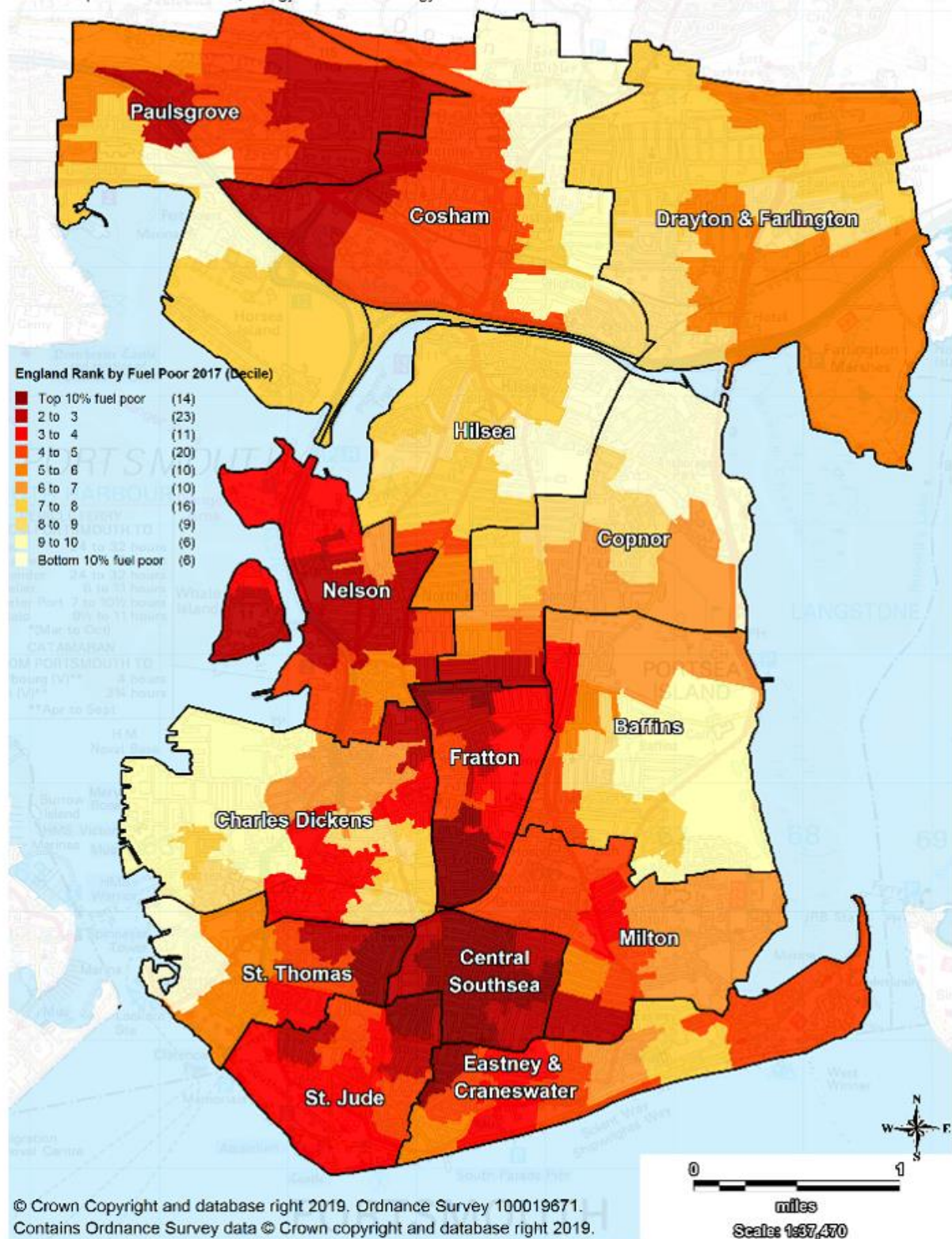
this area that are less energy efficient and may not have been maintained to the standard of many homes owned by the local authority.

*Figure 1 - A map of fuel poverty in Portsmouth*

**% of households fuel poor (low income, high costs). Portsmouth lower super outputs areas (LSOA) ranked relative to England in deciles, 2019 (2017 data).**

**Electoral wards overlaid.**

Source: Department for Business, Energy & Industrial Strategy



## Saving water

This strategy will also consider domestic water efficiency. Like electricity, gas and other fuel types; water is a natural resource consumed within homes which impacts on quality of life, household bills and carbon emissions. As with energy, measures can be taken to reduce water consumption, and tariffs can reduce household bills. Any reduction in the use of hot water will also be a reduction in energy use within the household. As hot water constitutes around 20% of a typical domestic heating bill these savings can be substantial<sup>12</sup>. Water has an embedded carbon factor and wastewater contains nitrates; therefore any reduction in water demand contributes to lowering carbon emissions and mitigating nitrate levels in the Solent.

In homes with a water meter, water efficiency measures can be employed to reduce the water bill. Small measures include cistern retrofits and bags, and low-flow tap fittings and shower heads. Larger measures include installing new cisterns and replacing baths with showers.

As well as technical interventions, and as with energy, changing behaviour can save water. Encouraging residents to reduce toilet flushes, shower length and consumption from other household processes can be built into some of the energy outreach work done by schemes such as LEAP, as well as during other touch points with residents.

Water suppliers offer assistance with bills for vulnerable households. Portsmouth Water offers a social tariff to cap bills at £81 and Southern Water cap wastewater bills at £282 per annum. For a 3 bedroom household, this represents a saving of around £213 per year.

## Climate change mitigation

As previously stated, domestic energy use accounts for a large proportion of Portsmouth's carbon emissions; it is therefore a key, but not sole, factor in tackling climate change. "Energy efficiency" is a term used to describe energy use in all prevailing domestic scenarios within the city when related to achieving the stated vision of the strategy. Efficiency may refer to the physical improvement of a property to prevent excess energy loss, the cost efficiency brought about by lower tariffs or the carbon efficiency of green-sourced power and that generated by technologies such as solar and heat pumps.

Using energy efficiently in the vast majority of cases will have the result of leading to a reduction in carbon emissions when applied to all homes in Portsmouth; however this is not always true for those in fuel poverty. In fuel poor households, provision of affordable warmth and energy is the primary focus. This may even be to encourage or enable a household to use *more* energy by providing cheaper electricity tariffs, increasing household income or swapping the primary heating fuel from electricity to gas.

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<sup>12</sup> Energy Savings Trust <https://www.energysavingtrust.org.uk/home-energy-efficiency/saving-water>

It is important that this work continues, to alleviate fuel poverty, and that this is balanced with the requirement for the city to become net zero carbon by 2030.

Fuel poor households account for approximately 12% of Portsmouth's dwellings; however a large proportion of these households will not be primarily responsible for the energy efficiency of their homes. Over half of the fuel poor households in the city live in either private or social rental properties; where their landlords will have the final say on what energy efficiency measures can be made to the property.

There remains a large percentage of Portsmouth's dwellings where climate change can be considered the primary driver for improving energy efficiency. This strategy sets out a direction as to how this will be achieved.

## **Our ways of working**

### **Working in partnership**

The council's energy services team coordinates a city-wide fuel poverty working group, bringing together partners working in housing, health, social care and the voluntary and community sector. We are the lead partner in a consortium of nine local authorities delivering the Warmer Homes scheme across the UK. We seek new opportunities to share our expertise and resources with partners to ensure we can make every contact count and achieve the best outcomes for our community.

### **Focussing on the most vulnerable**

Working with our thriving community to help as many of our residents as we can, we put those in greatest need at the heart of what we do. We provide information, training and support to partners who can help us to reach the most vulnerable.

### **Maximising investment in the city**

We seek new opportunities to attract funding to tackle fuel poverty. We multiply the value of investment and generate income to support our activities through clean energy generation, and drive the development of projects that provide the resources to reduce home energy costs for residents. We aim to create sustainable business models that are resilient to changes in national policy and available resources.

### **Excellence through innovation**

Understanding the national legislative and strategic direction, and working with partners to monitor the latest developments in fuel poverty reduction, we aim to be a leader in delivering improvements for our community, innovating and adapting to quickly respond to new learning and opportunities.

### **Measuring our impact**

By monitoring and evaluating action on fuel poverty from our customer's point of view, we learn what works for people in Portsmouth, and use this learning to ensure we do what matters. Our approach will contribute to research in this field and help to inform local and national policy.





## Leadership and participation in the strategy

The council is in a unique position to lead this strategy, but the vision can only be achieved in partnership; identifying who can contribute and providing opportunities and support to enable their participation for effective collaborative working. Residents, stakeholders and partner organisations all have a vital role to play.

What the council can offer	What partners can offer
Trusted civic leadership	Trusted local groups and organisations
Contact points for residents	Contact with residents who are not engaged with the council
Communication channels	Amplifying the message
Role as landlord	Links to residents who are not council tenants
Housing development	Private sector and social housing development
Improving private sector housing standards	Identifying residents living in poor conditions
Attracting external funding for projects	Delivering projects in partnership
Statutory and regulatory expertise	Experts by experience and community insight
Informing, coordinating and supporting action in the city	Sharing learning and providing scrutiny of the council's impact

## The areas for action

Access to energy and water at home is not fair or sustainable when people use more energy or water than they need to, pay too much for their utilities, and don't have enough income to meet their needs. Ensuring affordable and efficient energy for all requires action across three areas:

- **Improving home energy and water efficiency**

The fuel type, heating system, construction and age of a dwelling, along with the efficiency of the lighting and appliances used in it, all influence the energy and water needs of the occupants.

- **Cutting energy and water bills**

Bills are determined by the amount of energy used in a home, and the unit cost and standing charge of the tariff charged to that customer by their supplier.

- **Maximising household income**

Increasing the amount of money coming in to a household, and reducing unnecessary expenditure, can maximise the income available for essential costs such as energy and water.

## How we are taking action now

### Improving home energy and water efficiency

- The council currently offers to eligible households:
  - Free small measures such as draft-proofing, low energy lightbulbs and low-flow shower heads, provided through our Local Energy Advice Partnership home visits<sup>13</sup>
  - Warmer Homes project - free gas central heating systems<sup>14</sup>
  - Free broken gas boiler replacements during the winter period for owner occupiers<sup>15</sup>
  - ECO funding for larger energy saving measures such as loft and cavity wall insulation
  - Home improvement grants and loans
- Requiring new homes to achieve energy efficiency standards which exceed building regulations, in line with national planning policy; and building new council homes that significantly exceed the energy efficiency requirements of national policy
- Insulating council homes to a higher standard than current building regulations

### Cutting energy and water bills

- Switch Portsmouth<sup>16</sup> launched in 2017
- Energy saving and switching advice provided through our Local Energy Advice Partnership home visits
- Promoting social tariffs for water
- Energy efficiency advice service run by the energy services team
- Debt advice to reduce energy and water debt repayments to an affordable level
- Installation of solar PV systems to reduce our tenants' electricity bills

### Maximising household income

- Portsmouth's Tackling Poverty Strategy 2015-20<sup>17</sup> outlines the priorities for action to reduce poverty in the city
- Money advice provided by Advice Portsmouth, our area housing office teams and other partners helps residents by:
  - Ensuring they receive all the benefits and other income they are entitled to
  - Prioritising expenditure and reducing unnecessary costs
  - Finding solutions for unmanageable debt
- Telephone advice to help people maximise their income offered with our Local Energy Advice Partnership home visits
- Funding from Portsmouth Switch and Portsmouth City Community Fund providing small grants to help people in acute fuel poverty
- Helping residents to increase their functional skills and soft skills, to increase their employability and opportunities for pay progression

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<sup>13</sup> [www.applyforleap.org.uk](http://www.applyforleap.org.uk)

<sup>14</sup> [www.warmerhomes.org.uk](http://www.warmerhomes.org.uk)

<sup>15</sup> <https://www.portsmouth.gov.uk/ext/news/portsmouth-residents-can-now-benefit-from-free-emergency-boiler-initiative>

<sup>16</sup> <https://www.ukpower.co.uk/wl/portsmouth>

<sup>17</sup> <https://www.portsmouth.gov.uk/ext/documents-external/cou-tackling-poverty-strategy.pdf>

## The way forward

### Risks

- The national legislative and policy framework does not currently support local authorities to take radical and sustained action to address domestic energy issues.
- External funding streams are often short term and complex.
- The council has limited powers to improve privately rented and owner occupied homes, where energy efficiency is often lowest.
- There are barriers to reaching and engaging with the most vulnerable residents in the city, and in supporting them to make changes to their energy and water needs and usage.

### Opportunities

We have identified a number of areas where there are opportunities to increase access to affordable and sustainable energy and water for everyone. This strategy provides the basis for a robust action plan with multiple area for action and activities. The section below outlines some of the activities to be included within this action plan.

Opportunities that can be achieved by April 2021 are identified as short term, while longer term measures should be achieved by December 2025. The evolving policy and funding landscape will continue to create potential opportunities; this strategy will ensure that the council can work in partnership to utilise future opportunities for the benefit of our residents.

## Improving home energy and water efficiency

### Short term

- Seek access to Innovation funding for smart technologies to improve home energy efficiency
- Target households most in need of improvements using the database of Energy Performance Certificates, innovative data mapping tools and property data on the most energy inefficient homes in the city including systems-built and park homes
- Increase referrals into the existing energy efficiency schemes
- Give a renewed purpose and increased scope to fuel poverty working group to ensure that every potential opportunity is fully utilised
- Trial innovative technologies, for example to reduce carbon emissions, improve heating controllability and reduce damp and mould issues in social housing
- Develop a programme of water saving measures and behavioural advice for vulnerable residents
- Report carbon savings from home energy efficiency interventions into the Portsmouth Climate Change Board and ensure both programmes are aligned
- Utilise academic research support to measure and validate interventions

### Longer term

- Use the Minimum Energy Efficiency Standards regulations to drive support and enforcement to improve efficiency of private rented sector homes
- Develop strategies for engaging owner occupiers to make energy and water efficiency improvements to their homes; seeking delivery of works through external grants where available



- Develop partnerships with healthcare providers in order to deliver home improvements to people who are vulnerable due to health conditions
- Develop domestic solar PV and battery storage models in housing and explore other decentralised energy generation
- Develop business models to support the delivery of low carbon, low cost energy for domestic properties
- Develop near zero carbon and highly water efficient new housing within the city
- Trial near zero carbon retrofit projects within the PCC housing portfolio

## **Cutting energy and water bills**

### **Short term**

- Increase the participation, scope and scale of work undertaken with partners in the multi-agency fuel poverty working group
- Increase the level of engagement with frontline services within the city to enable them to make best use of home energy efficiency services
- Understand what matters to residents to continue to shape the offer available for households within the city
- Monitor schemes to understand when and why people choose not to take up some of the help available, and whether other support is needed; shape schemes to offer a greater level of support to a wider audience
- Improve and extend communication and engagement with residents to help them cut their energy bills
- Encourage the uptake of social water tariffs by vulnerable households and provide water saving advice to residents
- Create a website to act as a centralised online platform through which advice and support can be given, and referrals made

### **Longer term**

- Monitor changes in the energy market and regulatory framework to identify opportunities to reduce energy bills
- Ensure all residents have access to smart meters and other technology to increase energy awareness and reduce wasted energy
- Explore options to provide sustainable low cost energy to Portsmouth residents
- Take advantage of time-of-use tariffs and storage technologies to protect residents from increasing electricity costs

## **Maximising household income**

### **Short term**

- Improve communication and engagement with residents to help them maximise their income
- Improve budgeting support provision for people claiming Universal Credit
- Encourage people to access money advice at an earlier stage to avoid missing out on income
- Improve uptake of income maximisation support following each LEAP home visit
- Ensure partner agencies and residents in the city understand where help is available to maximise income and reduce barriers to access

### Longer term

- Help adults to develop their skills, maximising the potential of apprenticeships, to increase residents' earning potential
- Ensure that the council's regeneration and economic development agenda encourages employability and pay progression at all levels
- Support the creation of green energy jobs for local residents
- Ensure all services working with residents at risk of poverty can help people to engage with employability support to find work or better paid work
- Continue to provide advice and support via foodbanks and other services working with people in financial crisis to address the underlying causes

### Milestones

In order to measure the success of this strategy, a detailed action plan will be developed, that will be led by the council but will focus on working in partnership to deliver the short term and longer term opportunities identified in the strategy. The plan will include measures to assess progress and drive improvement in achieving our strategic objectives.

The action plan will outline in detail what we want to achieve and over what period of time, but the following milestones have already been identified in developing this strategy:

#### Short term - by April 2021

**£2.5 million** of external funding to be secured for measures delivered to vulnerable households in Portsmouth.

**2,000** households living in properties with the lowest EPC rated homes to be contacted with specific support and **500** of these homes improved through funding enabled by this strategy.

A range of communication channels employed to engage every Portsmouth household with information and advice on saving energy and water.

**1,500** referrals to be made into person-centred individual support, resulting in at least **£2,000,000** of lifetime savings and additional income.

Household carbon emissions reduced by an additional **500 tonnes** each year as a result of home energy efficiency improvements.

**1,500** individual water saving measures to be installed for vulnerable households.

#### Longer term - by December 2025

The longer term metrics against which the success of this strategy can be assessed include:

- An improvement in EPC ratings for all tenure types to at least D rating where practicable.
- A reduction in household expenditure and emissions through the development of a domestic solar PV and storage programme.

- Data and learning achieved from trials of innovative technologies to improve home energy efficiency.
- Access to new funding streams likely to become available on the termination of the Energy Company Obligation.
- Greater energy awareness and engagement among Portsmouth's residents.

## Strategic fit

The aims of this strategy and the action that will be taken to deliver it are aligned with other strategic priorities for the city:

- The council's pledge to achieve net zero carbon emissions by 2030
- Economic development and regeneration strategy 2019-36
- The Portsmouth plan
- Tackling poverty strategy 2015-20
- Health and wellbeing strategy 2018-21
- Air quality strategy 2017-27
- Portsmouth air quality local plan
- Nitrate neutrality mitigation measures

## Consultation, monitoring and review

Consultation on this draft strategy will seek input from the community, our partners and other stakeholders, to ensure our vision, strategic objectives and ways of working deliver what matters to the people we serve, and that the way forward provides clear direction to reach our vision.

An action plan will be developed in partnership, which will include key performance indicators in order to measure the success of delivery.

Progress against the strategy will be monitored by Portsmouth's fuel poverty working group, led by the council's energy services team, who will review the actions underway and identify future priorities to meet our objectives.

We will continue to work with universities, strategic partners and government agencies to ensure that activity and outcomes are externally reviewed and validated.



**Agenda item:**

**Title of meeting:** Full Cabinet

**Date of meeting:** 5<sup>th</sup> November 2019

**Subject:** Home energy and water efficiency strategy

**Report by:** James Hill, Director of Housing, Neighbourhood and Building Services

Wards affected: All

Key decision: No

Full Council decision: No

## **1. Purpose of report**

- 1.1 The purpose of this report is to highlight the impact of cold and inefficient homes and high energy costs, and to propose a draft strategy to achieve our vision: To ensure all homes in Portsmouth use energy and water as efficiently as possible for an appropriate level of comfort, safety, health and dignity, so that no Portsmouth household has to worry whether they can afford their energy and water bills.

## **2. Recommendations**

- 2.1. That Cabinet notes the successful work already taking place in Portsmouth to improve home energy and water efficiency, and reduce household bills.
- 2.2. That Cabinet notes the contribution that this strategy can make towards achieving the council's goal of becoming carbon neutral, and increasing water efficiency to mitigate the impact of nitrate levels.
- 2.3. That the Cabinet approves the draft strategy for publication, and has the goal of working together with our residents and stakeholders in the city to ensure that everyone understands the help that is available and can meet their energy needs, to make Portsmouth a fairer, healthier and more prosperous city.
- 2.4. That Cabinet asks officers to begin a two month period of consultation on the draft strategy, engaging with residents, stakeholders and partner organisations who can contribute to shaping and delivering the strategy.
- 2.5. That Cabinet asks officers to lead on the development of a detailed action plan to achieve the strategic objectives, with timescales and measures to assess progress and drive improvement.
- 2.6. That Cabinet asks officers to deliver a marketing and communication campaign around home energy and water efficiency that can engage residents in all

demographic groups, across housing types and tenures, to inform and inspire them to take up the opportunities on offer

### 3. Background

- 3.1. The amount of energy and water used by a household depends on the age, construction and condition of their home, the efficiency of the appliances in it, the cost of energy, and the income they have available. Access to energy and water is essential to achieve an appropriate level of comfort, safety, health and dignity. Too many residents are living in homes that are cold, or spending too much of their income in order to meet these basic needs.
- 3.2. Using the government's Low Income High Costs indicator, over 11,000 households in Portsmouth (12.1%) are estimated to be in fuel poverty<sup>18</sup>. This is higher than the average for England of 10.9%.
- 3.3. Every year there are around 125 more deaths in Portsmouth during the coldest four months of the year compared to the average of the rest of the year<sup>19</sup>. An estimated 30% of these deaths are attributable to the avoidable circumstances of living in cold homes<sup>20</sup>.
- 3.4. It is estimated that over 18,000 homes in Portsmouth would only achieve an Energy Performance Certificate (EPC) rating of E, F or G. The inefficiency of these homes leads to high bills, and unnecessary carbon emissions.
- 3.5. Average annual home electricity bills rose by 5.6% in 2017, 9.1% in 2018, and are predicted to rise further, taking up an increasing proportion of household income. While home gas prices have reduced from a peak in 2014, in real terms gas prices have increased over the last 10 years<sup>21</sup>.
- 3.6. The council is taking action to mitigate the damage being caused by high levels of water-borne nitrates to ecologically significant sites in the Solent. Although around 80% of nitrates in the Solent stem from farming, household wastewater also contains nitrates, and therefore any reduction in water demand contributes to mitigating the damage in the Solent.
- 3.7. The council's energy services team includes officers who are expert in domestic energy efficiency and who are dedicated to administering schemes focussed on tackling fuel poverty. Their work helps to attract external funding to increase energy and water affordability in Portsmouth homes.
- 3.8. The Energy Company Obligation (ECO) is a government energy efficiency scheme to reduce carbon emissions and tackle fuel poverty. Energy suppliers over a certain size must fund measures which improve the ability of low income, fuel poor and vulnerable households to heat their homes. However, the amount of activity currently achieved under ECO does not reflect the level of need or urgency.

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<sup>18</sup> <https://www.gov.uk/government/statistics/sub-regional-fuel-poverty-data-2019>

<sup>19</sup> <https://fingertips.phe.org.uk/public-health-outcomes-framework#page/3/gid/1000044/pat/6/par/E12000008/ati/102/are/E06000044/iid/90641/age/1/sex/4>

<sup>20</sup> <https://www.nea.org.uk/wp-content/uploads/2018/02/E3G-NEA-Cold-homes-and-excess-winter-deaths.pdf>

<sup>21</sup> <https://www.gov.uk/government/statistical-data-sets/annual-domestic-energy-price-statistics>

3.9. The council has declared a climate emergency to highlight the need for urgent action to reduce greenhouse gas emissions. We have pledged to achieve net zero carbon emissions in Portsmouth by 2030, considering both the production and consumption of emissions. Emissions caused by the use of energy in the home comprise 31% of total emissions in the Solent region.

3.10. The council is developing an air quality local plan to reduce air pollution levels as quickly as possible. Although the majority of air pollution in Portsmouth is caused by transport, there is a level of local background pollution, which includes emissions from central heating systems, and therefore this strategy must have regard to the contribution that can be made to improving air quality. The greater impact is likely to be on indoor air quality, due to the mould spores created by condensation in cold homes. However, replacing inefficient boilers for example would reduce unnecessary emissions.

#### **4. Legislative requirements**

4.1 There are no legal requirements relating to the publication of this strategy.

#### **5. Current activity**

5.1 The energy services team based in Housing, Neighbourhood and Building Services is the key team coordinating home energy efficiency improvements in Portsmouth, and has received national recognition for its success in attracting funding and delivering schemes to make homes more energy efficient.

5.2 Building on its reputation, the team is developing ambitious and innovative projects to reach more residents and deliver greater improvements.

5.3 The team coordinates a fuel poverty working group, bringing together agencies from across the city to promote partnership working in tackling fuel poverty. The group has provided training to other agencies in order to increase referrals to fuel poverty support services.

5.4 The council works in partnership with Agility Eco, who use external funding to deliver services to residents in Portsmouth and a number of other areas nationwide. Their LEAP (local energy advice partnership) home energy visits provide a simple referral and access point to a wide range of support including small measures (such as LED lightbulbs or simple draft-proofing), larger measures (such as first time gas central heating installation, and loft and cavity wall insulation), and onward referrals including income maximisation, fire safety and other safeguarding measures. LEAP currently visits around 500 vulnerable households each year.

5.5 Portsmouth City Council is the lead partner in the consortium delivering Warmer Homes - first time gas central heating for any eligible household in Portsmouth that currently has electric heating or gas fires, to replace their expensive and inefficient heating systems. 110 households in Portsmouth have already been assisted under this scheme.

Our emergency boiler replacement scheme has helped around 100 vulnerable households to date access free high efficiency boilers to replace their broken boiler.

- 5.6 The local authority housing team installs high efficiency boilers, cavity wall and loft insulation, and water efficiency measures. Efficiency improvements are considered at each opportunity to update or repair council-owned homes.
- 5.7 The council commissions Advice Portsmouth to provide a range of advice, including money, debt and benefits advice. This can help to ensure that people receive all of the money they are entitled to, that any debt repayments (including outstanding energy and water bill debts) are at an affordable level, and that people are able to manage their money to prioritise their essential outgoings. This advice is also available to city council tenants via their area housing office, where housing officers are supported by a specialist money adviser.
- 5.8 Switch Portsmouth was launched by Portsmouth City Council in partnership with uSwitch in 2017. The council added our brand to a free and impartial energy price comparison website and telephone helpline, to provide users with reassurance that this is a trusted provider. However, use of the service is currently low, reflecting the national situation where just 19% of British consumers switched supplier between July 2017 and June 2018. We are also working with Portsmouth Water and Southern Water to promote their social tariffs (reduced rates for financially disadvantaged customers).

## **6. Purpose of the strategy**

- 6.1 The purpose of the strategy is to outline our vision, identify the challenges we face and areas for action, and set the direction for working in partnership to achieve our objectives. The strategy recommends that the council should take the lead, but that success will depend on enabling strong partnerships and effective collaborative working.
- 6.2 The strategy will provide the basis for the council and partners to attract additional investment to achieve our objectives, building on the success of our current activity, but scaling up delivery to meet the challenge we face.

## **7. Developing the strategy**

- 7.1 The draft strategy has been developed by the council's energy services team and tackling poverty coordinator, who work closely with a number of partners, including the fuel poverty working group, developing and promoting the current offer of support.
- 7.2 The draft strategy should form the basis for collaborative working with a wide range of residents, stakeholders and partner organisations to ensure that we fully understand where action is required, what works, and how we can monitor and assess our impact.
- 7.3 After approval of the draft strategy, officers will initiate a two month period of consultation, providing an opportunity to engage residents and stakeholders, including private and social sector landlords, in reviewing our vision, strategic objectives and ways of working.

7.4 The draft strategy will provide the basis on which the Council and local stakeholders will be able to bid for and obtain the maximum amount of funding available for energy and water efficiency support. Much of this focus will be in identifying emerging technologies and business models.

7.5 The draft strategy will be amended based on feedback from consultation, and the final strategy will be presented to Cabinet for approval in February 2020.

## **8. Action plan**

8.1 Following the consultation stage and approval of the final strategy, officers will lead on the development of a detailed action plan to outline the work that will be undertaken to deliver the short term and longer term opportunities identified in the strategy.

8.2 The action plan will be delivered in partnership, and will include timescales for delivery and measures to assess progress and drive improvement in achieving our strategic objectives.

8.3 The action plan will address the range of needs of different household types, including families, older people, houses in multiple occupancy and students, different property types, from pre-first world war to new build, and levels of income, from those in need of financial support to those able to pay for home improvements.

8.4 The action plan will create actions to ensure that funding received by the council and other local stakeholders is maximised. Officers will work with stakeholders and industry to identify emergent business models and grant funding to support delivery of energy and water efficiency measures.

8.5 Central to the action plan will be a marketing and communication campaign around home energy and water efficiency that can speak to the needs, interests and motivations of all households and stakeholders in the city, and can involve children and young people via schools and other settings. The campaign will include relevant messages for all demographics, to challenge myths, promote best practice, and encourage people to take action now.

8.6 The action plan will reflect the urgent need for action, the ambition of the council to be at the forefront of improvements around home energy and water efficiency, and the importance of innovation in going beyond what has been achieved so far, in order to achieve our vision.

## **9. Expected outcomes**

9.1 Delivering the strategy will enable us to achieve our strategic objectives:

9.1.1 Ensure our residents are informed, active and engaged consumers who take action to reduce energy and water costs and wastage.

9.1.2 Ensure all homes in Portsmouth meet a minimum Energy Performance Certificate rating of D by 2025, where practicable.



- 9.1.3 Lead the way in using new housing developments and refurbishments to reach the highest possible levels of energy and water efficiency, and reduce carbon emissions.
  - 9.1.4 Develop clean energy generation that contributes to reducing fuel poverty, reducing carbon dioxide and other harmful emissions.
  - 9.1.5 Reduce carbon emissions and improve air quality.
  - 9.1.6 Maximise household incomes to ensure every resident exceeds a minimum reasonable standard of living.
  - 9.1.7 Clearly communicate a comprehensive offer of assistance for residents.
- 9.2 The subsequent action plan will outline in detail all activity and outcomes for delivery of the strategy, but the following milestones have already been identified for achievement by April 2021:
- 9.2.1 £2.5 million of external funding to be secured for measures delivered to vulnerable households in Portsmouth.
  - 9.2.2 2,000 households living in properties with the lowest EPC rated homes to be contacted with specific support and 500 of these homes improved through funding enabled by this strategy.
  - 9.2.3 A range of communication channels employed to engage every Portsmouth household with information and advice on saving energy and water.
  - 9.2.4 1,500 referrals to be made into person-centred individual support, resulting in at least £2,000,000 of lifetime savings and additional income.
  - 9.2.5 Household carbon emissions reduced by an additional 500 tonnes each year as a result of home energy efficiency improvements.
  - 9.2.6 1,500 individual water saving measures to be installed for vulnerable households.
- 9.3 Longer term milestones will be specified in further detail as the action plan develops, but areas for action include:
- 9.3.1 An improvement in EPCs for all tenure types to a D rating where practicable.
  - 9.3.2 A reduction in household expenditure and emissions through the development of a domestic solar PV and storage programme.
  - 9.3.3 Data and learning achieved from trials of innovative technologies to improve home energy efficiency.
  - 9.3.4 Access to new funding streams likely to become available on the termination of the Energy Company Obligation.
  - 9.3.5 Greater energy awareness and engagement among Portsmouth's residents.

## **10. Reasons for recommendations**

- 10.1 The recommendations ensure that we recognise and build on the success of work that is already underway, while setting the direction for action until 2025.
- 10.2 It is essential for this strategy to be aligned with the council's strategic priorities, including our carbon neutral goal and work to mitigate nitrate levels.
- 10.3 Publishing the draft strategy for consultation will provide a platform to engage with residents, partners and stakeholders, to ensure that our final

strategy is based on a collaborative vision, putting people at the heart of what we do, and striving to ensure everyone in Portsmouth is able to use energy and water efficiently to meet their needs for comfort, safety, health and dignity.

- 10.4 Leading on the development of a detailed action plan will ensure that the activity required to achieve the strategic objectives is identified and progress can be monitored in order to drive improvement.

## **11. Equality Impact Assessment (EIA)**

- 11.1 A preliminary EIA has been completed and is attached at Appendix 2. It identifies no potential negative impacts on any of the groups with protected characteristics as a result of this report. It recommends reviewing the preliminary EIA to understand if there is a need for a full EIA following the proposed period of consultation.

## **12. Social and environmental impact assessment**

- 12.1 A social and environmental impact assessment has been completed and is attached at Appendix 3. The work recommended by the strategy has positive impacts across a range of issues, and no negative impacts have been identified.

## **13. City Solicitor's comments**

- 13.1 There are no identified legal implications arising from the recommendations set out within this report (if approved). The recommendations will support the City Council's plans and strategic priorities as set out within this report as well as contributing to the Council's duties to address poor housing standards in the private rented sector.

## **14. Director of Finance comments**

- 14.1 There are limited financial implications as a result of approving the recommendations within this report.
- 14.2 The costs of consultation for this strategy will be met from existing cash limited budgets.
- 14.3 If measures, works or initiatives are identified as a consequence of delivering the strategy then funding may be required and these will be delivered within existing approved resources or a request for more funding.

Signed by:

.....  
James Hill, Director of Housing, Neighbourhood and Building Services

### **Appendices:**

Appendix 1 - (Draft) Home energy and water efficiency strategy

Appendix 2 - Preliminary equality impact assessment

Appendix 3 - Social and environmental 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:

## APPENDIX C - ENERGY AND WATER AT HOME STRATEGY CONSULTATION

### Consultation activities

The online consultation was available for anyone to respond to between 17<sup>th</sup> December 2019 and 31<sup>st</sup> January 2020. It was promoted via the council's Your City Your Say network, Team Brief for city council staff, the city council Residents Consortium, the Health and Wellbeing Board, the Tackling Poverty Strategy Steering Group, the HIVE newsletter and the council's website.

The consultation was also discussed and feedback gathered in the following forums:

- Portsmouth Fuel Poverty Working Group
- Portsmouth Climate Action Board
- Portsmouth and District Private Landlords Association
- Houses in Multiple Occupancy Governance Board
- End Fuel Poverty event, sponsored by National Energy Action
- Housing, Neighbourhood and Building Services

The online consultation was completed by 273 respondents.

Of those who provided this information (n = 188), 87.8% responded as individuals, 2.7% as businesses, 0.5% as voluntary and community sector organisations, and 9.0% as other types of organisation.

54.4% of respondents who provided this information (n = 182) were male, 38.5% were female, and 7.1% preferred not to say.

12.1% of respondents considered themselves to have a disability, 80.0% had no disability, and 7.9% preferred not to say, of those who answered this question (n = 190).

157 respondents provided their postcode; 156 of these were PO postcodes.

### Summary of online responses

For each section, we asked respondents whether or not they agreed with what we have written in the draft strategy, and asked for their suggestions on what we should include. The responses we received are summarised below.

**Our vision is 'to ensure all homes in Portsmouth use energy and water as efficiently as possible for an appropriate level of comfort, safety, health and dignity, so that no Portsmouth household has to worry whether they can afford their energy and water bills'.**

**To what extent do you agree or disagree that our vision captures what we should be aiming to achieve?**

Answer Choices	Responses	
Strongly disagree	5.13%	14
Disagree	2.93%	8
Neither agree or disagree	11.72%	32
Agree	40.29%	110
Strongly agree	39.93%	109
	<b>Answered</b>	<b>273</b>

	<b>Skipped</b>	<b>0</b>
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### Suggestions:

6 respondents told us the vision should mention the environment, two of which said it should include the climate emergency.

2 respondents noted that efficiency will not necessarily lead to affordability, so the word 'so' is wrong, and the wording of the vision has been reflected to make this clearer.

2 respondents told us the focus should be specifically on using less energy.

### The draft strategy sets out how we want the vision to be delivered:

- **The council will lead the way in helping our community to make homes more energy & water efficient & low-carbon**
- **Residents will be empowered to reduce their energy & water bills & increase their household income**
- **Support will be offered as widely as possible, to maximise the number of people who benefit, while targeting those most at risk from cold homes, to maximise the impact**
- **The council will develop national partnerships to attract investment in energy & water efficiency into the city**

**To what extent do you agree or disagree that this is how the vision should be delivered?**

Answer Choices	Responses	
Disagree strongly	2.29%	6
Disagree	1.91%	5
Neither agree or disagree	11.07%	29
Agree	52.67%	138
Strongly agree	32.06%	84
	<b>Answered</b>	<b>262</b>
	<b>Skipped</b>	<b>11</b>

12 respondents gave reasons told us which of these they disagreed with. The issues they raised included:

- Partnerships should be local
- History of poor energy efficiency installations
- Portsmouth housing stock being difficult to improve
- Portsmouth does not have a shortage of water

**Is there anything else we should be thinking about in relation to how we work (i.e. how the strategy will be delivered)?**

Many of the comments here were about what the council should be doing, or not be doing, which is addressed elsewhere. A number of comments referred to commercial

and industrial use of energy and water, and water wastage by the water supplier, which is outside of the scope of this strategy.

There were some comments relating to how we should work:

- Don't help only on those with the lowest incomes
- Capture the hearts and minds of tenants and landlords
- Work with schools and educate children
- Communicate what is available and what residents can do
- Focus on reducing energy in existing buildings, segmented by tenure
- Financial and human resources to deliver the strategy
- Timescales for actions

Outside scope

- Deliver this in other local authority areas in Hampshire
- Non-domestic buildings

**The strategy identifies three workstreams, or areas of activity, that will be required. These will form the basic structure of the action plan, with detailed actions and measures under each workstream. They are:**

- 1. Improving home energy and water efficiency**
- 2. Cutting energy and water bills**
- 3. Maximising household income**

**To what extent do you agree or disagree that our action plan should be based on these three workstreams?**

Answer Choices	Responses	
Strongly disagree	2.44%	6
Disagree	1.63%	4
Neither agree or disagree	11.79%	29
Agree	45.93%	113
Strongly agree	38.21%	94
	<b>Answered</b>	<b>246</b>
	<b>Skipped</b>	<b>27</b>

Only 10 respondents gave any reasons for disagreement, with the most significant reasons given being that the council does not have any means to achieve these outcomes.

Two respondents noted that 'workstream' is unnecessary jargon and this has been amended in the strategy to 'Areas for Action'.

**Are there any other workstreams, or areas of work, that you think should be included in this strategy?**

- Renewable energy generation and supply - 13 responses
- Awareness, behaviours and attitudes - 5

- Research and evidence - 4
- Reduce energy use - 3
- Insulation - 2
- Improve building fabric - 2
- Amend Planning regulations for development of sustainable homes - 2
- Vulnerable residents
- Rainwater harvesting
- Double-glazing
- Planned maintenance to reduce leaking taps
- Hosepipe charges
- Working with energy providers to provide free fuel saving devices
- Amend conservation regulations to enable buildings to be improved
- Encourage water meters
- Target landlords
- Improve systems-built homes
- Work with local businesses and charities
- Switch from gas to renewables
- Reduce the cost of waste water
- Grants for efficient heating
- Reliability of service
- Provision for each tenure: council, housing association, owner occupier, private landlord
- Carbon emission savings
- New local authority homes built to Passivhaus standard
- Finance and human resources required to fulfil strategy

#### Outside scope

- Industrial and commercial buildings, energy and water - 6 responses
- Transport - 2
- Waste management
- Mains water leakage
- Recycling and re-use
- Promoting wildlife
- Water bottle refill points
- Reduce housebuilders' profits
- Infrastructure and sewage
- Renewable energy strategy for the city

**The draft strategy includes examples of opportunities for action we have identified, in the short term and longer term. We are now going to ask you about the opportunities in more detail. Examples of short-term opportunities (by April 2021) for action:**

#### **Improving home energy and water efficiency**

- Seek access to Innovation funding for smart technologies to improve home energy efficiency
- Target households most in need of improvements using the database of Energy Performance Certificates, innovative data mapping tools and property data on the most energy inefficient homes in the city including systems-built and park homes
- Increase referrals into the existing energy efficiency schemes
- Give a renewed purpose and increased scope to fuel poverty working group to ensure that every potential opportunity is fully utilised
- Trial innovative technologies, for example to reduce carbon emissions, improve heating controllability and reduce damp and mould issues in social housing
- Develop a programme of water saving measures and behavioural advice for vulnerable residents
- Report carbon savings from home energy efficiency interventions into the Portsmouth Climate Change Board and ensure both programmes are aligned
- Utilise academic research support to measure and validate interventions

**To what extent do you agree or disagree with these short-term opportunities (by April 2021) for improving home energy and water efficiency?**

Answer Choices	Responses	
Strongly disagree	2.62%	6
Disagree	1.31%	3
Neither agree or disagree	13.10%	30
Agree	53.71%	123
Strongly agree	29.26%	67
	<b>Answered</b>	<b>229</b>
	<b>Skipped</b>	<b>44</b>

Only 9 respondents gave any reasons for disagreement, which focussed on this not being an appropriate role for the council, cost to the taxpayer, risk of increasing costs to households and inappropriate use of personal data.

**Are there any other important short term opportunities to improve home energy and water efficiency that you think we should also include?**

- Improve building fabric - 7 responses
- Changing planning regulations to cut carbon - 6
- Subsidise / increase number of solar panels - 5
- Impartial information and advice - 4
- Raise awareness of responsible use of resources - 4
- Work with private landlords - 4
- Promote water meters - 3
- Education on treating cold and damp homes - 2
- New technologies to increase warmth and reduce condensation and mould - 2



- Replace inefficient boilers - 2
- Promote or subsidise rainwater harvesting - 2
- Subsidise suitable water butts - 2
- Work with Portsmouth Water to provide water-saving devices - 2
- Citywide survey of what help residents would like to receive
- Ensure big energy and water firms contribute
- Provide support to house builders to make the homes they build more efficient
- Improve drainage system to prevent blockages and wasted water used in clearing them
- Reduce water bills for smaller households
- More ambitious targets
- Fair access regardless of financial circumstances
- Billboard campaign of information and results
- Do not rely on EPC certificates which may be out of date
- Work with uSwitch to promote energy switching
- Put low energy lightbulbs in council homes

#### Outside scope

- Mains water leakage - 5 responses
- Corporate energy efficiency measures - 2
- Combine the 2 water companies
- PCC's corporate electricity supply and usage - 2
- Waste management - 2
- Transport - 2
- Carbon cost of manufacturing energy and water interventions
- Wind up Victory Energy

#### Examples of longer-term opportunities (by December 2025) for action:

##### Improving home energy and water efficiency

- **Use the Minimum Energy Efficiency Standards regulations to drive support and enforcement to improve efficiency of private rented sector homes**
- **Develop strategies for engaging owner occupiers to make energy and water efficiency improvements to their homes; seeking delivery of works through external grants where available**
- **Develop partnerships with healthcare providers in order to deliver home improvements to people who are vulnerable due to health conditions**
- **Develop domestic solar PV and battery storage models in housing and explore other decentralised energy generation**
- **Develop business models to support the delivery of low carbon, low cost energy for domestic properties**
- **Develop near zero carbon and highly water efficient new housing within the city**
- **Trial near zero carbon retrofit projects within the PCC housing portfolio**

**To what extent do you agree or disagree with these longer term opportunities for improving home energy and water efficiency?**

Answer Choices	Responses	
Strongly disagree	2.74%	6
Disagree	1.83%	4
Neither agree or disagree	11.42%	25
Agree	48.40%	106
Strongly agree	35.62%	78
	<b>Answered</b>	<b>219</b>
	<b>Skipped</b>	<b>54</b>

**Are there any other important longer term opportunities to improve home energy and water efficiency that you think we should also include?**

- Provide and encourage others to build solar PV and other renewables, including through subsidies - 12 responses
- Changing planning regulations to cut carbon - 6
- Improve building fabric - 5
- Consider homeowners who can't afford to improve their home - 2
- Replace Victorian terraced housing on a rolling programme of compulsory purchase and decanting residents - 2
- Replace gas boilers with air source heat pumps - 2
- Water metering and smart energy metering - 2
- Use powers to improve private rented sector - 2
- Advice and information for residents - 2
- Act more quickly - 2
- Promote behaviour change
- Banning solid fuel fires and stoves
- Rainwater harvesting
- Achieve improvements faster than required by MEES regulations
- Action on private rented sector homes, including student homes
- Ensure action on the private rented sector does not make homes unaffordable or increase evictions
- Reduce lime scale
- Review outcomes 6 monthly
- Grants to improve homes

**Outside scope**

- Transport, including electric vehicles - 2 responses
- Delivery models of housing developments
- Mains water leakage
- Population reduction
- Sewage
- Make renting more affordable

- Desalination plants

**Examples of short-term opportunities (by April 2021) for action:**

#### **Cutting energy and water bills**

- Increase the participation, scope and scale of work undertaken with partners in the multi-agency fuel poverty working group
- Increase the level of engagement with frontline services within the city to enable them to make best use of home energy efficiency services
- Understand what matters to residents to continue to shape the offer available for households within the city
- Monitor schemes to understand when and why people choose not to take up some of the help available, and whether other support is needed; shape schemes to offer a greater level of support to a wider audience
- Improve and extend communication and engagement with residents to help them cut their energy bills
- Encourage the uptake of social water tariffs by vulnerable households and provide water saving advice to residents
- Create a website to act as a centralised online platform through which advice and support can be given, and referrals made

**To what extent do you agree or disagree with these short-term opportunities for cutting energy and water bills?**

Answer Choices	Responses	
Strongly disagree	1.41%	3
Disagree	1.41%	3
Neither agree or disagree	12.21%	26
Agree	53.99%	115
Strongly agree	30.99%	66
	<b>Answered</b>	<b>213</b>
	<b>Skipped</b>	<b>60</b>

Six respondents disagreed with these examples, with responses mainly focussing on this not being the council's role.

**Are there any other important short term opportunities for cutting energy and water bills that you think should also be included?**

- Encourage water metering - 5 responses
- Subsidise solar panels - 3
- Work with landlords - 3
- Cost effective and impartial home energy advice service available to residents who can afford to pay - 2
- Information via other channels in addition to website - 2
- Change residents' attitudes - 2
- Changing planning regulations to cut carbon - 2
- Review and include customers
- Control the amount that energy and water companies can charge

- Provide free insulation
- Promote full range of support from water companies for customers in financial hardship
- Provide smart thermostats
- Provide information and advice in the community
- Train plumbers in heat source pump installation
- Reduce residents Christmas lighting
- Understand what stops households making improvements
- Ensure improvements are appropriate, e.g. cavity wall insulation
- Grants to improve homes

#### Outside scope

- Monitor mains water leakage - 2 responses
- Public transport
- Heavier financial penalties against water and energy firms for poor service, restrict profits
- Desalination plant
- Penalise households with unhealthy behaviours

#### Examples of longer-term opportunities (by December 2025) for action:

##### Cutting energy and water bills

- **Monitor changes in the energy market and regulatory framework to identify opportunities to reduce energy bills**
- **Ensure all residents have access to smart meters and other technology to increase energy awareness and reduce wasted energy**
- **Explore options to provide sustainable low cost energy to Portsmouth residents**
- **Take advantage of time-of-use tariffs and storage technologies to protect residents from increasing electricity costs**

**To what extent do you agree or disagree with these longer-term opportunities for cutting energy and water bills?**

Answer Choices	Responses	
Strongly disagree	1.46%	3
Disagree	4.39%	9
Neither agree or disagree	15.12%	31
Agree	48.78%	100
Strongly agree	30.24%	62
	<b>Answered</b>	<b>205</b>
	<b>Skipped</b>	<b>68</b>

Twelve respondents stated which opportunities they disagreed with, and of these, eight were opposed to smart meters and other technology.

**Are there any other important longer term opportunities to cut energy and water bills that you think should be included?**

- Increase renewable energy generation to create cheaper energy for residents - 10 responses
- Information for residents - 3
- Rainwater harvesting and other water recycling - 3
- Speed up provision of effective smart meters - 3
- Improve building fabric - 2
- Encourage water metering - 2
- PCC supplying energy
- Focus on student homes and landlords
- Build coal, CCGT or nuclear power plants
- Fair tariffs for those not online or using direct debits
- Improve systems-built homes
- Enforcement on private rented sector landlords
- Replace inefficient boilers
- Research simple retrofits
- Grants to improve homes

**Outside scope**

- Sewage
- Road maintenance

**Examples of short-term opportunities (by April 2021) for action:**

**Maximising household income**

- Improve communication and engagement with residents to help them maximise their income
- Improve budgeting support provision for people claiming Universal Credit
- Encourage people to access money advice at an earlier stage to avoid missing out on income
- Improve uptake of income maximisation support following each LEAP home visit
- Ensure partner agencies and residents in the city understand where help is available to maximise income and reduce barriers to access

**To what extent do you agree or disagree with these short-term opportunities for maximising household income?**

Answer Choices	Responses	
Strongly disagree	0.98%	2
Disagree	2.45%	5
Neither agree or disagree	20.10%	41
Agree	41.18%	84
Strongly agree	35.29%	72
	<b>Answered</b>	<b>204</b>
	<b>Skipped</b>	<b>69</b>

Although over three quarters of respondents agreed or strongly agreed, this was the lowest level of agreement of all of the consultation questions (76.47%). The comments indicated that some respondents did not see the relevance of supporting residents around income, when most of the strategy focusses on the need for and supply of energy and water to homes. However, income is a crucial factor in fuel poverty and therefore is central to that area of this strategy.

Eight respondents gave reasons for disagreeing, with two people stating that residents should not be supported to claim their full entitlements, and one stating that increasing income will encourage more energy use.

### **Are there any other important short term opportunities to maximise household income that you think we should also include?**

- Budgeting information and training - 7 responses
- Provide or subsidise renewable energy generation for homes - 4
- Support residents into employment - 3
- Reduce advertising for gambling
- Debt support
- Provide free childcare and transport for low wage workers
- Create employment for young people
- Charge rents monthly instead of weekly
- Promote washing lines instead of tumble dryers
- Promote knitting for warmer clothes
- Access to the internet
- Improve school outcomes for better employment prospects
- Give people choice
- Healthy weight support
- Help low income workers
- Enable people to go out so they don't have to stay at home with the heating on
- Raise awareness of what's available
- Minimum £10 per hour wage in all Portsmouth employers

### **Outside scope**

- Amend the social security system - 2 responses
- Heavier financial penalties against water firms for poor service
- Sewage

### **Examples of longer-term opportunities (by December 2025) for action:**

#### **Maximising household income**

- **Help adults to develop their skills, maximising the potential of apprenticeships, to increase residents' earning potential**
- **Ensure that the council's regeneration and economic development agenda encourages employability and pay progression at all levels**

- **Support the creation of green energy jobs for local residents**
- **Ensure all services working with residents at risk of poverty can help people to engage with employability support to find work or better paid work**
- **Continue to provide advice and support via foodbanks and other services working with people in financial crisis to address the underlying causes**

**To what extent do you agree or disagree with these longer-term opportunities for maximising household income?**

Answer Choices	Responses	
Strongly disagree	1.00%	2
Disagree	1.49%	3
Neither agree or disagree	14.43%	29
Agree	45.77%	92
Strongly agree	37.31%	75
	<b>Answered</b>	<b>201</b>
	<b>Skipped</b>	<b>72</b>

Five people gave reasons for disagreeing, which included statements that income is not related to energy and water.

**Are there any other important longer term opportunities to maximise household income that you think we should also include?**

- Financial investment and attracting businesses to Portsmouth - 3 responses
- Budgeting information and training - 3
- Supply cheap solar PV - 2
- Better cycle routes to reduce travel costs
- Work with University of Portsmouth to offer reduced tuition fees to local residents
- Multi-agency approach to ensure all residents get support and advice
- Create an expert 'green' department in PCC
- Create an affordable indoor market
- Create more green jobs, more quickly
- Create more job share opportunities
- Help small businesses to provide apprenticeships
- Help people to find work suited to them
- Encourage businesses to provide childcare
- Support the creation of small businesses that improve home energy efficiency
- Make more housing affordable
- Careers advice in schools, working with local businesses
- Education providers to promote energy efficiency
- Support for anyone accessing a foodbank
- Grants to improve homes

Outside scope

- Reduce family size
- Combine the 2 water companies

- Sewage

### **Further comments regarding the strategy**

73 people told us they would like to help the council in the delivery strategy. Of the 34 who told us how they would like to be involved, included five who wanted to help the council to raise awareness of the help available to residents.

### **Summary of feedback from partnership boards and other forums**

#### **Climate Action Board -**

- Support able to pay homes to invest in energy efficiency measures and renewable energy generation
- ASHP - help residents learn how to efficiently use system & apply for RHI
- Trial Energiesprong retrofits
- Educate residents on benefits of relatively low cost measures such as insulation
- Work with PCC term service contractors such as Liberty Gas, Mountjoy and Comserv to get them to educate residents on energy efficiency/climate action. Get them to also look at this within their companies.
- Influence new build standards of private house builders and housing associations (Inc. Vivid) to prioritise energy efficiency & climate change mitigation
- The board suggested that they would be able to promote our energy saving schemes in future using retrofit case studies
- Suggested we should use Switched On Portsmouth to promote carbon reduction
- The climate board will be placing bids for funding which they could use to supply staff resource

#### **Fuel Poverty Working Group -**

- Citizens advice Gosport suggested that the majority of people with fuel debt issues are aged 40-60: target support at them
- Use local partnerships to promote available services
- Add education/comms as a new work stream
- Questioned where the 500 tonnes of CO2 savings figure came from, and what this means for energy and water savings
- Questioned whether setting an aim of getting all homes to EPC D was ambitious enough
- Suggested that we tie in more about the climate emergency.
- Promote water social tariffs
- Lobby central government for policy change
- Prioritise thermal comfort over carbon emissions for vulnerable households.



## **Portsmouth and District Private Landlords Association -**

- Provide comprehensive support for landlords to help them improve the energy efficiency of their properties - help packs/via Switched On Portsmouth
- Education on ECO eligibility
- Engage with PCC Private Sector Housing: help them support landlords
- Educate students on energy efficiency - contact the university

## **Houses in multiple occupancy monitoring board**

- Increasing number of student lets with bills included, which could affect usage
- Private sector housing engage with students and residents of all licenced HMOs and could use these interactions to promote energy and water offer
- 'Workstream' is jargon - avoid
- The strategy must make clear how it contributes to the zero carbon target - should carbon reduction be a specific focus?
- Vulnerable adults on lower incomes living in HMOs often have shared key meters for all energy except the essentials e.g. smoke detectors electricity supply paid by landlord. This can mean residents go without energy due to issues between residents on paying the costs.
- Some Portsmouth stock types are hard to treat and can be made worse by standard interventions e.g. cavity wall insulation. Could council teams work together to develop guidance for landlords and homeowners on issues and best practice?

## **Planning Policy -**

- Acknowledge uncertainty over local authorities' future abilities to extend new build standards (waiting for Future Homes Standard publication after current consultation period)
- Link strategy with the Local Plan: Portsmouth specific new build planning policy

## **Public Health -**

- Welcome efforts to reduce fuel poverty as a major driver of ill health
- Support innovation to tackle climate crisis: especially the replacement of gas boilers
- Public health can help support bid applications in future

## **Agility Eco -**

- ECO funding is only confirmed until March 2022, and the Warm Homes Discount Industry Initiatives scheme (which funds LEAP, ECHO and HEART) is only confirmed until March 2021.
- Lobby government to extend financial support

## APPENDIX D - Energy and Water at Home Action Plan

### Summary:

The below action plan sets out the actions arising from the Domestic Energy and Water Efficiency Strategy. This is a live document, and as such, is liable to change; as opportunities, such as funding, demand and business models, arise. This action plan has been put together using demands identified by consultation with PCC's internal and external partners and key organisations within the city; as well as through feedback from the wider public.

Action Planned	Who	When	Resources	Further Information	Tenure
Ongoing, live communications strategy and action plan to promote services and advice	Energy Services	Ongoing	Internal PCC funding, Energy Redress as distributed via The Energy Saving Trust, admin fees from Affordable Warmth Solutions & rebate payments from Agility Eco.	Ongoing requirement to assess strategy and develop around accessible funding and demand	All
In-depth, repeat energy visit for scheme with additional outcomes and offers to LEAP	Energy Services	Spring 2020	Energy Redress as distributed via The Energy Saving Trust	Funding complete April 2022	All
Free-phone advice line	Energy Services	Spring 2020	Energy Redress as distributed via The Energy Saving Trust	Funding complete April 2022	All
Develop blog and advice	Energy Services	Spring 2020	Internal PCC funding	Ongoing requirement to update monthly	All
Collate data to identify worse energy performing homes in the city	Energy Services	Spring 2020	EPC data and academic resources	Can be used to develop further offerings around solar, MEES, able-to-pay offers etc.	All
Letter campaign to target 'worst-first' homes	Energy Services	Spring – Summer 2020	Internal PCC funding	Offer around Warmer Homes initially. Can be used to develop ECO offer further.	All

Water Efficiency Scheme	Energy Services	Ongoing	Working with Portsmouth Water and HNB Planned Maintenance service to further develop offer	Amalgamated into existing homes visits and social housing voids and repairs processes	All
Pilot a schools campaign to give talks	Energy Services	Summer – Autumn 2020	Can resource with existing staff; additional resource may be required if pilot successful	To be developed post-heating season and delivered in the run-up to the start of the next.	All
Work with Superzone Pilot, targeting small area to improve children's health	Tackling Poverty Coordinator	2020	Existing staff and service delivery resources	Increase uptake of support to reduce condensation and mould in order to improve children's respiratory health	All
Work with Agility Eco to measure and improve impact of income maximisation support	Tackling Poverty Coordinator	Autumn 2020	Existing staff and service delivery resources	Understand what works and identify other opportunities to maximise household income	All
Innovation Projects	Energy Services	Summer 2020	Work with the universities to develop new projects based on innovation.	To include smart controls, monitoring or nascent energy efficiency technologies.	All
Develop model for retrofitting social housing	Planned Maintenance	Spring 2021	Work with University to develop retrofit and energy efficiency strategy	Potential to be used by other tenures	Social Housing
Specify low flow appliances for social housing	Planned Maintenance	Ongoing	Existing staff resource	To be used for ongoing maintenance and refurbishment works	Social Housing
Trial zero carbon homes retrofits	Planned Maintenance	Summer 2021	Work up feasibility	To inform further projects; including cross-tenure	Social Housing
Expansion of district heating networks	Energy Services	From Autumn 2020	External consultancy support; to be confirmed	Potential to incorporate non-social housing in future expansions	Social Housing
Solar PV and storage to individual social houses	Energy Services	From Summer 2021	To be confirmed	Pilots being undertaken currently in landlord supplies. Will inform cross-tenure projects	Social Housing
Development of materials to support private landlords and students	Energy Services	Summer 2020	Existing resources	Potential cross over to other tenures	Private Rental
MEES advice and support service	Energy Services	Summer 2021	To be confirmed	Assist private landlords to identify appropriate measures to keep homes compliant with MEES	Private Rental

Enforcement of MEES	To Be Confirmed	Summer 2021	To be confirmed	To enforce compliance with central government legislation	Private Rental
'Trusted Trader' lists	Energy Services/ Procurement	Summer 2021	To be confirmed. Can be staggered by technology	To give confidence of value and quality of solar, heating and insulation. Potential to aggregate installations via 'auctions'	Owner Occupier
Low-cost Finance for Energy Efficiency Measures	Energy Services/ Finance	Spring 2022	To be confirmed	To allow homes owners to install measures and repay with savings made	Owner Occupier
Financed Solar PV and Storage Offer	Energy Services/ Finance	Spring 2022	To be confirmed	Potentially cross-tenure. Requires market to mature	Owner Occupier

## APPENDIX E - ENERGY AND WATER AT HOME COMMUNICATIONS STRATEGY

Date	13/02/2019
Job	Energy and Water at Home Strategy
Lead officers	Andrew Waggott, Kyle Mattison
Aim/Purpose	<p><b>Background:</b> The Energy and Water at Home Strategy aims to ensure all homes in Portsmouth use energy and water as efficiently as possible for an appropriate level of comfort, safety, health and dignity; and that every Portsmouth household can afford their energy and water bills.</p> <p><b>Strategic Objectives</b> To achieve this we have established the following strategic objectives:</p> <ul style="list-style-type: none"> <li>• Ensure our residents are informed, active and engaged consumers who take action to reduce energy and water costs and wastage.</li> <li>• Ensure all homes in Portsmouth meet a minimum Energy Performance Certificate rating of D by 2025 where practicable.</li> <li>• Lead the way in using new housing developments and refurbishments to reach the highest possible levels of energy and water efficiency, and reduce carbon emissions.</li> <li>• Develop clean energy generation that contributes to reducing fuel poverty, reducing carbon dioxide and other harmful emissions.</li> <li>• Reduce carbon emissions and improve air quality.</li> <li>• Maximise household incomes to ensure every resident exceeds a minimum reasonable standard of living.</li> <li>• Clearly communicate a comprehensive offer of assistance for residents.</li> </ul> <p>This strategy will contribute to the council's action plan to achieve net zero carbon emissions in Portsmouth by 2030.</p> <p><b>Marketing and Communications</b> The council have been active in promoting energy efficiency schemes, schemes and advice to residents. With more work to be done, the council will build of a base of current marketing and communications activity. Current activity includes:</p> <ul style="list-style-type: none"> <li>• The build and launch of the Switched On Portsmouth website. Combining a range of energy saving initiatives, advice and schemes.</li> <li>• Multiple targeted social media campaigns promoting website and schemes.</li> <li>• A variety of printed collateral for use at council and community events.</li> <li>• A number of press releases and website articles promoting the opening of new schemes, launch of website, launch of public consultation for the Energy and Water at Home Strategy, etc.</li> </ul>

	<ul style="list-style-type: none"> <li>• Over 100 resident engagement events held across community centres, libraries and other public venues.</li> <li>• Awareness event hosted at Portsmouth Central Library for variety of stakeholders.</li> <li>• Targeted letter drops at Portsmouth homes known to be eligible for energy efficiency schemes.</li> <li>• Inclusion in a number of PCC owned distribution channels including email communications, print publications (House Talk and Flagship), internal Civic Offices screen adverts, etc.</li> <li>• Exposure on external channels including NEA newsletter, Portsmouth News, LEAP newsletter, Affordable Warmth Solutions, Gosport Borough Council Newsletter.</li> <li>• Presented with the National Energy Efficiency award for social responsibility 2019 whilst being specially commended in the Council of the Year category. Also presented with the Council of the Year award at the South East Energy Efficiency Awards 2019.</li> </ul>
SMART Objectives	<p>All objectives to be achieved before the end of the 2021 heating season (March 2021):</p> <ul style="list-style-type: none"> <li>• Acquire 7,500 users on the Switched On Portsmouth website</li> <li>• To achieve 25,000 page views on Switched On Portsmouth website.</li> <li>• Targeted letter drops to 2,000 vulnerable households sign-posting to schemes or schemes.</li> <li>• Achieve 5,000 link clicks through targeted promotion on social media channels.</li> <li>• Reach 100,000 people in total through social media promotion.</li> <li>• Consistently feature in PCC marketing channels, both online and offline, including email communications and print publications.</li> <li>• Host a further 25 resident engagement events promoting schemes and website.</li> </ul>
Audiences and Tools	<ul style="list-style-type: none"> <li>• <b>Audience</b> Every household in the city can benefit from Switched On Portsmouth. With targeted offers dependent on tenure, vulnerability criteria and property characteristics.</li> <li>• <b>Area covered:</b> Portsmouth. Many schemes also eligible in Gosport &amp; Havant</li> <li>• <b>Demographic of residents:</b> Every household and resident in Portsmouth: from single parents, through to vulnerable elderly residents or young people/school children. The schemes and schemes hosted on the Switched On Portsmouth website have a broad eligibility criteria meaning different demographics can be targeted. With the addition of advisory content, including blogs and useful videos, the communications campaign will target different demographic types through a variety of marketing channels. Specific online and offline promotion will target different demographics dependent on which scheme or initiative is appropriate. For example, energy saving home-visits may be more appropriate for vulnerable residents through print publications, whereas an informative video with</li> </ul>

	<p>helpful advice may be more appropriate for a younger audience through digital channels.</p> <ul style="list-style-type: none"> <li>• <b>Tools:</b> website, social media, blog, email communications, print publications, community events, letter drops,</li> </ul>
Risks/Potential Issues	<ul style="list-style-type: none"> <li>• Internal and external staff resource to deal with number of enquiries coming through may be stretched.</li> <li>• Offer becomes muddled with too many messages being centralised.</li> <li>• Using external referral forms on owned website can lead to poor user experience as functionality is limited. Need to work closely with partners to rectify.</li> </ul>
Action Plan	<p><b>Internal:</b></p> <ol style="list-style-type: none"> <li>1. Maintain dedicated website and update with relevant schemes and content.</li> <li>2. Build a Switched On Portsmouth social media presence with associated channels.</li> <li>3. Further targeted social media promotion including paid adverts.</li> <li>4. Articles in House Talk, Term Times and Flagship magazine.</li> <li>5. Utilise in-house bulletins as well as email communications.</li> <li>6. PCC internet and intranet campaign banner.</li> <li>7. Further targeted letter drop marketing.</li> <li>8. Meet with internal teams who are in regular contact with residents in order to disseminate messages of schemes.</li> <li>9. Link up with schools to offer materials for classroom learning.</li> </ol> <p><b>External:</b></p> <ol style="list-style-type: none"> <li>1. Press releases when schemes go live or when additional schemes are added (other instances applicable).</li> <li>2. External events with partner organisations showcasing schemes.</li> </ol> <p><b>Further potential action:</b></p> <ol style="list-style-type: none"> <li>1. Animated explainer and advice videos (dependent on funding).</li> <li>2. Additional social media promotion (dependent on further funding).</li> <li>3. Further social media boosted posts/ads (dependent on further funding).</li> </ol>
Budget and Spend	<ul style="list-style-type: none"> <li>• To utilise an appropriate budget across marketing channels to supplement activity where needed. Recently secured redress funding to support activity.</li> <li>• Apply for and use ad hoc budgetary supplements from partners including Agility Eco, NEA, tEC, Affordable Warmth Solutions, etc.</li> </ul>
Results from evaluation	TBC



# Integrated Impact Assessment (IIA)

Integrated impact assessment (IIA) form December 2019

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

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

- identify those policies, projects, services, functions or strategies that could impact positively or negatively on the following areas:
  - Communities and safety
  - Regeneration and culture
  - Environment and public space
  - Equality & - Diversity This can be found in Section A5

Directorate:

Housing, Neighborhood & Building Services

Service, function:

Energy Services

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

Energy and Water at Home: A strategy for efficiency and affordability for every household in Portsmouth 2020-2025

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

- ☐ Existing
- ☒ New / proposed
- ☐ Changed

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

To ensure all homes in Portsmouth use energy and water as efficiently as possible for an appropriate level of comfort, safety, health and dignity, so that no Portsmouth household has to worry whether they can afford their energy and water bills.



Has any consultation been undertaken for this proposal? What were the outcomes of the consultations? Has anything changed because of the consultation? Did this inform your proposal?

A consultation stage was carried out for a period of two months - the draft strategy was available to key stakeholders and the wider public. This process identified key themes which have been incorporated into the strategy and supporting documents. This includes the incorporation of more specific actions into the action plan and communication strategy.

## A - Communities and safety

Yes

No

Is your policy/proposal relevant to the following questions?

### A1-Crime - Will it make our city safer?



In thinking about this question:

- How will it reduce crime, disorder, ASB and the fear of crime?
- How will it prevent the misuse of drugs, alcohol and other substances?
- How will it protect and support young people at risk of harm?
- How will it discourage re-offending?

If you want more information contact [Lisa.Wills@portsmouthcc.gov.uk](mailto:Lisa.Wills@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-spp-plan-2018-20.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

All residents across tenure in the city will benefit from the strategy and the action plan. Including residents in the consultation and delivery of the strategy, particularly in relation to promoting the help that is available to friends, family and the wider community, can increase social cohesion and strengthen communities. There are no potential negative impacts.

How will you measure/check the impact of your proposal?

Customer satisfaction surveys. Direct interactions with residents. Number of residents referred to support schemes by friends/family/community.

## A - Communities and safety

Yes

No

Is your policy/proposal relevant to the following questions?

### A2-Housing - Will it provide good quality homes?



In thinking about this question:

- How will it increase good quality affordable housing, including social housing?
- How will it reduce the number of poor quality homes and accommodation?
- How will it produce well-insulated and sustainable buildings?
- How will it provide a mix of housing for different groups and needs?

If you want more information contact [Daniel.Young@portsmouthcc.gov.uk](mailto:Daniel.Young@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/psh-providing-affordable-housing-in-portsmouth-april-19.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The strategy will be used to drive high standards in new developments, and improvements to existing stock such as improved energy efficiency, thermal comfort and the reduction of condensation and mould. Vulnerable

households will be targeted to ensure affordable running costs. Carbon emissions from the domestic housing sector will be reduced overall.		
How are you going to measure/check the impact of your proposal?		
Number and financial value of improvements. Efficiency standards of new homes.		
<b>A - Communities and safety</b>	<b>Yes</b>	<b>No</b>

Is your policy/proposal relevant to the following questions?

<b>A3-Health - Will this help promote healthy, safe and independent living?</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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In thinking about this question:

- How will it improve physical and mental health?
- How will it improve quality of life?
- How will it encourage healthy lifestyle choices?
- How will it create healthy places? (Including workplaces)

If you want more information contact [Dominique.Letouze@portsmouthcc.gov.uk](mailto:Dominique.Letouze@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cons-114.86-health-and-wellbeing-strategy-proof-2.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

Cold homes are linked to ill mental and physical health effects - this strategy lays out plans and actions to reduce the amount of cold homes in the city; improving physical and mental health. Reducing cold homes will also reduce the risk of falls and other health issues exacerbated by the cold. Home energy visits identify fire risks and refer to the fire service when needed.		
How are you going to measure/check the impact of your proposal?		
Interventions provided to users of mental health services. Interventions provided to respiratory and circulatory patients. Number of referrals to the fire service.		
<b>A - Communities and safety</b>	<b>Yes</b>	<b>No</b>

Is your policy/proposal relevant to the following questions?

<b>A4-Income deprivation and poverty-Will it consider income deprivation and reduce poverty?</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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In thinking about this question:

- How will it support those vulnerable to falling into poverty; e.g., single working age adults and lone parent households?
- How will it consider low-income communities, households and individuals?
- How will it support those unable to work?
- How will it support those with no educational qualifications?

If you want more information contact [Mark.Sage@portsmouthcc.gov.uk](mailto:Mark.Sage@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-homelessness-strategy-2018-to-2023.pdf>

<https://www.portsmouth.gov.uk/ext/health-and-care/health/joint-strategic-needs-assessment>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The strategy focuses on maximising income, reducing expenditure on essential household utilities and setting up affordable debt repayments, with the overall aim to improve household budgets.

How are you going to measure/check the impact of your proposal?

Additional income achieved. Number of customers switching to cheaper energy tariffs. Debt advice interventions and outcomes.

## A - Communities and safety

Yes

No

Is your policy/proposal relevant to the following questions?

**A5-Equality & diversity** - Will it have any positive/negative impacts on the protected characteristics?



In thinking about this question:

- How will it impact on the protected characteristics-Positive or negative impact (Protected characteristics under the Equality Act 2010, Age, disability, race/ethnicity, Sexual orientation, gender reassignment, sex, religion or belief, pregnancy and maternity, marriage and civil partnership,socio-economic)
- What mitigation has been put in place to lessen any impacts or barriers removed?
- How will it help promote equality for a specific protected characteristic?

If you want more information contact [gina.perryman@portsmouthcc.gov.uk](mailto:gina.perryman@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cmu-equality-strategy-2019-22-final.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The aim of this strategy is to increase home energy and water efficiency, improve the warmth and condition of homes and reduce fuel poverty. Therefore there will be positive benefits for anyone assisted under the work resulting from this strategy, and wider benefits related to energy and water efficiency for those not directly benefiting from this provision. There are no negative impacts identified for any individuals or groups.

How are you going to measure/check the impact of your proposal?

Feedback from residents & consortium groups.

**B - Environment and climate change****Yes****No**

Is your policy/proposal relevant to the following questions?

**B1-Carbon emissions - Will it reduce carbon emissions?**

In thinking about this question:

- How will it reduce greenhouse gas emissions?
- How will it provide renewable sources of energy?
- How will it reduce the need for motorised vehicle travel?
- How will it encourage and support residents to reduce carbon emissions?

If you want more information contact [Tristan.thorn@portsmouthcc.gov.uk](mailto:Tristan.thorn@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cmu-sustainability-strategy.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The continuation of the development of renewable generation is laid out within the strategy. Homes will be made more energy efficient; reducing the GHG emissions from wasted energy. The strategy does aim to reduce the cost of energy, which could lead to an increase in energy usage for households which currently cannot afford the energy required for an acceptable level of comfort and dignity. It is expected that any increases in energy use will be offset by the implementation of renewable generation and other energy efficiency improvements.

How are you going to measure/check the impact of your proposal?

Carbon savings from renewable energy systems can be measured through generation. Energy savings can be measured from efficiency interventions. Research into energy use by low income households before and after interventions.

**B - Environment and climate change****Yes****No**

Is your policy/proposal relevant to the following questions?

**B2-Energy use - Will it reduce energy use?**

In thinking about this question:

- How will it reduce water consumption?
- How will it reduce electricity consumption?
- How will it reduce gas consumption?
- How will it reduce the production of waste?

If you want more information contact [Tristan.thorn@portsmouthcc.gov.uk](mailto:Tristan.thorn@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/pln-portsmouth-plan-post-adoption.pdf>

<https://democracy.portsmouth.gov.uk/documents/s24685/Home%20Energy%20Appendix%201%20-%20Energy%20and%20water%20at%20home%20-%20Strategy%202019-25.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The strategy partially aims to reduce the cost of energy, which could lead to an increase in energy usage for households which currently cannot afford the energy required for an acceptable level of comfort and dignity. It is expected that any increases in energy use will be offset by the implementation of renewable generation and other energy efficiency improvements, which aim to reduce the overall use of grid bought energy. The strategy will also reduce water usage.

How are you going to measure/check the impact of your proposal? Research into energy use by low income household before and after will see any impact from reducing energy costs. Energy and water savings from efficiency interventions.		
<b>B - Environment and climate change</b>	<b>Yes</b>	<b>No</b>

Is your policy/proposal relevant to the following questions?

<b>B3 - Climate change mitigation and flooding-Will it proactively mitigate against a changing climate and flooding?</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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In thinking about this question:

- How will it minimise flood risk from both coastal and surface flooding in the future?
- How will it protect properties and buildings from flooding?
- How will it make local people aware of the risk from flooding?
- How will it mitigate for future changes in temperature and extreme weather events?

If you want more information contact [Tristan.thorn@portsmouthcc.gov.uk](mailto:Tristan.thorn@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/env-surface-water-management-plan-2019.pdf>

<https://www.portsmouth.gov.uk/ext/documents-external/cou-flood-risk-management-plan.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

Reduction of carbon emissions from the domestic housing sector. Increasing efficiency will reduce the demand for energy in the future. Making homes more efficient will protect against the risk of more severe low temperatures. Improving water efficiency will help to prepare for water scarcity or increased cost.		
How are you going to measure/check the impact of your proposal? Reduction in carbon output. Number of energy and water efficiency measures installed.		
<b>B - Environment and climate change</b>	<b>Yes</b>	<b>No</b>

Is your policy/proposal relevant to the following questions?

<b>B4-Natural environment-Will it ensure public spaces are greener, more sustainable and well-maintained?</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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In thinking about this question:

- How will it encourage biodiversity and protect habitats?
- How will it preserve natural sites?
- How will it conserve and enhance natural species?

If you want more information contact [Daniel.Young@portsmouthcc.gov.uk](mailto:Daniel.Young@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/pln-solent-recreation-mitigation-strategy-dec-17.pdf>

<https://www.portsmouth.gov.uk/ext/documents-external/pln-portsmouth-plan-post-adoption.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The strategy will have no effect on public spaces or natural sites.
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How are you going to measure/check the impact of your proposal?

N/A

**B - Environment and climate change**

**Yes**

**No**

Is your policy/proposal relevant to the following questions?

**B5-Air quality** - Will it improve air quality?



In thinking about this question:

- How will it reduce motor vehicle traffic congestion?
- How will it reduce emissions of key pollutants?
- How will it discourage the idling of motor vehicles?
- How will it reduce reliance on private car use?

If you want more information contact [Hayley.Trower@portsmouthcc.gov.uk](mailto:Hayley.Trower@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/env-aq-air-quality-plan-outline-business-case.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The strategy will improve indoor air quality and reduce PM2.5 levels by reducing condensation and mould in fuel poor households and installing more efficient heating systems. Some gas fired boilers will be installed in vulnerable households to reduce running costs, which could result in reduced local air quality through some NOx emissions. This will be offset by the implementation of energy efficiency measures to reduce overall gas demand across the city, and via the installation of renewable technology.

How are you going to measure/check the impact of your proposal?

Condensation and mould research with universities, including measuring the impact on indoor air quality in fuel poor homes. Number of renewable technology projects.

**B - Environment and climate change**

**Yes**

**No**

Is your policy/proposal relevant to the following questions?

**B6-Transport** - Will it improve road safety and transport for the whole community?



In thinking about this question:

- How will it prioritise pedestrians, cyclists and public transport users over users of private vehicles?
- How will it allocate street space to ensure children and older people can walk and cycle safely in the area?
- How will it increase the proportion of journeys made using sustainable and active transport?
- How will it reduce the risk of traffic collisions, and near misses, with pedestrians and cyclists?

If you want more information contact [Pam.Turton@portsmouthcc.gov.uk](mailto:Pam.Turton@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/travel/local-transport-plan-3>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The strategy will have no impact on transport.

How are you going to measure/check the impact of your proposal?
N/A

B - Environment and climate change	Yes	No
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Is your policy/proposal relevant to the following questions?

<b>B7-Waste management</b> - Will it increase recycling and reduce the production of waste?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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In thinking about this question:

- How will it reduce household waste and consumption?
- How will it increase recycling?
- How will it reduce industrial and construction waste?

If you want more information contact [Steven.Russell@portsmouthcc.gov.uk](mailto:Steven.Russell@portsmouthcc.gov.uk) or go to:

<https://documents.hants.gov.uk/mineralsandwaste/HampshireMineralsWastePlanADOPTED.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The strategy will have no impact on waste management.
How are you going to measure/check the impact of your proposal?
N/A

**C - Regeneration of our city**

Yes

No

Is your policy/proposal relevant to the following questions?

**C1-Culture and heritage** - Will it promote, protect and enhance our culture and heritage?



In thinking about this question:

- How will it protect areas of cultural value?
- How will it protect listed buildings?
- How will it encourage events and attractions?
- How will it make Portsmouth a city people want to live in?

If you want more information contact [Claire.Looney@portsmouthcc.gov.uk](mailto:Claire.Looney@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/pln-portsmouth-plan-post-adoption.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The strategy has the possibility to make Portsmouth an attractive city through the keen promotion of innovative energy efficiency measures and the reduction of cold homes. Portsmouth could become a key leader in the fight against fuel poverty, going above and beyond central government targets to lead the way.

How are you going to measure/check the impact of your proposal?  
Measurement against wider targets for the UK.

**C - Regeneration of our city**

Yes

No

Is your policy/proposal relevant to the following questions?

**C2-Employment and opportunities** - Will it promote the development of a skilled workforce?



In thinking about this question:

- How will it improve qualifications and skills for local people?
- How will it reduce unemployment?
- How will it create high quality jobs?
- How will it improve earnings?

If you want more information contact [Mark.Pembleton@portsmouthcc.gov.uk](mailto:Mark.Pembleton@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-regeneration-strategy.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The strategy will provide an increased demand for skilled workers to deliver energy efficiency improvements. Reducing the amount low incomes have to spend on energy and water will increase their disposable income.

How are you going to measure/check the impact of your proposal?  
Number of jobs and apprenticeships created. Modeling of savings to households



Is your policy/proposal relevant to the following questions?

**C3 - Economy** - Will it encourage businesses to invest in the city, support sustainable growth and regeneration?



In thinking about this question:

- How will it encourage the development of key industries?
- How will it improve the local economy?
- How will it create valuable employment opportunities for local people?
- How will it promote employment and growth in the city?

If you want more information contact [Mark.Pembleton@portsmouthcc.gov.uk](mailto:Mark.Pembleton@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-regeneration-strategy.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The strategy will reduce the amount low income households have to spend on their essential utility bills; which is likely to increase their disposable income which can be spent in the local area - supporting employment and growth. The strategy will offer employment opportunities to local contractors to carry out energy efficiency improvements.

How are you going to measure/check the impact of your proposal?

Model savings to households. Number of contractors employed for works.

**Q8 - Who was involved in the Integrated impact assessment?**

Meredydd Hughes - Assistant Director Building Services

This IIA has been approved by:

Contact number:

Date:



# Agenda Item 6



Portsmouth  
CITY COUNCIL

<b>Title of meeting:</b>	Cabinet Meeting
<b>Date of meeting:</b>	10 <sup>th</sup> March 2020
<b>Subject:</b>	Mainstreaming Proceeds of Crime
<b>Report by:</b>	Director of Culture, Leisure and Regulatory Services
<b>Wards affected:</b>	All
<b>Key decision:</b>	No
<b>Full Council decision:</b>	No

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## 1. Introduction

- 1.1 This document aims to provide a strategic overview of how the Local Authority through Regulatory Services shall implement a framework designed to deliver, embed, and review the implications of the acquisition of the powers contained within the Proceeds of Crime Act 2002 (POCA).
- 1.2 It is envisaged that wherever criminality enables those falling foul of laws governed by Portsmouth City Council (PCC) to benefit from their actions, POCA actions will be considered and where appropriate utilised to recover the full and true monetary value of their wrongdoings.

## 2. Recommendation

- 2.1 It is **RECOMMENDED** that the Cabinet **approves** the actions as set out within Section 8 namely the:
  - development of Council wide processes, guidance and templates for the comprehensive implementation of POCA frameworks across all PCC services;
  - use of risk assessed POCA interventions wherever possible;
  - setting up of a £50,000 reserve to offset against costs incurred during the process of pursuing actions via the Courts in respect to criminal proceedings and POCA activities.

## 3. Background

- 3.1 The objective of POCA is to introduce accredited financial investigators (AFIs) working for various public sector law enforcement and investigation bodies and enable them to exercise powers in relation to restraint,

confiscation, cash recovery and investigation. The Act facilitates autonomy to organisations, such as PCC, to operate flexibly and independently of the police, and other law enforcement collaborations in pursuit of the proceeds of crime.

- 3.2 The Home Office encourage the mainstreaming of the POCA into every law enforcement and investigation body.

#### **4. The Legislation**

- 4.1 The use of POCA is conferred upon the Local Authorities by virtue of the enactment of The Proceeds of Crime Act 2002 (References to Financial Investigators) (Amendment) Order Statutory Instrument No. 2707 / 2009 on 2<sup>nd</sup> November 2009].
- 4.2 POCA enables a number of powers to be exercised by an AFI<sup>1</sup> namely the:
- power to apply to the court for a restraint order to effectively freeze property which may become subject to a confiscation order following a conviction;
  - ability to seize property subject to a restraint order to prevent its removal from the country;
  - powers of searching for, seizing, detaining and seeking the forfeiture of cash suspected of being the proceeds of crime or intended for use as such;
  - ability to apply to the court for investigation orders and warrants in financial investigations, namely confiscation investigations, money laundering investigations and detained cash investigations; and
  - the power to execute search warrants in financial investigations.
- 4.3 POCA legislative tools can be applied to any acquisitive crime, meaning any offence where the offender has obtained or sought to obtain a benefit. This may be either a benefit consisting of monetary, property or pecuniary advantage arising from the criminal conduct of the offender.
- 4.4 The general definition of criminal conduct is contained in section 76(1) of POCA and is simply conduct which constitutes an offence in England and Wales. PCC has been using POCA since 2009 however there are a growing number of areas where POCA can be applied to local authority functions and therefore we now wish to mainstream and use our powers more widely. The areas where POCA could be deployed include, for

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<sup>1</sup> Financial Investigators who have been trained to a certain standard achieve accreditation by The National Crime Agency (NCA). NCA took over this role from the Assets Recovery Agency following its abolition on 1st April 2008. NCA also closely monitor the use of such powers by virtue of an online Continuous Professional Development (CPD) programme.

example, rogue landlords, chronic fly-tippers, parking fraud, significant food standards failings, counterfeiting, intellectual property deceptions, rogue traders, adult social care dishonesties and planning issues such as illegal subletting, business use fraud and breach of enforcement notices.

## **5. Asset recovery**

- 5.1 An asset recovery incentive scheme exists for all recovered assets. This scheme is managed by the Home Office. Under this scheme agencies will receive 50% of the amount of money recovered. There are various permutations regarding the distribution of the 50% dependent upon the type of order obtained. The funds are distributed between the activities of the investigation, prosecution and enforcement work stream areas<sup>2</sup>. It is expected that at least a portion of incentive payments will be used to further drive up performance in the area of asset recovery.

## **6. Why should PCC mandate a mainstream use of POCA?**

- 6.1 Offenders should expect to be subject to the most appropriate legislative measures available, this includes powers provided by virtue of the POCA.
- 6.2 When executed proportionately and tactically POCA powers can act as an effective deterrent and an educational tool in respect of achieving a satisfactory level of compliance, whilst punishing those who breach the regulatory framework of the authority. This can be achieved while at the same time recovering sums to cover costs of any necessary remedial action.
- 6.3 The proportionate use of Financial Investigation tools are also likely to:
- Underwrite partnership working through integrated policing
  - Maximise the impact of effort against threats posed to the Authority's business and the community as a whole
  - Improve public and stakeholder confidence in the ability of PCC to investigate and prosecute offenders fairly and appropriately
  - Assist detection and identify, through the use of financial intelligence, areas of the authority's business where POCA tools are likely to have the greatest impact
  - Disrupt activities of offenders at the earliest and strategically most effective point
  - Deprive offenders of the ability to fund further criminal activity
  - Increase the risk and decrease the reward for criminals

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<sup>2</sup> Agencies with cash seizure powers under the Act will be entitled to a 50% share of the forfeited amount. Receipts from confiscation orders will be split three ways as follows: 18.75% Investigation, 18.75% Prosecution and 12.5% Enforcement. Local authorities receive 37.50% as investigator/prosecutor

- Raise PCC's reputation and economic impact in support of community confidence.

6.4 Effective use of the POCA powers will also assist in the authority achieving its main objectives and functions regarding its statutory functions, including that under the Crime & Disorder Act 1998.

## **7. Risks**

- 7.1 There are no certainties that pursuing criminal cases will achieve a successful prosecution. It is conceivable that a case could be lost or suspended and that PCC will incur significant costs as a result. Whilst Regulatory Services currently has an unblemished success rate and carefully risk assesses all cases it is highly improbable that this will continue indefinitely. Therefore the costs of such actions need to be mitigated against.
- 7.2 Furthermore in pursuing convictions, Regulatory Services will incur significant costs such as those incurred by employing expert opinions. All litigation comes with a risk that cost recovery (all or in part) might be unattainable. This might be as the defendant may not be able to pay (no funds available) or following a custodial sentence have no ability to pay. Whilst POCA actions will be pursued not all defendants will have a recoverable asset and therefore POCA actions will be unavailable. Even where present it may take time to recover such assets. As Regulatory Services pursues more cases it will be practical to consider these costs and take precautionary measures, as necessary, to fund these.

## **8. What needs to happen next?**

- 8.1 Regulatory Services will become the lead agency in respect to implementing actions under POCA.
- 8.2 POCA actions will be embedded into all enforcement processes within PCC and considered in every case deemed suitable following criminal proceedings.
- 8.3 POCA process maps, supporting guidance, templates and awareness training will be presented to all relevant staff and mandated through the existing learning and development protocols.
- 8.4 Following the authorisation of a criminal investigation and a risk based intelligence led assessment of the appropriate use of POCA, a decision will be made regarding the suitability of cases for financial investigation.
- 8.5 All cases will be assessed on their own merits by accredited and responsible officers authorised via the National Crime Agency (NCA) to ensure that prior to commencing a financial investigation the strategic

impact, its harm reduction potential and resource implications will be considered. It will not be appropriate to conduct a financial investigation in all criminal cases.

- 8.6 Regulatory Services will increase its existing risk matrix to escalate case management risks. This will include referral to Head of Service *and* Head of Legal Services where the financial risks of implementing criminal activities exceed £20,000.
- 8.7 The first call on any net gain realised from proceeds of crime actions delivered by Regulatory Services will be set towards the funding of a new Regulatory Services legal advocate whose responsibilities will include POCA activities. This position, will sit within the structure of Legal Services and, in the first 2 years, be funded from POCA monies already recovered by Regulatory Services. Funding past this point will be met by Legal Services, and any future surplus will be used to fund other staffing activities, and further develop the capabilities of the service to restrain assets or realisable property where there is evidence to show that a defendant in criminal proceedings has benefited from their conduct.
- 8.8 To mitigate against potential costs of instigating legal proceedings, a £50,000 financial reserve funded from the Leaders Portfolio Reserve will be set up and drawn against, as necessary, to cover court costs should they occur.

## **9. Integrated impact assessment**

- 9.1 An Integrated Impact Assessment is attached as Appendix 1. The proposal has an association with the assessment category of 'Crime'.

## **10. City Solicitor's comments**

- 10.1 Legal Services have confirmed that:
  - it supports the actions as set out within Section 8 and confirmed that the recommendations are within the Cabinet's powers to approve.
  - POCA provides a credible potent tool to make the enforcement of local authority controlled functions more sustainable in the long term.
  - the use of POCA shall not override or unduly influence other enforcement decisions.

## **11. Head of Finance's comments**

- 11.1 The £50,000 funding for the new reserve relating to unrecoverable court costs will be taken from the Leader Portfolio Reserve.

- 11.2 The cost of the legal advocate post for the initial two years will be met from the existing POCA Reserve. The ongoing position after this period will be subject to future funding availability.

## **12. Director's comments**

- 12.1 As demonstrated within this report the investigative approaches available through POCA has the potential to be successfully applied across the full extent of criminal investigations enforced across the Council. The POCA if used effectively will have a marked effect on criminals and their activities, above and beyond any other type of sentence.
- 12.2 A significant amount of crime is committed simply to make money, and in every case there is a victim. For those who commit crime, traditionally the punishment was either a community sentence or a term of imprisonment. Despite this, criminals could still often profit from their criminal actions while victims were left feeling let down by the criminal justice system. POCA deals with the movement and use of criminal property. The effective use of financial investigation and POCA sends a strong message to both criminals and the community that "crime will not pay".

.....  
Signed by: Stephen Baily, Director of Leisure, Culture and Regulatory Services

### **Appendices:**

#### **Appendix 1: Integrated 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 and location of document
See footnotes

The recommendation set out in 2.1 above were approved / approved as amended / deferred / rejected by the Cabinet on 10<sup>th</sup> March 2020.

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



# Integrated Impact Assessment (IIA)

**Integrated impact assessment (IIA) form December 2019**

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

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

- identify those policies, projects, services, functions or strategies that could impact positively or negatively on the following areas:
  - Communities and safety
  - Regeneration and culture
  - Environment and public space
  - Equality & - Diversity - This can be found in Section A5

**Directorate:**

Culture Leisure and Regulatory Services

**Service, function:**

Regulatory Services

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

Mainstreaming Proceeds of Crime

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

- ☐ Existing
- ☒ New / proposed
- ☐ Changed

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

The aim of the proposal is to provide a strategic overview of how the Local Authority through Regulatory Services shall implement a framework designed to deliver, embed, and review the implications of the acquisition of the powers conferred by the Proceeds of Crime Act 2002 (POCA).

Has any consultation been undertaken for this proposal? What were the outcomes of the consultations? Has anything changed because of the consultation? Did this inform your proposal?

Key agencies within PCC have been consulted in respect to this policy. Following a process of discussion none raised objections to the proposal being introduced.

## A - Communities and safety

Yes

No

Is your policy/proposal relevant to the following questions?

### A1-Crime - Will it make our city safer?



In thinking about this question:

- How will it reduce crime, disorder, ASB and the fear of crime?
- How will it prevent the misuse of drugs, alcohol and other substances?
- How will it protect and support young people at risk of harm?
- How will it discourage re-offending?

If you want more information contact [Lisa.Wills@portsmouthcc.gov.uk](mailto:Lisa.Wills@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-spp-plan-2018-20.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

It is envisaged that wherever criminality enables those falling foul of laws governed by PCC to benefit from their actions, POCA actions will be considered and where appropriate utilised to recover the full and true monetary value of their wrongdoings. When executed proportionately and tactically POCA powers can act as an effective deterrent and an educational tool in respect of achieving a satisfactory level of compliance, whilst punishing those who breach the regulatory framework of the authority.

How will you measure/check the impact of your proposal?

Through national / regional statistics.

## A - Communities and safety

Yes

No

Is your policy/proposal relevant to the following questions?

### A2-Housing - Will it provide good quality homes?



In thinking about this question:

- How will it increase good quality affordable housing, including social housing?
- How will it reduce the number of poor quality homes and accommodation?
- How will it produce well-insulated and sustainable buildings?
- How will it provide a mix of housing for different groups and needs?

If you want more information contact [Daniel.Young@portsmouthcc.gov.uk](mailto:Daniel.Young@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/psh-providing-affordable-housing-in-portsmouth-april-19.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

It is envisaged that this proposal will neither positively nor adversely affect housing in the city .

How are you going to measure/check the impact of your proposal?

N/A

**A - Communities and safety**

**Yes**

**No**

Is your policy/proposal relevant to the following questions?

**A3-Health** - Will this help promote healthy, safe and independent living?



In thinking about this question:

- How will it improve physical and mental health?
- How will it improve quality of life?
- How will it encourage healthy lifestyle choices?
- How will it create healthy places? (Including workplaces)

If you want more information contact [Dominique.Letouze@portsmouthcc.gov.uk](mailto:Dominique.Letouze@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cons-114.86-health-and-wellbeing-strategy-proof-2.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

It is envisaged that this proposal will neither positively nor adversely affect health and independent living in the city.

How are you going to measure/check the impact of your proposal?

N/A

**A - Communities and safety**

**Yes**

**No**

Is your policy/proposal relevant to the following questions?

**A4-Income deprivation and poverty**-Will it consider income deprivation and reduce poverty?



In thinking about this question:

- How will it support those vulnerable to falling into poverty; e.g., single working age adults and lone parent households?
- How will it consider low-income communities, households and individuals?
- How will it support those unable to work?
- How will it support those with no educational qualifications?

If you want more information contact [Mark.Sage@portsmouthcc.gov.uk](mailto:Mark.Sage@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-homelessness-strategy-2018-to-2023.pdf>

<https://www.portsmouth.gov.uk/ext/health-and-care/health/joint-strategic-needs-assessment>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

It is envisaged that this proposal will neither positively nor adversely affect poverty in the city .

How are you going to measure/check the impact of your proposal?

N/A

**A - Communities and safety**

**Yes**

**No**

Is your policy/proposal relevant to the following questions?

**A5-Equality & diversity** - Will it have any positive/negative impacts on the protected characteristics?



In thinking about this question:

- How will it impact on the protected characteristics-Positive or negative impact (Protected characteristics under the Equality Act 2010, Age, disability, race/ethnicity, Sexual orientation, gender reassignment, sex, religion or belief, pregnancy and maternity, marriage and civil partnership,socio-economic)
- What mitigation has been put in place to lessen any impacts or barriers removed?
- How will it help promote equality for a specific protected characteristic?

If you want more information contact [gina.perryman@portsmouthcc.gov.uk](mailto:gina.perryman@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cmu-equality-strategy-2019-22-final.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

It is envisaged that this proposal will neither positively nor adversely affect equality and diversity in the city .

How are you going to measure/check the impact of your proposal?

N/A

**B - Environment and climate change**

Yes

No

Is your policy/proposal relevant to the following questions?

**B1-Carbon emissions** - Will it reduce carbon emissions?☐☒

In thinking about this question:

- How will it reduce greenhouse gas emissions?
- How will it provide renewable sources of energy?
- How will it reduce the need for motorised vehicle travel?
- How will it encourage and support residents to reduce carbon emissions?

If you want more information contact [Tristan.thorn@portsmouthcc.gov.uk](mailto:Tristan.thorn@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cmu-sustainability-strategy.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

It is envisaged that this proposal will neither positively nor adversely affect carbon emissions.

How are you going to measure/check the impact of your proposal?

N/A

**B - Environment and climate change**

Yes

No

Is your policy/proposal relevant to the following questions?

**B2-Energy use** - Will it reduce energy use?☐☒

In thinking about this question:

- How will it reduce water consumption?
- How will it reduce electricity consumption?
- How will it reduce gas consumption?
- How will it reduce the production of waste?

If you want more information contact [Triston.thorn@portsmouthcc.gov.uk](mailto:Triston.thorn@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/pln-portsmouth-plan-post-adoption.pdf>

<https://democracy.portsmouth.gov.uk/documents/s24685/Home%20Energy%20Appendix%201%20-%20Energy%20and%20water%20at%20home%20-%20Strategy%202019-25.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

It is envisaged that this proposal will neither positively nor adversely affect energy use in the city .

How are you going to measure/check the impact of your proposal?

N/A

**B - Environment and climate change**

Yes

No

Is your policy/proposal relevant to the following questions?

**B3 - Climate change mitigation and flooding**-Will it proactively mitigate against a changing climate and flooding?

☐☒

In thinking about this question:

- How will it minimise flood risk from both coastal and surface flooding in the future?
- How will it protect properties and buildings from flooding?
- How will it make local people aware of the risk from flooding?
- How will it mitigate for future changes in temperature and extreme weather events?

If you want more information contact [Tristan.thorn@portsmouthcc.gov.uk](mailto:Tristan.thorn@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/env-surface-water-management-plan-2019.pdf>

<https://www.portsmouth.gov.uk/ext/documents-external/cou-flood-risk-management-plan.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

It is envisaged that this proposal will neither positively nor adversely affect climate change and flooding in the city .

How are you going to measure/check the impact of your proposal?

N/A

**B - Environment and climate change**

Yes

No

Is your policy/proposal relevant to the following questions?

**B4-Natural environment**-Will it ensure public spaces are greener, more sustainable and well-maintained?

☐☒

In thinking about this question:

- How will it encourage biodiversity and protect habitats?
- How will it preserve natural sites?
- How will it conserve and enhance natural species?

If you want more information contact [Daniel.Young@portsmouthcc.gov.uk](mailto:Daniel.Young@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/pln-solent-recreation-mitigation-strategy-dec-17.pdf>

<https://www.portsmouth.gov.uk/ext/documents-external/pln-portsmouth-plan-post-adoption.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

It is envisaged that this proposal will neither positively nor adversely affect greener public spaces in the city .

How are you going to measure/check the impact of your proposal?

N/A

**B - Environment and climate change**

Yes

No

Is your policy/proposal relevant to the following questions?

**B5-Air quality** - Will it improve air quality?☐☒

In thinking about this question:

- How will it reduce motor vehicle traffic congestion?
- How will it reduce emissions of key pollutants?
- How will it discourage the idling of motor vehicles?
- How will it reduce reliance on private car use?

If you want more information contact [Hayley.Trower@portsmouthcc.gov.uk](mailto:Hayley.Trower@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/env-aq-air-quality-plan-outline-business-case.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

It is envisaged that this paper will neither positively nor adversely affect air quality.

How are you going to measure/check the impact of your proposal?

N/A

**B - Environment and climate change**

Yes

No

Is your policy/proposal relevant to the following questions?

**B6-Transport** - Will it improve road safety and transport for the whole community?☐☒

In thinking about this question:

- How will it prioritise pedestrians, cyclists and public transport users over users of private vehicles?
- How will it allocate street space to ensure children and older people can walk and cycle safely in the area?
- How will it increase the proportion of journeys made using sustainable and active transport?
- How will it reduce the risk of traffic collisions, and near misses, with pedestrians and cyclists?

If you want more information contact [Pam.Turton@portsmouthcc.gov.uk](mailto:Pam.Turton@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/travel/local-transport-plan-3>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

It is envisaged that this proposal will neither positively nor adversely affect transport.

How are you going to measure/check the impact of your proposal?

N/A

**B - Environment and climate change****Yes****No**

Is your policy/proposal relevant to the following questions?

**B7-Waste management** - Will it increase recycling and reduce the production of waste?



In thinking about this question:

- How will it reduce household waste and consumption?
- How will it increase recycling?
- How will it reduce industrial and construction waste?

If you want more information contact [Steven.Russell@portsmouthcc.gov.uk](mailto:Steven.Russell@portsmouthcc.gov.uk) or go to:

<https://documents.hants.gov.uk/mineralsandwaste/HampshireMineralsWastePlanADOPTED.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The proposal does not specifically address recycling and reduction of waste production.

How are you going to measure/check the impact of your proposal?

N/A



**C - Regeneration of our city**

Yes

No

Is your policy/proposal relevant to the following questions?

**C1-Culture and heritage** - Will it promote, protect and enhance our culture and heritage?



In thinking about this question:

- How will it protect areas of cultural value?
- How will it protect listed buildings?
- How will it encourage events and attractions?
- How will it make Portsmouth a city people want to live in?

If you want more information contact [Claire.Looney@portsmouthcc.gov.uk](mailto:Claire.Looney@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/pln-portsmouth-plan-post-adoption.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

It is envisaged that this proposal will neither positively nor adversely affect culture and heritage in the city . The officer completing this form was unable to deactivate the 'yes' star.

How are you going to measure/check the impact of your proposal?  
N/A

**C - Regeneration of our city**

Yes

No

Is your policy/proposal relevant to the following questions?

**C2-Employment and opportunities** - Will it promote the development of a skilled workforce?



In thinking about this question:

- How will it improve qualifications and skills for local people?
- How will it reduce unemployment?
- How will it create high quality jobs?
- How will it improve earnings?

If you want more information contact [Mark.Pembleton@portsmouthcc.gov.uk](mailto:Mark.Pembleton@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-regeneration-strategy.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

It is envisaged that this proposal will neither positively nor adversely affect employment opportunities.

How are you going to measure/check the impact of your proposal?  
N/A

Is your policy/proposal relevant to the following questions?

**C3 - Economy** - Will it encourage businesses to invest in the city, support sustainable growth and regeneration?

☐☒

In thinking about this question:

- How will it encourage the development of key industries?
- How will it improve the local economy?
- How will it create valuable employment opportunities for local people?
- How will it promote employment and growth in the city?

If you want more information contact [Mark.Pembleton@portsmouthcc.gov.uk](mailto:Mark.Pembleton@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-regeneration-strategy.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

It is envisaged that this paper will neither positively nor adversely affect the economy of Portsmouth

How are you going to measure/check the impact of your proposal?  
N/A

#### Q8 - Who was involved in the Integrated impact assessment?

Edward Skinner

This IIA has been approved by: Richard Lee

Contact number: 02392834857

Date: 23/01/2020

# Agenda Item 7

<b>Title of meeting:</b>	Cabinet
<b>Date of meeting:</b>	10 March 2020
<b>Subject:</b>	Administration Fees For Appointeeship Services
<b>Report from:</b>	Chris Ward, Director of Finance
<b>Report by:</b>	Richard Webb, Finance Manager - Adult Social Care & Public Health Kelly Redman, Team Manager - Financial Assessments, Income and Recovery
<b>Wards affected:</b>	All Wards
<b>Key decision:</b>	No
<b>Full Council decision:</b>	No

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## 1. Purpose of report

- 1.1 The purpose of this report is to seek approval to introduce administration fees from Monday 06 July 2020 for clients in receipt of Appointeeship services provided by the City Council.
- 1.2 The rationale for proposed introduction of these fees, is to ensure that the service will be available to support future vulnerable adults requiring our services. Without introducing the proposed charges, there is a risk that the service would not be able to continue to support the growing number of clients.
- 1.3 The recommendations have therefore been driven by the following key principles:
  - To support the Adult Social Care strategy to enable people to live independently and remain within their communities.
  - To ensure that the appointeeship service can continue to support the growing number of clients, and more clients with increasingly complex financial requirements; as a consequence of more people being supported to live in their communities.
  - To recognise that appointeeship clients will be in receipt of state benefits and little other income, therefore seek to keep fees as low as possible.
  - To ensure that additional income generated by these proposals will enable the service to continue to support those vulnerable clients who require the support of Portsmouth City Council to help manage their finances.

## 2. Recommendations

### 2.1 It is recommended that the Cabinet:

- a. Agrees to introduce administration fees for Appointeeship services from Monday 06 July 2020.
- b. Agrees to set the weekly fees at the following rates for the financial year 2020-21 from the above date:

For clients in residential care	£4.00
For clients in community based care	£10.00

- c. Agrees to the mitigation arrangements in the case of hardship as set out in paragraphs 5.20 and 5.21.
- d. Agree that the proposed fee rates above, will be inflated annually in line with the inflation rate applied to the Adult Social Care fees and charges from the financial year 2021-22.
- e. Notes the proposed community support and engagement process as detailed in section 7 of this report.

## 3. Background

- 3.1 The Secretary of State may appoint another person to receive and deal with social security benefits payable to someone who is "unable to act" for themselves. Appointeeship applications are subject to approval by the Secretary of State through the Department for Work and Pensions (DWP). An appointee is authorised to act under the Social Security (claims and payments) Regulations 1987.<sup>1</sup>
- 3.2 There is no specific statutory duty placed on the Local Authority to provide appointeeship services. Portsmouth City Council recognises that in some cases vulnerable adults may be "unable act" by reason of 'impairment of the brain or mind' and/or physical impairment and therefore it would be unreasonable not to support those who have no other means act to support themselves.
- 3.3 Appointeeship only gives the Local Authority permission to receive DWP benefits and pensions. It does not extend to the management of private income or assets such as savings or property. Where clients have significant assets and the client is deemed as lacking mental capacity to make financial decisions, a court order is required from the Court of Protection to appoint a nominated person to act as a Deputy on behalf of the client. Currently Portsmouth manages c.80 clients under this power

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<sup>1</sup> An appointment to act is made under regulation 33 of the Claims and Payments Regulations 1987 or, for UC, PIP and new-style JSA and ESA, regulation 57 of The UC, PIP, JSA and ESA Claims and Payments Regulations 2013

and is able to charge for the provision of these services in accordance with rates set by the Court of Protection<sup>2</sup>.

- 3.4 In summary, the City Council may provide financial support, either through appointeeship or deputyship to vulnerable adults, depending on the level and type of their financial income and assets.
- 3.5 Independent living and supporting people to remain within their communities is high on Adult Social Care's agenda. However, the volume of work supporting clients living in the community is far higher than for those in residential care; and therefore this requires more staff resource to ensure the client's best financial interests are upheld.
- 3.6 The number of clients supported by the appointeeship team has grown from c.90 to c.260 since 2011. These are Social Care clients who either lack capacity to manage their finances, have severe physical disabilities resulting in the inability to access funds or for whom there are safeguarding concerns surrounding finance.
- 3.7 In order to ensure that the appointeeship team can continue to support the growing number of clients, with complex financial requirements, (as a consequence of more people increasingly being supported to live in their communities) it has been necessary to review the operating model for the service, to ensure that it can respond to future demand requirements.

#### **4. Acting as an appointee**

- 4.1 Sometimes people need Portsmouth City Council to help manage their money; particularly where they are unable to nominate friends or family members to support them. On some occasions, it is necessary for the City Council to step in where an individual is being, or is at risk of financial abuse.
- 4.2 Before the City Council can assume responsibility for an individual's financial affairs, it must consider the support that can be provided by friends and family members, etc. where appropriate. Only where support is unavailable from other sources, will the City Council consider seeking appointeeship or deputyship responsibilities.

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<sup>2</sup> <https://www.judiciary.uk/wp-content/uploads/2017/04/pd-19b-fixed-costs.pdf>

- 4.3 To be eligible for support from the appointeeship team, the person needs to be deemed as "unable to act".

Portsmouth defines "unable to act":

- as an adult who lacks capacity to manage finances (a recent Mental Capacity Assessment (MCA) is required to demonstrate professional judgement)  
OR
- has severe physical disabilities resulting in the inability to deal with finances;  
and/or
- who has been subject to financial abuse/safeguarding concern(s);  
and
- there must be no one else who is willing or suitable to manage the individual's finances.

- 4.4 In supporting these clients, the appointeeship officers undertake a range of functions, including:

- Collecting state benefits
- Maximising benefit income
- Making payments from these monies for care charges, personal allowances, and other bills; particularly where the individual continues to live in the community
- Supporting individuals to save

- 4.5 As highlighted above, the Adult Social Care strategy seeks to support more people to live within their communities. As a consequence of this strategy, the appointeeship team are supporting more people; and more people with increasingly complex financial requirements. The sections below seek to outline the proposed strategy for ensuring that the service can continue to respond to future demand requirements.

## 5. Proposal

### *Operating model*

- 5.1 As highlighted above, the appointeeship service is currently supporting c.260 clients. Within this client cohort there are approximately 72 clients who are or will be in the process of transferring across to the Deputyship service, once the necessary approvals from the Court of Protection have been obtained. There are also further appointeeship applications currently in progress.
- 5.2 It is expected that there will continue to be a steady growth in the number of appointeeship clients and that the average client cohort in the medium term is estimated to be c.240 clients.

- 5.3 Currently the administration and reconciliations for the appointeeship services are completed manually and are highly labour intensive. Through automating these processes, efficiencies are expected, allowing staff the capacity to respond to client need(s) and accept new referrals.
- 5.4 The service is therefore exploring opportunities to implement an electronic case management system, which would assist in recording documentation, managing and monitoring client finances.
- 5.5 Based on professional experience, the average case holding of an appointeeship officer is expected to be c.60 clients, post implementation of the new system. Therefore, four appointeeship officers would be required to support the anticipated average number of clients. In addition, there is also a requirement for administrative assistants to support these officers. Based on these estimated staffing requirements, the average cost of resourcing the service is c.£221,500 per annum, including corporate overheads and future system hosting & licencing costs.

#### *Ability to charge*

- 5.6 Whilst guidance<sup>3</sup> states that an appointee may not take a fee or payment for acting as an appointee, the government has issued further guidance, which clarifies that corporate appointees may charge a fee.<sup>4</sup>
- 5.7 Guidance issued in September 2011<sup>5</sup> confirmed that Local Authorities fall within the definition of Corporate Bodies in respect of organisations that are permitted to charge for appointeeship services. There is no specific guidance in respect of how the fees should be calculated. However there is an overriding principle of charging in a proportionate, reasonable manner and on a cost basis.

#### *Charging arrangements*

- 5.8 In order to continue to invest and deliver a high quality service for our appointeeship clients, it is no longer possible to continue to provide the service free of charge. However, it is recognised that appointeeship clients will be in receipt of state benefits and little other income, therefore the Council will seek to keep these fees as low as possible.
- 5.9 Those in residential care generally receive only one monthly invoice and require access to a weekly personal allowance (set at £24.90 by the Department of Health), which in the vast majority of cases the residential provider arranges and supports with any purchases/services that are

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<sup>3</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/226782/Appendix-05\\_Aide\\_Memoire\\_-\\_Appointee\\_use.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/226782/Appendix-05_Aide_Memoire_-_Appointee_use.pdf)

<sup>4</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/554313/appointee-summary.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/554313/appointee-summary.pdf)

<sup>5</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/226812/2011-September\\_amendment\\_package.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/226812/2011-September_amendment_package.pdf)

required. However, as highlighted above, independent living remains high on Adult Social Care's agenda and as such there is greater financial risk for vulnerable clients. The volume of work supporting clients living in the community is far higher than for those in residential care; and therefore this requires more staff resource to ensure the client's best financial interests are upheld.

- 5.10 The difference in the resource requirements for clients living in community arises from these clients having a greater range of financial commitments such as, utility bills, mobile phones, internal and external debts. Client's in the community are also exposed to greater risk ranging from doorstep lenders, loss of money and property and require more by way of purchases.
- 5.11 Based on the above operating model and the average estimated client numbers, the total cost per client would be £923 per annum (or a weekly cost of £17.70). As there are clear differences in the level of staffing resource required (approximately a ratio of 5:1) to support clients living in the community as opposed to a residential care setting, it is necessary to consider the costs of these provisions separately. After adjusting the calculations to reflect the resource demands, the cost per week would be £21.07 for community based clients, and £4.21 per week for residential clients.
- 5.12 In order to fully recover the costs of providing this service, it would be necessary to charge the above rates. However, as noted above, it is recognised that the clients are on state benefits and are likely to have little other income, therefore the City Council is not intending to seek full cost recovery.

### *Benchmarking*

- 5.13 As part of our considerations, we have contacted other Local Authorities within the 'National Association of Financial Assessment Officers' (NAFAO) (in excess of 100 authorities) as well as reviewing authority websites for information on the level of fees charged. Appendix 1 shows the findings from this review, as well as details of the fees charged by the authorities.
- 5.14 Of the 76 Authorities we obtained information for, 34 (45%) of authorities already charged for these services, whilst 10 (24%) of authorities' who do not currently charge, reported that they were considering it.
- 5.15 With regard to the City Council's neighbouring authorities, (HCC, IOW, SCC and WSCC) currently they do not charge for these services.
- 5.16 There are other organisations that can provide corporate appointeeship services for clients. The table below provides details of three organisations that have been identified from a web search of potential



providers and shows the range of service offerings and related charges; although the rates for charged for 2020-21 may differ. Where charges have been provided as annual or monthly rates, these have been converted into weekly costs for comparative purposes.

Organisation	Pricing Details
Penderels Trust <sup>6</sup>	<p>Service levels for clients in community:</p> <ul style="list-style-type: none"> <li>Basic £800p.a (£15.34 p.w.)</li> <li>Standard £1,000p.a. (£19.18 p.w.)</li> <li>Enhanced £1,300p.a (£24.93 p.w.)</li> </ul> <p>Service levels for clients in Residential / Care Home:</p> <ul style="list-style-type: none"> <li>Basic £400p.a (£7.67 p.w.)</li> <li>Enhanced £700p.a (£13.43 p.w.)</li> </ul> <p>Additional charges may also be applicable (e.g. additional hours of support, funeral planning &amp; arrangements, etc.)</p> <p><i>Note the above prices were based on their 2018 brochure.</i></p>
Money Carer <sup>7</sup>	<p>Fixed monthly fees:</p> <p>£65 for clients in the community (£14.96 p.w.)</p> <p>£35 per month for Residential / Care Home (£8.06 p.w.)</p> <p>Additional charges may also be applicable: e.g. one time set-up fee, annual bank account charge of £35 and prepaid card charges.</p>
Dosh Financial Advocacy <sup>8</sup>	<p>Person-centred appointeeship £16.00 per week + £64 set-up fee.</p> <p><i>Note: rates as at April 2019.</i></p>

### *Proposed fees*

5.17 As highlighted above, the appointeeship service has seen a growing number of clients, and more clients with increasingly complex financial requirements, (as a consequence of more people increasingly being supported to live in their communities). The proposal to introduce an

<sup>6</sup> [https://crm.penderelstrust.org.uk/officeFiles/Guide\\_to\\_Appointeeships\\_2018.pdf](https://crm.penderelstrust.org.uk/officeFiles/Guide_to_Appointeeships_2018.pdf)

<sup>7</sup> <http://www.moneycarer.org.uk/services/appointeeship>

<sup>8</sup> <https://www.dosh.org/get-support-with-money/appointeeship-and-financial-advocacy/>

administration fee which will contribute to the operating costs of this service, is intended to ensure that the service is able to continue to support those clients who require the support of Portsmouth City Council to help manage their finances.

- 5.18 Having considered the actual costs of providing the service, as well as the above findings from the comparison of the charges applied by other local authorities, it is proposed that the City Council will implement the fees shown below, as a contribution towards the administrative costs of providing these services.

	Weekly Fee
For clients in residential care	£4.00
For clients in community based care	£10.00

- 5.19 The higher weekly fee level for clients in community based care, reflects the greater level of staff resource required to support these clients, as highlighted earlier within the report. The ratio between the fee rates also reflects the higher level of personal allowances that clients in the community will retain compared to those in residential care.
- 5.20 It is recognised that there may be instances where a client's level of financial resources may mean that they are unable to pay these fees. Therefore it is proposed that in cases of financial hardship the weekly fees may be reduced or not charged. Hardship cases will be considered on a case by case basis by the Team Manager for the appointeeship services.
- 5.21 Examples as to when hardship cases may apply, include: suspension of DWP benefits (not as a result of exceeding capital thresholds) or where there has been a change in circumstances, such as a community based client, temporarily being placed in residential care, and as a result incurring increased care costs.
- 5.22 Should an individual's financial circumstances change, then the application or not of the fees will be reconsidered and approved by the Team Manager for appointeeship services.
- 5.23 Appendix 1 shows that other Local Authorities have used capital thresholds as a basis to taper charging. However, so as not to create a financial disincentive to save, disposable income has used as the method for charging, promoting independence and ensuring that should clients require additional purchases or funds for social activities this will be readily available to them.

## 6. Financial Impact

- 6.1 In order to better understand the financial impact of these proposals, the clients have been grouped and analysed according to the Department for Work and Pensions (DWP) age ranges, reflecting the basis used by the DWP for the application means tested benefits.
- 6.2 The table below shows the client group's average weekly income (Benefits) and their net weekly disposable income after all financial commitments, excluding food have been met. This amount is also after allowing for a proportionate savings contribution by the individual, in case of an emergency or additional unforeseen financial pressure.

Age Group	No. of Clients	Average Disposable Income £	Average Weekly Benefit Income £
Under 25	14	127.45	193.30
25-65	122	139.78	236.69
Over 65	51	114.10	236.02
	<b>187</b>	<b>131.86</b>	

- 6.3 The table above excludes those clients that are currently under the appointeeship service and are due to transfer to the Deputyship service, as a consequence of having private income or significant savings over £16,000; which is the upper capital threshold for means tested DWP benefit payments.
- 6.4 Further analysis has shown that 65% of the above clients have disposable income (as defined above) of £100 or more per week. Of this cohort 36 (19%) clients have disposable income in excess of £200 per week.
- 6.5 Proposed mitigation arrangements for all clients include a full financial review at the time of charging implementation, this is to ensure that all benefits are in payment, at the correct rates and any change of circumstances are recognised. Outgoings will be reviewed and where possible reduced, including energy efficiency advice to ensure clients are getting best value.
- 6.6 The above review has shown that the clients generally have adequate disposable income in order to meet these proposed charges without having a significant adverse effect on their financial position or wellbeing. However, as highlighted above all clients will have a financial review and hardship will be considered in line with the proposed arrangements set out within in section 5 of this report. Specific focus will be given to those with lower levels of disposable income.

## **7. Community Engagement**

- 7.1 If the recommendations are accepted there will be a requirement to engage and communicate with the client group. It is recognised that this will be more challenging, as by the nature of the client base a high proportion of appointeeship clients do not have mental capacity to deal with finances.
- 7.2 It is therefore proposed, where appropriate to do so, to fully engage with any known family, friends, support workers, advocacy services, care agencies and Adult Social Care.
- 7.3 Easy to read briefing sheets will be devised and issued to all clients inviting them and their chosen support to attend drop in sessions/coffee mornings held both in the North and South of the City. An explanation of charging will be given.
- 7.4 For those clients with physical disabilities they will be visited with appropriate support/advocacy in order to explain charging.
- 7.5 It is also proposed that presentations are made to other professional services known to be involved with this client group for example supported living providers, care agencies and Adult Social Care. This is to ensure that communication is consistent across services and clients have access to information at any point of entry.
- 7.6 This engagement process will also include a financial review and where possible the team will look to maximise benefits and reduce outgoings. Financial hardship will be considered throughout this process as outlined within sections 5 and 6 of the report.

## **8. Reasons for recommendations**

- 8.1 The number of clients supported by the appointeeship team has grown from c.90 to c.260 since 2011. These are Social Care clients who either lack capacity to manage their finances, have severe physical disabilities resulting in the inability to access funds or where there are safeguarding concerns surrounding finance.
- 8.2 Independent living remains high on Adult Social Care's agenda and as such there is greater financial risk for vulnerable clients. The volume of work supporting clients living in the community is far higher than for those in residential care; and therefore this requires more staff resource to ensure the client's best financial interests are upheld
- 8.3 In order to ensure that the team can continue to support the growing number of clients, with complex financial requirements, (as a consequence of more people being supported to live in their communities) it has been

necessary to review the operating model for this service, to ensure the service can respond to future demand requirements.

- 8.4 The proposal to introduce an administration fee which will contribute to the operating costs of this service, is intended to ensure that the service is able to continue to support those clients who require the support of Portsmouth City Council to help manage their finances.

## **9. Integrated impact assessment**

- 9.1 The recommended fees have been driven by the following key principles:

- To support the Adult Social Care strategy to enable people to live independently and remain within their communities.
- To ensure that the appointeeship service can continue to support the growing number of clients, and more clients with increasingly complex financial requirements; as a consequence of more people being supported to live in their communities.
- To recognise that appointeeship clients will be in receipt of state benefits and little other income, therefore seek to keep fees as low as possible.
- To ensure that additional income generated by these proposals will enable the service to continue to support those vulnerable clients who require the support of Portsmouth City Council to help manage their finances.

- 9.2 A preliminary Integrated Impact Assessment (IIA) has been carried out (Appendix 2). From this it was been determined that a full IIA would normally be required.

- 9.3 However due to the specific criteria which applies to Appointeeship eligibility, all clients would be considered vulnerable and/or to have a disability and therefore have protected characteristics. By the nature of the service, a high percentage of clients do not have mental capacity surrounding finances and therefore this presents challenges for engagement processes.

- 9.4 Advice given by the Access & Equality Advisor was that due to the specific client group, capacity issues and as the proposed change is equitable across all clients under Appointeeship, a full IIA would not be appropriate and any mitigation should be the main the focus surrounding any decision making as outlined in section 7 of the report.

- 9.5 Additionally, any representations from the engagement process will be captured using available reporting; this is to ensure that any clients that withdraw from support, Adult Social Care will be notified so as appropriate action can be taken to insure the clients best interests are protected.

## **10. Legal comments**

10.1 PCC is permitted to charge appointeeship fees if they are proportionate, reasonable and on a cost basis. The legal basis for charging is outlined in the body of the report. Any decision is likely to be controversial and as such must be readily consulted upon in order to mitigate as against challenge.

## **11. Finance comments**

11.1 As highlighted within the report, the appointeeship service has seen a growing number of clients, and more clients with increasingly complex financial requirements, (as a consequence of more people increasingly being supported to live in their communities).

11.2 The proposal to introduce an administration fee which will contribute to the operating costs of this service, is intended to ensure that the service is able to continue to support those clients who require the support of Portsmouth City Council to help manage their finances. The rationale for the proposed fee levels is set out in section 5 of the report.

11.3 Based on the initial financial modelling, the proposed fees are expected to generate c.£65,000 of income in 2020-21 (part year), which will contribute towards the £221,500 cost of operating the service.

11.4 These charges will not be subject to VAT.

11.5 In accordance with the financial rules, this new charge has been agreed with both the s.151 officer and City Solicitor as being intra vires.

.....  
Signed by:

### **Appendices:**

Appendix 1 - Benchmarking table - other Local Authorities  
Appendix 2 - 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:

<b>Title of document</b>	<b>Location</b>
The Care Act	<a href="http://www.legislation.gov.uk">www.legislation.gov.uk</a>
Social Security (claims and payments) Regulations 1987	<a href="http://www.legislation.gov.uk">www.legislation.gov.uk</a>
DWP Appointeeship guidance	<a href="http://www.gov.uk">www.gov.uk</a>

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

.....  
Signed by:

## Appendix 1

Name of Local Authority	Charging for Appointeeship Services	Charge - clients in community	Charge - Clients in residential care	Criteria for charging for Appointeeship Services	Comments
<b>Barking and Dagenham</b>	Yes	£8 per week	£8 per week		
<b>Barnet</b>	No				Considering charging arrangements
<b>Bexley</b>	No				
<b>Bristol</b>	Yes	£5.00 per week	£5.00 per week		
<b>Bromley Council</b>	Yes	£745 one off fee + annual fee. Annual fee is £775 (1st year) and £650 subsequent years for savings > 16k or 3.5% if under 16k	£745 one off fee + annual fee. Annual fee is £775 (1st year) and £650 subsequent years for savings > 16k or 3.5% if under 16k		£300 property management fee which includes paying of bills for those with £16,000+ and 3.5% for those under £16,000 up to £300
<b>Buckinghamshire County Council</b>	Yes	£2.50 per week	£2.50 per week		
<b>Bury</b>	Yes	£10.24 per week	£5.12 per week	<b>Community</b> – waived if less than £1000 capital/savings. <b>Residential</b> – waived if less than £2000 capital/savings	
<b>Camden</b>	No				
<b>Central Bedfordshire</b>	Yes	£60 per year + 3.5% of customers capital max fee £495	£26 per year + 3.5% of customers capital max fee £495	Capital over £1000	Capital < £1000 no charge
<b>Cheshire East</b>	No				No charge – only take on appointee at the very last resort when there is no other option available.



## Appendix 1

Name of Local Authority	Charging for Appointeeship Services	Charge - clients in community	Charge - Clients in residential care	Criteria for charging for Appointeeship Services	Comments
Cheshire West	No				
City Of London	No				
City Of Stoke On Trent	No				Considering charging arrangements and are currently in the consultation process
City Of Westminster	No				
City of York	Yes	£5.50 per week	£5.50 per week	If balance is less than £5.50, then 3.5% of balance	
Croydon Council	Yes	<b>Capital &gt; 16k</b> = £700 year 1 and £585 per year after <b>Capital &lt; 16K</b> fee is 2.5% of savings for health and welfare and 3% for property and affairs max £500	<b>Capital &gt; 16k</b> = £700 year 1 and £585 per year after <b>Capital &lt; 16K</b> fee is 2.5% of savings for health and welfare and 3% for property and affairs max £501		
Derbyshire	No				No charge currently but under consideration at a charge of £10 per week depending on factors such as capital.
Devon County Council	No				
Dudley Council	No				Dudley no longer offers an appointeeship service, only full deputyship where client lacks capacity
Ealing Council	No				



**Appendix 1**

<b>Name of Local Authority</b>	<b>Charging for Appointeeship Services</b>	<b>Charge - clients in community</b>	<b>Charge - Clients in residential care</b>	<b>Criteria for charging for Appointeeship Services</b>	<b>Comments</b>
<b>East Sussex</b>	No				Considering charging arrangements
<b>Gateshead</b>	Yes			Use a sliding scale of charges up to an annual maximum based on income and savings levels.	
<b>Hackney</b>	No				Considering charging arrangements
<b>Halton</b>	Yes	£10 per week	£7.00 per week	In community if no savings at date of Appointeeship exemption for 3 months to allow time to accrue money. No charge in Residential if capital less than £1000	
<b>Hammersmith and Fulham</b>	No				
<b>Haringey</b>	No				Considering introducing charges for appointeeship similar to deputyship charges
<b>Harrow</b>	Yes			Charge for appointeeships using the same annual charges as deputy clients. Clients net assets<16K charge 3.5% and for those with >16k £650	Charge for appointeeships using the same annual charges as deputy clients. Clients net assets<16K charge 3.5% and for those with >16k £650
<b>Hartlepool</b>	No				
<b>Hillingdon</b>	No				

## Appendix 1

<b>Name of Local Authority</b>	<b>Charging for Appointeeship Services</b>	<b>Charge - clients in community</b>	<b>Charge - Clients in residential care</b>	<b>Criteria for charging for Appointeeship Services</b>	<b>Comments</b>
<b>Hounslow</b>	Yes	£291 per annum <6K or £582 > 6K	£291 per annum <6K or £582 > 6K		
<b>Kensington and Chelsea</b>	No				
<b>Kent County Council</b>	No				
<b>Kirklees Council</b>	Yes	£10.00 per week	£5.00 per week	If savings in excess of £1000	
<b>Knowsley</b>	Yes	£20 per month	£20 per month	Only where clients have a balance of funds in excess of £1000.	
<b>Lambeth</b>	No				
<b>Leeds</b>	No				Considering introducing charges for appointeeship
<b>Leicestershire County Council</b>	No				
<b>Lewisham</b>	No				
<b>Lincolnshire</b>	No				Considering introducing charges for appointeeship
<b>Liverpool</b>	No				
<b>London Borough of Bromley</b>	Yes				3.5% <16k. For those over 16k there is an annual fee starting with £745 in the first year and £650 for every year after
<b>Manchester</b>	No				
<b>Medway</b>	Yes	Assets £0-£499.00 nil, below £3000.00 £50.00 per year, £3000.00-	Assets £0-£499.00 nil, below £3000.00 £50.00 per year,	£500.00 or above in capital on birthday following referral	



# Appendix 1

Name of Local Authority	Charging for Appointeeship Services	Charge - clients in community	Charge - Clients in residential care	Criteria for charging for Appointeeship Services	Comments
		£9999.00 £5.00 per week, £10000.00 - £15999.00 3.5% of capital, £16000.00 plus £650.00 per year	£3000.00- £9999.00 £5.00 per week, £10000.00 - £15999.00 3.5% of capital, £16000.00 plus £650.00 per year		
<b>Merton</b>	No				Not currently but would look to charge on a sliding scale based on assets
<b>Newham</b>	No				
<b>North East Lincs</b>	yes	£296.00 per year	£296.00 per year	All clients are charged and then we operate an appeals panel/write off procedure for those who can't afford to pay	This is a new process from July 2019
<b>North Yorkshire</b>	No				Considering introducing charges for appointeeship
<b>Northamptonshire County Council</b>	Yes	£12.50 per week	£10 per week	Savings over £1000	
<b>Northumberland</b>	No				
<b>Nottingham</b>	No				
<b>Nottinghamshire</b>	Yes	£12.00 per week	£12.00 per week	If savings in excess of £1000	
<b>Oldham Council</b>	Yes	£10.00 per week + one off £309.00 admin fee	£5.00 per week + one off £309.00 admin fee		
<b>Poole Council</b>	Yes	Capital £2001-£4999 £10 per week £5000-£9999 £11 per week £10,000 + £12 per	Capital £2001-£4999 £10 per week £5000-£9999 £11 per week £10,000 + £12 per	Savings over £2000	



## Appendix 1

<b>Name of Local Authority</b>	<b>Charging for Appointeeship Services</b>	<b>Charge - clients in community</b>	<b>Charge - Clients in residential care</b>	<b>Criteria for charging for Appointeeship Services</b>	<b>Comments</b>
		week	week		
<b>Reading Borough Council</b>	Yes	Category I: Currently charge £25 for the work up to appointeeship is granted from DWP Category II: Sliding Scale charged per week £750-£1999 = £1.00 £2000-£3999 = £2.00 £4000-£5999 = £3.00 £6000-£9999 = £4.00 Over £10000 = £5.00	Category I: Currently charge £25 for the work up to appointeeship is granted from DWP Category II: Sliding Scale charged per week £750-£1999 = £1.00 £2000-£3999 = £2.00 £4000-£5999 = £3.00 £6000-£9999 = £4.00 Over £10000 = £5.00	If savings in excess of £749.00	One off charges also exist for arranging holidays, property searches, shopping and ordering products and any research these are £10-£25
<b>Rochdale Borough Council</b>	Yes	£576 (plus VAT) Per Annum	£300 (Plus VAT) per annum		Clients over 16K cannot apply for appointee service.
<b>Royal Borough of Greenwich</b>	No				Apply to be appointed as Deputy in most cases
<b>Royal Borough of Kingston Upon Thames</b>	No				
<b>Sefton</b>	Yes	N/A	5	If savings in excess of £1000	Only take appointeeship on for clients in care homes.
<b>Sheffield</b>	No				
<b>Southend</b>	No				
<b>Staffordshire Council</b>	Yes	£7.50 per week	£5.00 per week	If savings exceed £1000	
<b>St Helens</b>	Yes	£5.00 per week	£3.00 per week	No charge if savings below £1000	



## Appendix 1

<b>Name of Local Authority</b>	<b>Charging for Appointeeship Services</b>	<b>Charge - clients in community</b>	<b>Charge - Clients in residential care</b>	<b>Criteria for charging for Appointeeship Services</b>	<b>Comments</b>
<b>Stockport</b>	Yes	£10.30 per week	£5.15 per week	For service users with less than £1k the charge is £1.00 per month	
<b>Somerset Council</b>	Yes	£501.00- £3000 £50 pa £3000-£10000 £260pa £10000-£15999 3.5% £16000 £650.00pa	£501.00- £3000 £50 pa £3000- £10000 £260pa £10000-£15999 3.5% £16000 £650.00pa	£500+ savings	
<b>Sunderland</b>	Yes	£5.00 per week	£5.00 per week		
<b>Tameside Council</b>	Yes	90.02 per quarter	90.02 per quarter	If savings in excess of £1000	
<b>Tower Hamlets</b>	No	-			
<b>Waltham Forest</b>	No	-			No longer offer appointeeship services but they used to and they charged 3.5%<16K and £650 if over as well as a £300 property management fee if SU was in a home.
<b>Wandsworth and Richmond</b>	No	-			
<b>Warrington</b>	Yes	£10 per week	£7.00 per week		
<b>West Berkshire</b>	No				
<b>West Lothian</b>	No	-			
<b>Wigan</b>	Yes	£15 per week	£15 per week	Only exempt if benefits are suspended.	
<b>Wirral</b>	No	-			



Appendix 1

<b>Name of Local Authority</b>	<b>Charging for Appointeeship Services</b>	<b>Charge - clients in community</b>	<b>Charge - Clients in residential care</b>	<b>Criteria for charging for Appointeeship Services</b>	<b>Comments</b>
<b>Wrexham Council</b>	Yes	£10 per week	£10 per week		
<b>Wokingham</b>	Yes	£100 per annum	£100 per annum	Savings below £3000 only. COP charges for anyone over £3000	





# Integrated Impact Assessment (IIA)

**Integrated impact assessment (IIA) form December 2019**

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

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

- identify those policies, projects, services, functions or strategies that could impact positively or negatively on the following areas:
  - Communities and safety
  - Regeneration and culture
  - Environment and public space
  - Equality & diversity

**Directorate:**

Finance

**Service, function:**

Appointeeship

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

Appointeeship Fees

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

- ☐ Existing
- ☒ New / proposed
- ☐ Changed

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

To introduce administration fees from Monday 06 July 2020 for clients in receipt of Appointeeship services provided by the City Council.

Has any consultation has been undertaken for this proposal? What were the outcomes of the consultations?  
Has anything changed because of the consultation? Did this inform your proposal?

No - this client group does not have mental capacity surrounding finances and as such consultation presents challenges. Therefore mitigation has been the main focus during any decision making. Mitigation and proposed engagement process in more detail below.

## A - Communities and safety

Yes

No

Is your policy, proposal relevant to the following questions?

### A1-Crime - Will it make our city safer?

☐☒

In thinking about this question:

- How will it reduce crime, disorder, ASB and the fear of crime?
- How will it prevent the misuse of drugs, alcohol and other substances?
- How will it protect and support young people at risk of harm?
- How will it discourage re-offending?

If you want more information contact [Lisa.Wills@portsmouthcc.gov.uk](mailto:Lisa.Wills@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-spp-plan-2018-20.pdf>

Please expand on the impact on these issues your proposal will have, and how you propose to mitigate any negative impacts?

How will you measure/check the impact of your proposal?

## A - Communities and safety

Yes

No

Is your policy, proposal relevant to the following questions?

### A2-Housing - Will it provide good quality homes?

☐☒

In thinking about this question:

- How will it increase good quality affordable housing, including social housing?
- How will it reduce the number of poor quality homes and accommodation?
- How will it produce well-insulated and sustainable buildings?
- How will it provide a mix of housing for different groups and needs?

If you want more information contact [Daniel.Young@portsmouthcc.gov.uk](mailto:Daniel.Young@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/psh-providing-affordable-housing-in-portsmouth-april-19.pdf>

Please expand on the impact on these issues your proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

**A - Communities and safety**

**Yes**

**No**

Is your policy, proposal relevant to the following questions?

**A3-Health** - Will this help promote healthy, safe and independent living?

☐☒

In thinking about this question:

- How will it improve physical and mental health?
- How will it improve quality of life?
- How will it encourage healthy lifestyle choices?
- How will it create healthy places? (Including workplaces)

If you want more information contact [Daniel.Young@portsmouthcc.gov.uk](mailto:Daniel.Young@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/psh-providing-affordable-housing-in-portsmouth-april-19.pdf>

Please expand on the impact on these issues your proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

**A - Communities and safety**

**Yes**

**No**

Is your policy, proposal relevant to the following questions?

**A4-Income deprivation and poverty**-Will it consider income deprivation and reduce poverty?

☐☒

In thinking about this question:

- How will it support those vulnerable to falling into poverty; e.g., single working age adults and lone parent households?
- How will it consider low-income communities, households and individuals?
- How will it support those unable to work?
- How will it support those with no educational qualifications?

If you want more information contact [Mark.Sage@portsmouthcc.gov.uk](mailto:Mark.Sage@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-homelessness-strategy-2018-to-2023.pdf>  
<https://www.portsmouth.gov.uk/ext/health-and-care/health/joint-strategic-needs-assessment>

Please expand on the impact on these issues your proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

## A - Communities and safety

Yes

No

Is your policy, proposal relevant to the following questions?

**A5-Equality & diversity** - Will it have any positive/negative impacts on the protected characteristics?



In thinking about this question:

- How will it impact on the protected characteristics-Positive or negative impact (Protected characteristics under the Equality Act 2010, Age, disability, race/ethnicity, Sexual orientation, gender reassignment, sex, religion or belief, pregnancy and maternity, marriage and civil partnership,socio-economic)
- What mitigation has been put in place to lessen any impacts or barriers removed?
- How will it help promote equality for a specific protected characteristic?

If you want more information contact [gina.perryman@portsmouthcc.gov.uk](mailto:gina.perryman@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cmu-equality-strategy-2019-22-final.pdf>

Please expand on the impact on these issues your proposal will have, and how you propose to mitigate any negative impacts?

To be eligible for support from the appointeeship team, the person needs to be deemed as "unable to act"

Portsmouth defines "unable to act":

- as an adult who lacks capacity to manage finances (a recent Mental Capacity Assessment (MCA) is required to demonstrate professional judgment)

OR

- has severe physical disabilities resulting in the inability to deal with finances;  
and/or

- who has been subject to financial abuse/safeguarding concern(s); and

- there must be no one else who is willing or suitable to manage the individual's finances.

Due to these specifications, by the nature of the service all clients would be considered vulnerable and/or disabled and therefore have protected characteristics. However the proposed change will impact all clients in receipt of the service and is equitable across all clients regardless of disability. Decision to charge fees will be based on the financial position of the individual.

These charges will apply to 187 appointeeship clients.

Mitigation

- All clients will have a financial review to ensure all financial commitments are met, all welfare benefits they are entitled to are in payment and outgoings are proportionate to circumstances.
- All clients will have the new fees explained to them with appropriate support (ASC/Support Worker/Advocate/Family Member).
- Easy to read briefing sheets will be devised and issued to all clients inviting them and their chosen support
- Drop in sessions/coffee mornings to be held to communicate fee's
- Visits will be conducted for those unable to attend sessions
- Briefings for professional staff to ensure consistency
- Caveat to consider hardship to ensure only those that can afford the fee's will be charged.
- Only clients with disposable income (after all financial commitments are met - including utilities, care fees, regular expenses, debt re-payments, mobiles, broadband) will be charged.
- Regular review of client finances will be conducted to ensure sustainability.
- Client's wanting to PCC to rescind appointeeship will be support in ensuring an appropriate third person is identified and support with the appointeeship process.

How are you going to measure/check the impact of your proposal?

Representations from engagement process will be captured and in collaboration with ASC addressed on a case by case bases.

Client numbers will be monitored and reported on.



**B - Environment and climate change**

Yes

No

Is your policy, proposal relevant to the following questions?

**B1-Carbon emissions** - Will it reduce carbon emissions?☐☒

In thinking about this question:

- How will it reduce greenhouse gas emissions?
- How will it provide renewable sources of energy?
- How will it reduce the need for motorised vehicle travel?
- How will it encourage and support residents to reduce carbon emissions?

If you want more information contact [Tristan.thorn@portsmouthcc.gov.uk](mailto:Tristan.thorn@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cmu-sustainability-strategy.pdf>

Please expand on the impact on these issues your proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

**B - Environment and climate change**

Yes

No

Is your policy, proposal relevant to the following questions?

**B2-Energy use** - Will it reduce energy use?☐☒

In thinking about this question:

- How will it reduce water consumption?
- How will it reduce electricity consumption?
- How will it reduce gas consumption?
- How will it reduce the production of waste?

If you want more information contact [Daniel.Young@portsmouthcc.gov.uk](mailto:Daniel.Young@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/psh-providing-affordable-housing-in-portsmouth-april-19.pdf>

Please expand on the impact on these issues your proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

**B - Environment and climate change**

Yes

No

Is your policy, proposal relevant to the following questions?

**B3 - Climate change mitigation and flooding**-Will it proactively mitigate against a changing climate and flooding ?

☐☒

In thinking about this question:

- How will it minimise flood risk from both coastal and surface flooding in the future?
- How will it protect properties and buildings from flooding?
- How will it make local people aware of the risk from flooding?
- How will it mitigate for future changes in temperature and extreme weather events?

If you want more information contact [Tristan.thorn@portsmouthcc.gov.uk](mailto:Tristan.thorn@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/env-surface-water-management-plan-2019.pdf>

<https://www.portsmouth.gov.uk/ext/documents-external/cou-flood-risk-management-plan.pdf>

Please expand on the impact on these issues your proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

**B - Environment and climate change**

Yes

No

Is your policy, proposal relevant to the following questions?

**B4-Natural environment**-Will it ensure public spaces are greener, more sustainable and well-maintained?

☐☒

In thinking about this question:

- How will it encourage biodiversity and protect habitats?
- How will it preserve natural sites?
- How will it conserve and enhance natural species?

If you want more information contact [Daniel.Young@portsmouthcc.gov.uk](mailto:Daniel.Young@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/pln-solent-recreation-mitigation-strategy-dec-17.pdf>

Please expand on the impact on these issues your proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

**B - Environment and climate change**

Yes

No

Is your policy, proposal relevant to the following questions?

**B5-Air quality** - Will it improve air quality?☐☒

In thinking about this question:

- How will it reduce motor-vehicle traffic congestion?
- How will it reduce emissions of key pollutants?
- How will it discourage the idling of motor vehicles?
- How will it reduce reliance on private car use?

If you want more information contact [Hayley.Trower@portsmouthcc.gov.uk](mailto:Hayley.Trower@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/env-aq-air-quality-plan-outline-business-case.pdf>

Please expand on the impact on these issues your proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

**B - Environment and climate change**

Yes

No

Is your policy, proposal relevant to the following questions?

**B6-Transport** - Will it improve road safety and transport for the whole community?☐☒

In thinking about this question:

- How will it prioritise pedestrians, cyclists and public transport users over users of private vehicles?
- How will it be safe and comfortable for children and older people to cycle and walk in the area?
- How will it increase the proportion of journeys made using sustainable and active transport?
- How will it reduce the risk of traffic collisions, and near misses, with pedestrians and cyclists?

If you want more information contact [Pam.Turton@portsmouthcc.gov.uk](mailto:Pam.Turton@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/travel/local-transport-plan-3>

Please expand on the impact on these issues your proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?



## B - Environment and climate change

Yes

No

Is your policy, proposal relevant to the following questions?

**B7-Waste management** - Will it increase recycling and reduce the production of waste?



In thinking about this question:

- How will it reduce household waste and consumption?
- How will it increase recycling?
- How will it reduce industrial and construction waste?

If you want more information contact [Steven.Russell@portsmouthcc.gov.uk](mailto:Steven.Russell@portsmouthcc.gov.uk) or go to:

<https://documents.hants.gov.uk/mineralsandwaste/HampshireMineralsWastePlanADOPTED.pdf>

Please expand on the impact on these issues your proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

**C - Regeneration of our city**

Yes

No

Is your policy, proposal relevant to the following questions?

**C1-Culture and heritage** - Will it promote, protect and enhance our culture and heritage?

☐☒

In thinking about this question:

- How will it protect areas of cultural value?
- How will it protect listed buildings?
- How will it encourage events and attractions?
- How will it make Portsmouth a city people want to live in?

If you want more information contact [Claire.Looney@portsmouthcc.gov.uk](mailto:Claire.Looney@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/pln-portsmouth-plan-post-adoption.pdf>

Please expand on the impact on these issues your proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

**C - Regeneration of our city**

Yes

No

Is your policy, proposal relevant to the following questions?

**C2-Employment and opportunities** - Will it promote the development of a skilled workforce?

☐☒

In thinking about this question:

- How will it improve qualifications and skills for local people?
- How will it reduce unemployment?
- How will it create high quality jobs?
- How will it improve earnings?

If you want more information contact [Mark.Pembleton@portsmouthcc.gov.uk](mailto:Mark.Pembleton@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-regeneration-strategy.pdf>

Please expand on the impact on these issues your proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

Is your policy, proposal relevant to the following questions?

**C3 - Economy** - Will it encourage businesses to invest in the city, support sustainable growth and regeneration?

☐☒

In thinking about this question:

- How will it encourage the development of key industries?
- How will it improve the local economy?
- How will it create valuable employment opportunities for local people?
- How will it promote employment and growth to the city?

If you want more information contact [Mark.Pembleton@portsmouthcc.gov.uk](mailto:Mark.Pembleton@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-regeneration-strategy.pdf>

Please expand on the impact on these issues your proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

**Q8 - Who was involved in the Integrated integrated assessment?**

Kelly Redman

**This IIA has been approved by:** Richard Webb

**Contact number:** x8090

**Date:** 15/01/20

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# Agenda Item 8



Portsmouth  
CITY COUNCIL

Agenda item:

**Title of meeting:** Cabinet

**Date of meeting:** 10<sup>th</sup> March 2020

**Subject:** Greening Portsmouth Strategy

**Report From:** Chief Executive

**Report by:** Kelly Nash, Corporate Performance Manager

**Wards affected:** All

**Key decision:** No

**Full Council decision:** No

---

## 1. Purpose of report

1.1 To set out a Greening Portsmouth Strategy for the city.

## 2 Recommendations

2.1 It is recommended that Cabinet approve the Greening Portsmouth Strategy, as set out at appendix A to this report.

## 3. Background

3.1 Significant actions have already been taken in support of a greener city including:

- Planting 50,000 trees at Horsea Island to create a new country park
- Planting more trees on Southsea Common
- Creating wild areas of the city where flowers and grasses can grow.

3.2 In 2019, Cabinet received reports on the development of Green Infrastructure for the city. At the same time, discussions around the response to the climate emergency were developing; and the city was considering the responses to challenges around air quality in the city.

3.3 It was therefore agreed that it would be sensible to develop a single approach to increasing the quantum of greenery in the city; and maximising the impact of greenery across a number of dimensions.

#### **4. Greening Portsmouth Strategy**

- 4.1 The Greening Portsmouth (attached at **Appendix A** to this report) outlines the approach that will be taken to making Portsmouth a greener city. PCC will take to work towards its objective of becoming carbon neutral by 2030.
- 4.2 The document highlights a number of the issues that are supported by greenery in the urban environment, notably:
- Mental wellbeing
  - Physical activity for recreation and active travel
  - Climate impact (through carbon capture and mitigating the impacts of a warmer environment)
  - Air quality
  - Biodiversity
  - Visual impact
- 4.3 The document celebrates the role of trees in the urban environment, but also notes that there are important functions performed by other forms of greenery, such as grasses, shrubs and hedges. So the approach advocated is a mix of planting appropriate to the wider objectives and in support of the green network. The document also recognises that whilst there is lots of land and greenery that is the responsibility of the local authority, a large proportion of land (and therefore a large number of the opportunities for enhancement) is in private ownership. Therefore, there is consideration of how engagement is used to mobilise activity and participation, and what policy levers are in place to support this.
- 4.4 This means there are four branches to the strategy:
- Branch 1 - Public space (focusing on land in PCC ownership and control)
  - Branch 2 - Private land
  - Branch 3 - Engagement and participation
  - Branch 4 - Policy levers
- 4.5 There are a number of actions suggested including:
- Reinvigorating a "Tree Charter" for the city, enshrining key principles around tree planting, maintenance, removal and replacement
  - A planting programme to enhance greenery in the city over the next two-three years (aligned to planting seasons)
  - A programme of public engagement
  - The establishment of a working group to move this strategic programme forward.
  - A process for reporting back on an annual basis.
- 4.6 The strategy identifies the importance of balance across the city, in terms of access to greenery and the types of planting that are being used - it is important

that there is recognition that the right type of planting needs to be used for the right environment to ensure that the plant thrives and is sympathetic to the surroundings.

- 4.7 A clear role for partner organisations exists in the strategy in terms of mobilisation and widening participation in the agenda across the city.

## **5. Reasons for recommendations**

- 5.1 The Cabinet has signalled commitment to increasing green infrastructure in the city. This document provides a clear framework in which this can happen.
- 5.2 The proposals recognise that much is already happening to support this area of work, but that this would benefit from more co-ordination and promotion to ensure that the impact is optimised.

## **6. Integrated impact assessment (IIA)**

- 6.1 An integrated impact assessment is attached at Appendix B.

## **7. City Solicitor comments**

- 7.1 Any implementation of a scheme of planting would need to be subject to the usual relevant risk assessments applicable in the context of: users to an area, insurance risk to PCC and adjoining land owners, type of tree, longevity of life, statutory nuisance etc the aim being to move the policy forward whilst managing the risk profile.
- 7.2 With respect to private land any encouragement to plant would be in the context of the individual land owner assuming the risk as opposed to PCC. The Authority should be careful not to encourage homeowners or land owners to plant without consideration as to their own liability and insurance cover. Individual land owners should be aware of their own personal liability with respect to claims based upon nuisance and or caused by the trees of themselves (such things as branch failure, leaf build up slipping risks etc).

## **8. Head of finance's comments**

- 8.1 The plan was developed using existing Cash Limited resources.
- 8.2 The City Council approved a Capital Budget of £100,000 at Full Council in February 2020. This strategy seeks to provide the delivery plan for the allocation of this fund.
- 8.3 Following the implementation of the plan there may be revenue implications for the ongoing management of planting. These will need to be appraised on a scheme by scheme basis and a source of funding identified as when they arise.

- 8.4 The resource for management of the strategy will be met from existing cash limited resources. There may be external sources of funding available to support the objectives of the strategy and these will be explored as implementation is progressed.

.....  
Signed by:

#### **Appendices:**

**Appendix A - Greening Portsmouth Strategy**

**Appendix B - Integrated 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:

<b>Title of document</b>	<b>Location</b>

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

.....  
Signed by: Name and Title



## **Greening Portsmouth**

### **Foreword from Cabinet Members**

I am delighted to be able to introduce this greening strategy for our city.

We know about the benefits that more greenery in our environments can bring, and this is especially important in a densely populated city like Portsmouth. We have less green canopy, as a percentage of our land, than comparable cities like Plymouth or Southampton, but we know that greenery can support better air quality, better mental wellbeing, more physical recreation and of course, help us respond to the climate emergency.

Significantly increasing greenery in the public realm is something that I am committed to, and this document sets out our approaches and highlights some immediate priorities for action. We will also help other landowners (including householders) to increase the amount and quality of greenery in the city, and make sure all of our policies support this objective too.

The council has committed significant capital funding to get the ball rolling. The document is a "greenprint" for how we can invest this for maximum impact, and sets out what has to happen alongside this. We will also develop a mechanism as part of this work for capturing the value of trees to the city, using models that have been tried and tested elsewhere.

We can all play a part in this - green-fingered or not. I am very grateful to partners who have contributed to pulling this document together, including Portsmouth Friends of the Earth, Hampshire and Isle of Wight Wildlife Trust and the Tree Wardens.

Cllr Steve Pitt, Cabinet Member, Culture and City Development.

Cllr Dave Ashmore, Cabinet Member, Environment and Climate Change

Cllr Darren Sanders, Cabinet Member, Housing

## **Introduction**

As part of the process to develop the Local Plan for Portsmouth, and to respond to the climate emergency, work has been undertaken to look at the wider green infrastructure in the city, and identify opportunities to enhance this. The "green infrastructure network" is a term used to define a range of natural assets like parks, semi-natural and natural habitats, allotments, and playing pitches, as well as individual planting sites. The term also encompasses "blue infrastructure" including the coastline, streams and ponds. This network provides a wide range of valuable benefits for the city and its inhabitants, including but not limited to: improving physical and mental health and wellbeing; providing resilience to climate change; providing space for biodiversity and boosting economic investment.

A key component of the network is the city's trees. Trees not only serve to break up the hard, concrete fabric of the urban environment - particularly when they grow within the streetscape - but also provide many of the benefits highlighted above. For example, trees with large leafy canopies slow down surface run-off and help to reduce flood risk at times of heavy rain; they also serve to cool the environment especially in the summer by providing direct shade as well as through the effects of evapotranspiration. Trees can also provide benefits for improving air pollution, as well as providing habitat for local wildlife; whilst their simple presence within the environment has been found to benefit mental wellbeing through reducing stress and anxiety.

The local authority are ambitious to increase the amount of greenery in the city, including the number of trees in the city. If we were to double the number of trees in the next 25 years, this would mean:

- Ensuring that as many as possible of the 50,000 new trees on Horsea Island Country Park reach maturity (allowing for planned management as the trees grow)
- Adding 360 extra trees per year for the next 25 years in public open spaces, and 720 trees per year in private land, including gardens
- Adding 120 extra street trees per year for the next 25 years.

Of course, trees are only one form of greenery and we need to look at the full range of planting that can be done and the opportunities for improvement against all of our objectives. This strategy for enhancing the green spaces in Portsmouth builds upon and supersedes the previous Green Infrastructure plan considered at Cabinet, and which brought together a great deal of investigatory work. This included identifying areas of the city with the least tree cover, poorest quality open space and opportunities for planting. The document seeks to drive improvement over time and draws on a number of local and other sources including:

- Increasing Tree Cover in Portsmouth - Friends of the Earth, Portsmouth, 2019
- Emergency Tree Plan for the UK: How to increase tree cover and address the nature and climate emergency - Woodland Trust, January 2020
- An assessment of Tree Cover in Portsmouth Background Paper - PCC, February 2019
- Green Infrastructure Background Paper - PCC, February 2019

The strategy has four branches:

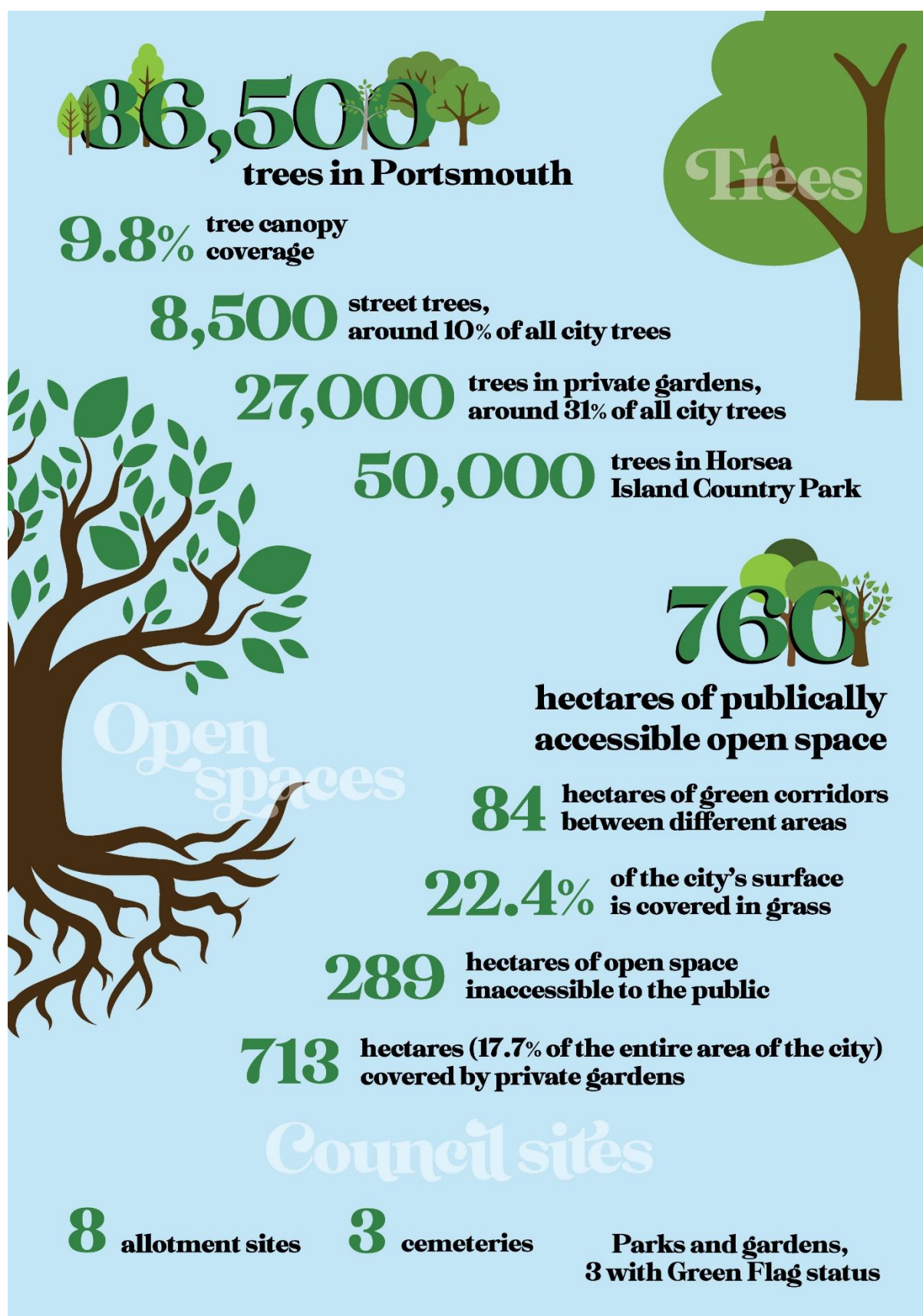
- 1) Branch 1 - Greening the public realm
- 2) Branch 2 - Greening private space
- 3) Branch 3 - Grassroots engagement

- 4) Branch 4 - Policy approach - how does the broad policy environment that the council sets support and improved green infrastructure in the city

This document will support other programmes of work in the city, including the Climate Action Plan and the Air Quality Plan. Please see the below diagram, setting out our plan on a page.



## Key information about greenery in Portsmouth



## **Branch 1- Planting our public realm**

**To double canopy coverage in the city, we need to add 360 new trees in parks and open spaces, and 120 new street trees (net of replacements) every year for the next 25 years.**

Portsmouth City Council is responsible for a huge amount of the publically accessible land in the city, including parks, public and communal gardens, cemeteries, and the wider highway network, including pavements and verges. This includes management of over 25,000 trees in the city. The council is committed to developing and improving the city's trees, many of which are prime specimens from a wide variety of species.

The council has been seeking to increase tree stock in the city over recent years. Planting schemes have focused on areas where air quality impact must be addressed, but also where there is space for additional trees to be added. So, planting has been carried out in areas such as Lake Road, Northern Parade, Eastern Road, Rectory Avenue and Goldsmith Avenue.

The council operates a planned programme of inspections for all of its tree stock. Sites have a specific visual assessment at least every four years, with many having a basic visual inspection annually as part of a general site safety survey. The inspections are carried out by professionally certified inspectors.

The council has a clear set of principles for the management of trees and planting, to ensure that greenery is protected but is also safe and sustainable:

- Portsmouth City Council will only permit removal of a tree in its management when the tree is dead, dying or diseased such that it will cause a danger; prevents a significant risk to public safety or property; or is required to enable achievement of development in line with planning policy - our detailed guidance on when removal is permitted is attached as part of our Tree Charter at Appendix 1.
- When a tree is removed, a replacement will be planted (although not necessarily at the same site) to ensure that there is no net reduction of trees in the city
- Wherever possible, planting will be permanent and into the ground, rather than of a temporary nature in planters
- Planting solutions will be right for the place, so considerations will include tree species and size, water dependency, root systems, hardiness and proximity to property
- Planting will take into account longer-term maintenance implications and be designed with this in mind
- Planting - including replacement planting - will be considered to ensure that the whole green infrastructure network for the city is balanced.

These principles ensure that trees are afforded a high degree of protection in the city, and that the conditions are in place for future planting to be sustained and thrive.

However, we accept that we are in the midst of a climate emergency, and have an immediate and urgent need to address issues of air quality in the city. This means that as well as preserving trees and greenery in the city, we need to proactively accelerate the planting of trees in the city, as well as take other measures such as enhancing lower level planting (hedges and shrubbery), finding opportunities for less structured planting, and space to innovate - for example, creating green walls or green roofs.



It is also important that we make sure that the right trees and plants end up in the right place. For example, urban landscapes need drought tolerant trees, and some species can actually be hazardous to air quality, for example, by adding pollen and other organic compounds to air, or creating a canopy which impeded air circulation.

Bearing this in mind, Portsmouth City Council has made capital funding available to augment the existing budgets for planting and plant management in the city, so that we can start greening the city. In the first phase of delivery (next two years), we will seek to implement (in addition to business as usual activity):

- Significant additional planting in our parks and open spaces
- Development of wild areas across the city
- Improved and enhanced planting on PCC housing land
- More street trees in priority areas.

We will also ensure that we model expectations from development in our own interests as a commercial landowner and promoter of schemes in the city, for example as we bring forward schemes for Lakeside and Tipner as an example. We will also be considering opportunities to bring greenery into projects delivered through the Future High Streets Fund in Commercial Road and Fratton (if successful). Opportunities for green enhancement will also be looked at in the Southsea Coastal Defences.

Finally, there are opportunities to consider where schemes for general landscape softening, such as depaving could be pursued. Such schemes provide wider environmental benefits, such as improved flood management and support climate adaptation and well as enhancing and softening the landscape. This is an area that we will explore more fully in implementing this strategy, and consider in tandem with plans to reprioritise streets. Separate to the Local Plan, as part of our commitment to greening the city, we will also investigate opportunities for temporary greening and acknowledge the contribution made to recreational objectives, air quality, and carbon reduction by temporary greening pending permanent development.

## **Branch 2: Private Open Space**

**To double canopy coverage in the city, we need to add 720 new trees on private land, including gardens, every year for the next 25 years.**

As well as the open space that is publically accessible, there is a significant amount of open space in the city that is not generally accessible to the public, or is only open to them occasionally. Whilst these areas do not have quite the same breadth of benefits that publically accessible spaces do, it is still important to consider them, as they still perform a number of functions. The functions these private spaces can potentially play include adapting to and mitigating climate change, contributing to biodiversity as well as providing the wider benefits that open spaces generally provide to some portions of the community.

In Portsmouth, this non-accessible space includes school grounds, MoD land, private sports clubs, Portsmouth Water land, horse paddocks, and the land around the Lakeside site at Northarbour. It is calculated that this private open space amounts to 289 hectares of land although also included within this figure is the area of landfill that is being reclaimed to form the Horsea Island Country Park.

The other significant dimension of private space with value as open space is that of private gardens. Whilst each is only accessible and therefore provides direct benefits to the residents of that property, these spaces can still have a benefit to the rest of the community and city as a whole. Gardens can be beneficial through helping ensure that neighbourhoods are more resilient to some of the impacts of climate change, but also through the benefits they bring to local ecology and overall biodiversity in the area. Indeed, it is now recognised that some of the UK's declining wildlife species are now found more often in gardens than anywhere else. Furthermore, because of the propensity to play host to a range of species, they can be the main avenue through which people witness the natural environment day to day.

A significant proportion of the city is covered by private gardens due to the highly built up nature of Portsmouth, and the area represents about 713 hectares in total which equates to 17.7% of the entire area of the city, a sizeable proportion of the city's land coverage. These private gardens play an important role in providing space for trees to grow - just under 27,000 of the city's trees (or 31% of all trees in the city) are in private gardens.

However, in reality not all gardens in the city are working as well as they could in terms of providing green infrastructure. Many gardens are now completely paved over with artificial materials, and devoid of natural surfaces or vegetation such as trees and shrubs, whilst others do still retain greater proportions of the natural assets that form a vital part of the green infrastructure network.

There is therefore critically important that when we are considering the opportunities to add further trees and greenery to the cityscape, these areas of private land are not overlooked. Larger areas, such as school grounds provide a huge opportunity to enhance the city's green environment, but also to support children in their developing understanding and enjoyment of the natural environment. The council is already working, in collaboration with the Tree Council, on a project to plant fruit trees and fruiting hedges in schools.

There is expertise and resource that the local authority can leverage to provide help to ensure that the right sort of planting is provided and given the right care to ensure that greenery becomes established, and we will consider how we can make this happen through the strategy. An excellent



example is a recently started partnership project working with Portsmouth Hospitals Trust to consider how the area around Queen Alexandra Hospital can be enhanced as green space.

We also need to help homeowners and tenants understand how they can make their own spaces an effective part of the green infrastructure in the city, and provide support to do this. Again, the authority has skills and expertise in green space development that can be geared towards helping residents make the most of their space and the ability to make linkages across the community - for example, in making resources available or creating the spaces for communities to come together around these aims. Assets such as the Waterfront Garden Centre are important in promoting the green agenda in the city, as an easy way for residents to stock up on plants and equipment (and of course, Christmas trees!).

### **Branch 3: Engagement and consultation**

The greening strategy supports a huge range of wider objectives in the city, including the commitment, made as part of Portsmouth's response to the climate emergency, to achieving zero net carbon by 2030, and improving air quality. These in turn support drives to enhance the physical and mental wellbeing of the population, and the function of the city as a habitat for flora and fauna. Greenery in the environment supports the idea of building a city that is both liveable and loveable. For this reason, we want people to feel really engaged with and involved in their green environment, and able to do as much as they can to contribute to building the city's green infrastructure.

We will therefore develop a programme of communications activity to make sure that everyone in the city understands our approach to trees and greenery as a local authority, but will give people help and advice to play their own part. We will consider how we can improve the information around the city about trees and greenery so that people can understand why these things are important, and republish the Tree Charter for the city. We will create a strong mechanism for gathering feedback about where people think a "greening intervention" could be helpful and make sure that we respond to ideas on a regular basis. This will help us keep our action plan fresh and up to date.

A really important element of this is including awareness of the natural environment in education from an early age, and this is why it is so important to continue to work with our schools so that the imaginations of young people are captured.

We will seek to build on the success of our previous social media campaign which included:

- Informing people about the benefits of greening and why we need more city greenery
- Informing people about lesser known green spaces near them - there are quite a few!
- Sharing some of the fantastic images that we have, demonstrating the greenery in the city.

#### **Branch 4- Portsmouth's policy approach**

In the medium and long term, planning policy plays a vital role in protecting and improving green infrastructure coverage in the city and ensuring that new development takes responsibility for delivering greening in the city. The adopted Local Plan contains a policy (PCS13 'A greener Portsmouth') which addresses how green infrastructure such as trees should be handled in development that happens around the city. It sets out various requirements in terms of protecting, enhancing and providing new green infrastructure in the city and can be viewed on the Council's website.

The Council is working on a new Local Plan which will replace the existing adopted core strategy. Whilst this work is ongoing, officers are actively working to promote green infrastructure throughout the Local Plan, and the topic will continue to be addressed in its own specific policy.

Key considerations in the development of the Local Plan include:

**Protecting existing green infrastructure** - The development of open spaces in the city will continue to be resisted. Development that results in a net loss of green infrastructure will be resisted, and net gains in green infrastructure in proposals will be sought wherever possible. Trees protected under TPOs or within conservation areas will continue to benefit from significant protections.

**Enhancements of existing green infrastructure** - The Plan will also seek to bring about enhancements to existing green infrastructure in the city such as open spaces in order to boost its multi-functionality and overall quality. This will be important for improving the resilience of these assets to the potential of increased pressures from future development needs and rising population in the city going forwards.

**Delivering new green infrastructure** - In recognition of the often limited space available in the more densely built up areas of the city, the plan will seek to encourage innovative design of green infrastructure in the urban environment that might utilise traditionally more wasted spaces, such as roof tops and walls of buildings in order to help meet net gains in green infrastructure. It will also seek creation of new open spaces wherever possible.

Future rounds of consultation on the Local Plan in 2020 will provide the opportunity to comment on the emerging document as it progresses towards submission and adoption. This will include opportunities to comment on draft policies and the Council will welcome feedback in order to help shape and strengthen that document. Details on the Local Plan timeline can be found on the website

## **Action plan**

In order to achieve a greener city, we will implement the following actions in Phase One of the strategy (2 years linked to planting seasons):

Action	Lead officer	Time period	Associated resource
<b>Branch 1- Planting public realm</b>			
Plant around 300 new trees in city parks and open space of the strategy.	Service manager - parks and open space	Within available planting seasons - 1-2 years	PCC capital programme
Enhance planting in communal spaces in PCC housing land	Head of Estate Services	Within available planting seasons - 1-2 years	Ongoing housing improvement programme
Deliver street tree sites as identified through previous greening feasibility work prepared in July 2019, with focus on high impact sites in areas currently underserved by the green network	PCC Green Team	Within available planting seasons - 1-2 years	PCC Capital programme
Develop areas of wild growing in every ward in the city	Service manager - parks and open space	Within available planting seasons 1-2 years	PCC capital programme
<b>Branch 2: Private Open Space</b>			
Develop and promote resources for businesses and residents around how to green space	PCC Green Team	During 2020	Within existing resources
Work with schools to identify opportunities for planting and greening	Landscape Architects	Within available planting seasons	Within existing resources
Work in partnership with PHT to develop ideas for greening Queen Alexandra Hospital	Landscape Architects Group	Ongoing	Funded via PHT
<b>Branch 3: Engagement and consultation</b>			
Launch communications and engagement plan, including signage that can be used by contractors carrying out works	Communications and Engagement	Ongoing	Within existing resources

Publicise and implement the measures in the Tree Charter	Communications and Engagement	Ongoing	Within existing resources
Branch 4:- Portsmouth's policy approach			
Incorporate green infrastructure policy approach in the Local Plan	Assistant Director - Planning and Economic Growth	Within Local Plan programme - draft anticipated 2020	Within existing Local Plan programme resource

### **Governance and working together**

The Greening Strategy will be led by a "virtual team" of officers working across the city to ensure that there is a joined up, comprehensive approach to land that is the responsibility of the city. We will ask valued partners, including Friends of the Earth, Hampshire and Isle of Wight Wildlife Trust and the Tree Wardens to be part of this "Green Team".

On an annual basis, a report to the Cabinet member will be produced, highlighting progress and identifying priorities for future phases of the strategy to ensure that the action plan remains evergreen. The group will also oversee the implementation of the measures in the tree charter.

### **Our measures of success**

We will seek to baseline our current tree stock, greenery and open space, and reassess on an appropriate basis to benchmark:

- Number of trees
- Canopy cover
- Air quality
- Engagement levels
- Open space quality assessment

We will develop a model to assign value to the green infrastructure in the city, similar to that which has been used in Bristol, for example.

## **Appendix 1 - Portsmouth Tree Charter**

Portsmouth City Council is committed to developing and improving the city's trees, many of which are prime specimens from a wide variety of species.

Trees add great beauty to the city's landscape, absorb atmospheric pollutants and provide a habitat for birds and other wildlife. These benefits all contribute towards making our city a better place in which to live, work and visit.

The council will improve the quality, quantity and variety of the city's tree stock by implementing a long-term management plan. This plan will, wherever practicable, ensure a commitment to the residents and visitors of Portsmouth to enhance the city's trees, whilst ensuring that public safety is the highest priority.

We will:

- Inspect trees regularly and carry out remedial works as necessary to the relevant British Standards or best practice guidelines
- Log data to build up a history of each tree
- Remove trees only where they are dead, dying or diseased such that it will cause a danger; or present an irretrievable risk to public safety or property; or are required to enable achievement of development in line with planning policy
- Wherever possible, ensure that there is local consultation and communication about tree works
- Commit to replacement of trees that need to be removed to ensure there is no net loss - this might not be a replacement at the same location, or of the same species
- Continually seek out and assess new planting sites
- Provide advice where requested on tree-related matters to an appropriate level
- Provide information on trees in the city to enhance public understanding and enjoyment, such as the "Tree Trails"
- Commit to working in partnership with the voluntary and community sector on promoting the importance of trees in the city
- Explore funding opportunities, such as grants and sponsorship, that will help enhance the environment
- Ensure that as far as is practical, all green waste arising from city council tree works are recycled.

Residents can help by:

- Keeping us informed of all proposed planting
- Helping to water newly planted trees near your own property
- Suggesting new sites for tree planting
- Reporting any damage to city's trees.

Brief overview of tree management

The city council operates a planned programme of inspections for all of its tree stock. Tree records including survey data are stored on specialist tree management software. Sites have specific visual assessment at least every 4 years, with many having a basic visual inspection annually as part of a general site safety survey. The inspections are carried out by trained inspectors.

### **General principles for tree works and removals**

**Portsmouth City Council will only permit removal of a tree in its management when the tree is dead, dying or diseased such that it will cause a danger; prevents a significant risk to public safety or property; or is required to enable achievement of development in line with planning policy**

- All requests for arboricultural works to trees growing on council land will be inspected and authorised by Council officers.
- If tree works are required in bird nesting season (February-September) trees will be examined for evidence of nesting. Where a bird's nest is found, tree works will be delayed until the end of the nesting season.
- No tree work will be undertaken on trees where there is potential to impact upon any protected species (for example, bats or badgers) until consultation has been undertaken with the Council ecologist and/or appropriate external consultants. Any work that is subsequently undertaken will be in accordance with current legislation, policy and best practice guidance.
- All tree pruning and arboriculture works are undertaken in accordance with the British Standard for Arboriculture BS3998 and will follow guidance from the Arboriculture Association's Guidance Note - An introduction to Trees and their Management.

Although all requests for tree felling or works are assessed on their own merits, these would not generally occur to remedy:

- Shading/loss of light to properties
- Minor or seasonal effects such as leaf litter, bird mess, fruit or seed fall or sticky secretions from insects and aphids (honeydew)
- Effects on TV reception (satellite or terrestrial television)
- Obstruction of private CCTV cameras
- Perceived threats - any decision will be based on inspection and evidence
- Non-actionable nuisance e.g. from overhanging branches
- Obstruction of telephone or utility cables (these are the responsibility of the statutory undertaker such as a utilities provider)

Works will not be undertaken purely for the benefit of an individual even if they are willing to pay for the removal or pruning of a tree.

### **Principles for tree replacement**

When a tree is removed, a replacement will be planted (although not necessarily at the same site) to ensure that there is no net reduction of trees in the city. Wherever possible, planting will be permanent and into the ground, rather than of a temporary nature in planters. Planting solutions will be right for the place, so considerations will include tree species and size, water dependency, root systems, hardiness and proximity to property. Planting will take into account longer-term maintenance implications and be designed with this in mind. Planting - including replacement planting - will be considered to ensure that the whole green infrastructure network for the city is balanced.

### **Consultation and information**

When the council seeks to remove a tree, prior information will be given to ward councillors and tree wardens, setting out why the tree is to be removed, the plan for replacement and any other relevant information to answer any queries from the public. In addition, a notice will be attached to the tree, and the information will also be placed on the PCC website.



# Integrated Impact Assessment (IIA)

**Integrated impact assessment (IIA) form December 2019**

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

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

- identify those policies, projects, services, functions or strategies that could impact positively or negatively on the following areas:
  - Communities and safety
  - Regeneration and culture
  - Environment and public space
  - Equality & - Diversity This can be found in Section A5

**Directorate:**

Executive

**Service, function:**

Strategy

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

Greening Portsmouth

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

- ☐ Existing
- ☒ New / proposed
- ☐ Changed

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

To develop a single approach to increasing the quantum of greenery in the city.

Has any consultation been undertaken for this proposal? What were the outcomes of the consultations? Has anything changed because of the consultation? Did this inform your proposal?

The draft strategy has been sent officers in planning and the resulting feedback has been reviewed and accounted for in the final strategy.

## A - Communities and safety

Yes

No

Is your policy/proposal relevant to the following questions?

### A1-Crime - Will it make our city safer?



In thinking about this question:

- How will it reduce crime, disorder, ASB and the fear of crime?
- How will it prevent the misuse of drugs, alcohol and other substances?
- How will it protect and support young people at risk of harm?
- How will it discourage re-offending?

If you want more information contact [Lisa.Wills@portsmouthcc.gov.uk](mailto:Lisa.Wills@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-spp-plan-2018-20.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

Recent studies have shown that a 10% increase in tree canopy was associated with a 15% decrease in violent crime and a 14 percent fall in the property crime rate. Trees and greenery help to increase the 'eyes on the street' and also reduce mental fatigue lead to crime.

How will you measure/check the impact of your proposal?

Policing and crime statistics will be reviewed in areas to ensure that location specific anomalies don't result in an increase in crime.

## A - Communities and safety

Yes

No

Is your policy/proposal relevant to the following questions?

### A2-Housing - Will it provide good quality homes?



In thinking about this question:

- How will it increase good quality affordable housing, including social housing?
- How will it reduce the number of poor quality homes and accommodation?
- How will it produce well-insulated and sustainable buildings?
- How will it provide a mix of housing for different groups and needs?

If you want more information contact [Daniel.Young@portsmouthcc.gov.uk](mailto:Daniel.Young@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/psh-providing-affordable-housing-in-portsmouth-april-19.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The strategy will encourage developers and homeowners to enhance and provide greenery. This will help to make homes and properties more attractive and resilient to flooding and extreme heat.

How are you going to measure/check the impact of your proposal?

This will be measured by tracking the overall increase in greening in the city on both private and public property.

**A - Communities and safety**

**Yes**

**No**

Is your policy/proposal relevant to the following questions?

**A3-Health** - Will this help promote healthy, safe and independent living?



In thinking about this question:

- How will it improve physical and mental health?
- How will it improve quality of life?
- How will it encourage healthy lifestyle choices?
- How will it create healthy places? (Including workplaces)

If you want more information contact [Dominique.Letouze@portsmouthcc.gov.uk](mailto:Dominique.Letouze@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cons-114.86-health-and-wellbeing-strategy-proof-2.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The planting of trees and greenery has been found to have a wide range of social benefits. This includes wellbeing, through reducing stress and anxiety, and improving physical health by making time spent outdoors more enjoyable.

How are you going to measure/check the impact of your proposal?

Although wellbeing is difficult to quantify we will use public health data to track trends in physical and mental health.

**A - Communities and safety**

**Yes**

**No**

Is your policy/proposal relevant to the following questions?

**A4-Income deprivation and poverty**-Will it consider income deprivation and reduce poverty?



In thinking about this question:

- How will it support those vulnerable to falling into poverty; e.g., single working age adults and lone parent households?
- How will it consider low-income communities, households and individuals?
- How will it support those unable to work?
- How will it support those with no educational qualifications?

If you want more information contact [Mark.Sage@portsmouthcc.gov.uk](mailto:Mark.Sage@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-homelessness-strategy-2018-to-2023.pdf>  
<https://www.portsmouth.gov.uk/ext/health-and-care/health/joint-strategic-needs-assessment>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

Lower-income communities are some of the least likely members of society to own a car. Therefore access to nature is often restricted and limited to the immediate area. By striving to make the entire city greener, on both public and private space, all members of the community will be able to freely engage with nature. For example, lower-income groups will have more options to exercise in a green and pleasant environment, without relying on a private gym membership.

How are you going to measure/check the impact of your proposal?

This will be measured by tracking the location of green space and tree planting in lower-income areas.

## A - Communities and safety

Yes

No

Is your policy/proposal relevant to the following questions?

**A5-Equality & diversity** - Will it have any positive/negative impacts on the protected characteristics?



In thinking about this question:

- How will it impact on the protected characteristics-Positive or negative impact (Protected characteristics under the Equality Act 2010, Age, disability, race/ethnicity, Sexual orientation, gender reassignment, sex, religion or belief, pregnancy and maternity, marriage and civil partnership,socio-economic)
- What mitigation has been put in place to lessen any impacts or barriers removed?
- How will it help promote equality for a specific protected characteristic?

If you want more information contact [gina.perryman@portsmouthcc.gov.uk](mailto:gina.perryman@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cmu-equality-strategy-2019-22-final.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The strategy will have no impact on the protected characteristics.

How are you going to measure/check the impact of your proposal?

**B - Environment and climate change**

Yes

No

Is your policy/proposal relevant to the following questions?

**B1-Carbon emissions** - Will it reduce carbon emissions?

In thinking about this question:

- How will it reduce greenhouse gas emissions?
- How will it provide renewable sources of energy?
- How will it reduce the need for motorised vehicle travel?
- How will it encourage and support residents to reduce carbon emissions?

If you want more information contact [Tristan.thorn@portsmouthcc.gov.uk](mailto:Tristan.thorn@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cmu-sustainability-strategy.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

While there will only be a minimal immediate sequestration of carbon, the planting of trees and greenery will act as a long term carbon sink. In an indirect way the reintroduction and enhancement of nature will help people to feel more connected with the environment. This will increase public awareness of the climate emergency, and lead to more climate action.

How are you going to measure/check the impact of your proposal?

The potential carbon sequestration will be forecasted based on the number of trees planted.

**B - Environment and climate change**

Yes

No

Is your policy/proposal relevant to the following questions?

**B2-Energy use** - Will it reduce energy use?

In thinking about this question:

- How will it reduce water consumption?
- How will it reduce electricity consumption?
- How will it reduce gas consumption?
- How will it reduce the production of waste?

If you want more information contact [Tristan.thorn@portsmouthcc.gov.uk](mailto:Tristan.thorn@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/pln-portsmouth-plan-post-adoption.pdf>

<https://democracy.portsmouth.gov.uk/documents/s24685/Home%20Energy%20Appendix%201%20-%20Energy%20and%20water%20at%20home%20-%20Strategy%202019-25.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

**B - Environment and climate change****Yes****No**

Is your policy/proposal relevant to the following questions?

**B3 - Climate change mitigation and flooding**-Will it proactively mitigate against a changing climate and flooding?



In thinking about this question:

- How will it minimise flood risk from both coastal and surface flooding in the future?
- How will it protect properties and buildings from flooding?
- How will it make local people aware of the risk from flooding?
- How will it mitigate for future changes in temperature and extreme weather events?

If you want more information contact [Tristan.thorn@portsmouthcc.gov.uk](mailto:Tristan.thorn@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/env-surface-water-management-plan-2019.pdf>

<https://www.portsmouth.gov.uk/ext/documents-external/cou-flood-risk-management-plan.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

Trees with large leafy canopies slow down surface run-off and help to reduce flood risk at times of heavy rain; they also serve to cool the environment especially in the summer by providing direct shade as well as through the effects of evapotranspiration.

How are you going to measure/check the impact of your proposal?  
This will be measured through our existing flood mitigation strategies.

**B - Environment and climate change****Yes****No**

Is your policy/proposal relevant to the following questions?

**B4-Natural environment**-Will it ensure public spaces are greener, more sustainable and well-maintained?



In thinking about this question:

- How will it encourage biodiversity and protect habitats?
- How will it preserve natural sites?
- How will it conserve and enhance natural species?

If you want more information contact [Daniel.Young@portsmouthcc.gov.uk](mailto:Daniel.Young@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/pln-solent-recreation-mitigation-strategy-dec-17.pdf>

<https://www.portsmouth.gov.uk/ext/documents-external/pln-portsmouth-plan-post-adoption.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The core of this strategy is to enrich the green environment in Portsmouth, with an ambition to increase overall greenery in the city.

How are you going to measure/check the impact of your proposal?  
This will be done through a range of methods, we will not only count trees but also consider the amount of wider greenery including shrubs and hedgerow.

**B - Environment and climate change****Yes****No**

Is your policy/proposal relevant to the following questions?

**B5-Air quality** - Will it improve air quality?

In thinking about this question:

- How will it reduce motor vehicle traffic congestion?
- How will it reduce emissions of key pollutants?
- How will it discourage the idling of motor vehicles?
- How will it reduce reliance on private car use?

If you want more information contact [Hayley.Trower@portsmouthcc.gov.uk](mailto:Hayley.Trower@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/env-aq-air-quality-plan-outline-business-case.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

Depending on the location, size and species of the tree or plant greenery can lead to a direct reduction of up to 24% in NO2 and 38% in PM10 air quality pollutants.

How are you going to measure/check the impact of your proposal?

This will be measured using a range of new and existing air quality measures in the city.

**B - Environment and climate change****Yes****No**

Is your policy/proposal relevant to the following questions?

**B6-Transport** - Will it improve road safety and transport for the whole community?

In thinking about this question:

- How will it prioritise pedestrians, cyclists and public transport users over users of private vehicles?
- How will it allocate street space to ensure children and older people can walk and cycle safely in the area?
- How will it increase the proportion of journeys made using sustainable and active transport?
- How will it reduce the risk of traffic collisions, and near misses, with pedestrians and cyclists?

If you want more information contact [Pam.Turton@portsmouthcc.gov.uk](mailto:Pam.Turton@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/travel/local-transport-plan-3>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The greening of the city could lead to increased levels of walking and cycling by making the street space more attractive.

How are you going to measure/check the impact of your proposal?

This will be measured using travel surveys and existing transport measures.

**B - Environment and climate change****Yes****No**

Is your policy/proposal relevant to the following questions?

**B7-Waste management** - Will it increase recycling and reduce the production of waste?



In thinking about this question:

- How will it reduce household waste and consumption?
- How will it increase recycling?
- How will it reduce industrial and construction waste?

If you want more information contact [Steven.Russell@portsmouthcc.gov.uk](mailto:Steven.Russell@portsmouthcc.gov.uk) or go to:

<https://documents.hants.gov.uk/mineralsandwaste/HampshireMineralsWastePlanADOPTED.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?



## C - Regeneration of our city

Yes

No

Is your policy/proposal relevant to the following questions?

**C1-Culture and heritage** - Will it promote, protect and enhance our culture and heritage?



In thinking about this question:

- How will it protect areas of cultural value?
- How will it protect listed buildings?
- How will it encourage events and attractions?
- How will it make Portsmouth a city people want to live in?

If you want more information contact [Claire.Looney@portsmouthcc.gov.uk](mailto:Claire.Looney@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/pln-portsmouth-plan-post-adoption.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

By increasing green space the strategy will provide more opportunities for community based interaction. Open green spaces for people will therefore help to encourage local events and community driven culture.

How are you going to measure/check the impact of your proposal?

This will be assessed by measuring how access to open and green space in the city has either increased or decreased.

## C - Regeneration of our city

Yes

No

Is your policy/proposal relevant to the following questions?

**C2-Employment and opportunities** - Will it promote the development of a skilled workforce?



In thinking about this question:

- How will it improve qualifications and skills for local people?
- How will it reduce unemployment?
- How will it create high quality jobs?
- How will it improve earnings?

If you want more information contact [Mark.Pembleton@portsmouthcc.gov.uk](mailto:Mark.Pembleton@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-regeneration-strategy.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

Is your policy/proposal relevant to the following questions?

**C3 - Economy** - Will it encourage businesses to invest in the city, support sustainable growth and regeneration?



In thinking about this question:

- How will it encourage the development of key industries?
- How will it improve the local economy?
- How will it create valuable employment opportunities for local people?
- How will it promote employment and growth in the city?

If you want more information contact [Mark.Pembleton@portsmouthcc.gov.uk](mailto:Mark.Pembleton@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-regeneration-strategy.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The 'liveability' of a city is increasingly considered when large businesses consider investing and/or relocating to a city. Making our city greener, and enhancing public space, will therefore increase the overall desirability of the city.

How are you going to measure/check the impact of your proposal?

This will be considered by assessing residents satisfaction with the green environment.

**Q8 - Who was involved in the Integrated impact assessment?**

This IIA has been approved by:

Contact number:

Date:

# Agenda Item 10

<b>Title of meeting:</b>	Cabinet City Council
<b>Date of meeting:</b>	10 <sup>th</sup> March 2020 (Cabinet) 17 <sup>th</sup> March 2020 (City Council)
<b>Subject:</b>	Capital Strategy 2020/21 - 2029/30
<b>Report by:</b>	Director of Finance and Resources (Section 151 Officer)
<b>Wards affected:</b>	All
<b>Key decision:</b>	Yes
<b>Full Council decision:</b>	Yes

## 1. Executive Summary

The Council's ten year capital strategy was first approved in March 2019. The Capital Strategy is dynamic and is therefore updated annually as capital investment plans mature.

The Capital Strategy sets out the overarching capital aspirations and how both capital expenditure and investment decisions are made, whilst taking into consideration risks and rewards. There are 2 parts to the Capital Strategy

### Part I - Capital Strategy

The Chartered Institute of Public Finance and Accountancy (CIPFA) describes the capital strategy as "the long-term strategy for investment in assets and for obtaining the resources required for that investment". When a capital scheme is approved by Members, it is at that point in time that a decision is made how to finance the scheme. If the scheme generates either sufficient income or savings, it can be financed from borrowing so long as either the income or savings can adequately service the debt.

At the time of scheme approval, should the Council have surplus cash, it may choose to fund capital expenditure financed by borrowing from its surplus cash in the short-term, and delay going out to the market to physically borrow the required cash for the capital scheme until a later date. Prior to any borrowing a full business case and financial appraisal is prepared that can satisfactorily demonstrate with good certainty that cost savings / additional income or value uplift of the development which will accrue directly to the Council will at least cover the cost of that borrowing on a sustained basis over the lifetime of the borrowing undertaken.

Whether to take long term borrowing, or use surplus cash in the short-term and delay a decision to take longer term borrowing forms part of the Treasury Management Policy and is not considered here.

## Part II - Borrowing and Investing in Property

Part II considers the implications of the Council's future capital expenditure plans on borrowing and investing.

### Making Provision for the Repayment of Debt

Repayment of borrowing must be provided for upon completion of General Fund schemes financed by borrowing, it is the Council's policy to provide for the repayment of the debt over the asset's useful economic life not exceeding 50 years. This is known as the **Minimum Revenue Provision (MRP)** and is based on an annuity method of calculation. This methodology results in a lower MRP for new assets in the early years presenting the council with the opportunity to build income streams and build savings over this period. However, MRP will increase year on year, but not necessarily in real terms after inflation is taken into account.

### Timing of Borrowing

In contrast, when the Council has surplus cash, instead of investing that surplus cash through the Treasury Management Policy it can use it in the short term as a source of finance for capital expenditure. The resulting loss of interest earned on investments can be more cost effective than borrowing the required funds straight away. However, this delays taking external borrowing rather than avoiding the need to borrow completely.

### Investments in Property

According to CIPFA Treasury Management Code, **Investment in Commercial Properties Acquired through the Capital Programme** are also regarded as investments in addition to **Investments of Surplus Cash**

As at 31 March 2019 the Council had invested £160m in commercial properties with plans to further invest £23m in commercial properties from borrowing that was secured in 2016/17. The Government issued revised statutory guidance on local government investments early in 2018, effective from 1<sup>st</sup> April 2018. The guidance no longer permits Councils to borrow in order to acquire investment property portfolios outside the economic area to generate a surplus. The Council had previously approved and borrowed funds to enable the purchase of a £183m commercial property portfolio. At the time the Government issued its revised guidance £128m had already been invested in commercial properties with £55m left to spend. Having had regard to this guidance, the Council intends to invest the residual £55m into commercial properties as planned. The key reasons for continuing to pursue such a strategy are:

- Funds have already been borrowed and will need to be invested with lower returns if the Council does not pursue its strategy to acquire investment properties
- Not completing the strategy to acquire the complete portfolio would result in risk being spread over a smaller number of properties and leave the portfolio inadequately diversified across locations and economic sectors
- The Council has strict criteria for the acquisition of properties which are designed with the primary objective of protecting the capital sum invested
- The commercial property investment portfolio is an integral part of the Council's overall medium term financial strategy

To ensure that the Council does not become over reliant on Investment income, a number of indicators are calculated in accordance with government guidance. These are included in the Appendix of Part II.

### Skills and Knowledge of Staff

Treasury Management and Capital accounting requirements are complex and heavily regulated. As a consequence, staff are provided with adequate training so that they have sufficient **skills and knowledge**, assisted by Link Asset Services, to undertake the treasury management function in house.

### Treasury Management Reporting

The Council's strategy for borrowing and investing surplus cash is contained in its Treasury Management Policy elsewhere on the agenda. All **Treasury Management Policies** are considered by the Cabinet and approved by the City Council on an annual basis. All reports on treasury management including monitoring reports are scrutinised by the Governance and Audit and Standards Committee.

## **2. Purpose of Report**

The purpose of this report is to:

- enable the City Council to adopt a long term Capital Strategy from 2020/21 onwards
- inform members and the wider community of the Council's Capital Strategy
- ensure that Members are aware of the overall strategy, governance procedures and risk appetite
- highlight the business planning inter-relationship between the Capital Strategy, Capital Programme, the Revenue Budget, the Medium Term Financial Strategy and Treasury Management

### **Simple Business Planning Model**



*Link Asset Services*

- ensure the council has sufficient liquidity to meet the cashflow arising from the capital programme

### **3. Recommendations**

3.1 That Part I of the Capital Strategy (Capital Expenditure and Aspirations) be approved including:

- a) The Short / Medium / Long-term Aspirations set out in Appendix 1

3.2 That Part II of the Capital Strategy (Borrowing and Investing in Property) be approved including:

- a) The Minimum Revenue Provision (MRP) for Debt Repayment Policy (Part II, paragraph 1.5)
- b) The investment indicators in Part II - Appendix 2 (part II, paragraph 2.5)
- c) That the Director of Finance and Resources (Section 151 Officer) will bring a report to the next Cabinet and City Council if (part II, paragraph 2.5):
  - (i) The Council's gross General Fund (GF) debt exceeds 400% of GF net service expenditure or;
  - (ii) Overall investment income from investment properties and long term treasury management investments exceeds 7.9% of GF net service expenditure

### **4. Background**

On 19<sup>th</sup> March 2019, the City Council approved the 10 year Capital Strategy starting in 2019/20

The Capital Strategy establishes the approach to both capital expenditure and investment decisions.

This report outlines the Council's Capital Strategy and aspirations for the next 10 years, starting from 2020/21. The Capital Strategy is dynamic and will be updated annually as capital investment plans mature. The Capital Programme and "new starts" (including the Housing Investment Capital Programme) is approved each year by Full Council, in accordance with the Capital Strategy.

The Capital Strategy fulfils the requirements of the revised Prudential Code for Capital Finance in Local Authorities 2017.

### **5. Reasons for Recommendations**

Adopting a Capital Strategy will enable a longer term view to be taken of capital expenditure, borrowing and investment. The Capital Strategy is also intended to facilitate integration between the Council's aspirations, its Capital Programme and its Treasury Management Strategy.

### **6. Integrated Impact Assessment (EIA)**

This Capital Strategy identifies capital schemes that may be included in future capital programmes. Sums are not earmarked for capital schemes until they are included in the capital programme. Prior to the commencement of any capital scheme, a report and financial appraisal on that scheme will be approved either by the Portfolio Holder, the Cabinet or the City Council and at that time an Integrated Impact Assessment will be undertaken.

## **7. Legal Implications - Pending Legal**

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2011 to ensure that the Council's budgeting, financial management, and accounting practices meet the relevant statutory and professional requirements. Members must have regard to and be aware of the wider duties placed on the Council by various statutes governing the conduct of its financial affairs.

## **8. Director of Finance and Resources (Section 151 Officer) comments**

All financial considerations are contained within the body of the report and the attached appendix.

.....  
Signed by Director of Finance and Resources (Section 151 Officer)

### **Appendices:**

#### **Part I Capital Strategy**

##### **Sub Appendices:**

##### **Appendix 1 Capital Aspirations**

#### **Part II Borrowing and Investment including Investment Indicators**

##### **Sub Appendices:**

##### **Appendix 2 Investment Indicators**

##### **Glossary**

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
1	Information pertaining to the Capital Strategy	Financial Services





Portsmouth  
*CITY COUNCIL*

# **CAPITAL STRATEGY**

## **2020/21- 2029/30**

**“Working Together: putting people at the heart”**

# **Part I Capital Expenditure and Aspirations**

## **CONTENTS**

- 1. Definition, Purpose & Scope**
- 2. Portsmouth Vision & Corporate Plan – “Strategic Fit”**
- 3. Key Capital expenditure Principles**
- 4. Short & Medium Term Capital expenditure Needs & Priorities**
- 5. Long Term Capital expenditure Aspirations**
- 6. Summary**
- 7. Appendices**

## 1. Definition, Purpose & Scope

### Definition

- a. Capital expenditure is the expenditure that is incurred primarily on buying, constructing or improving physical assets, such as:

- Buildings (including schools, houses, libraries and museums)
- Land for development, roads, playing fields; and
- Vehicles, plant and machinery (including street lighting and road signs)

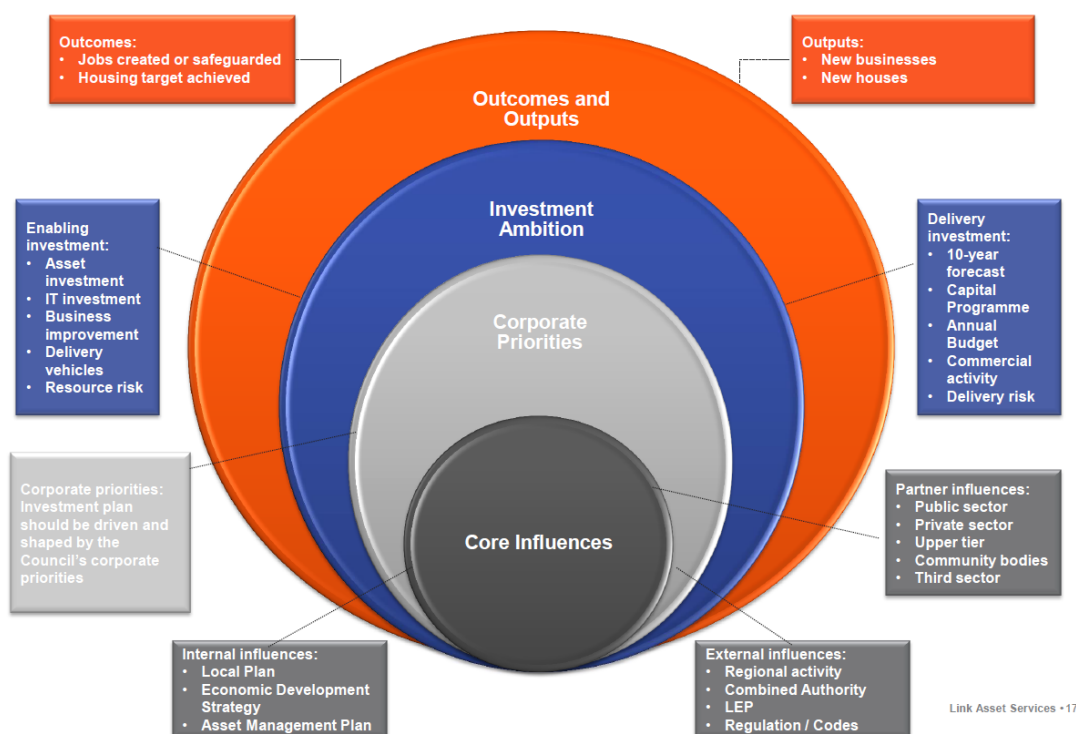
Capital expenditure also includes grants and advances made to the public or private sector for capital purposes, such as advances to Registered Social Landlords to provide adaptations to houses meet the needs of vulnerable people

- b. The Capital Strategy is a high level plan that sets out the Council's approach to Capital expenditure over the short, medium and long term.

- c. The Capital Strategy takes both a "bottom up" and "top down" approach to the identification of the Council's Capital expenditure requirements. It takes a 10 year time horizon and considers:

- What are the short term **needs** of the existing capital assets of the City Council, which of them will be required for future service delivery and what capital expenditure will be needed to sustain them both now and in the future ("Bottom Up" approach)
- What are the Council's medium term **priorities** for service delivery and what capital expenditure will be needed to help deliver those priorities ("Top Down" and "Bottom Up" approach)
- What are the Council's long term **aspirations** for the City of Portsmouth and what capital expenditure will be needed to deliver those aspirations ("Top Down" approach)

# Capital Strategy



## Purpose

- d. The purpose of the Capital Strategy is to set out a plan and a supporting financial framework to assist in the delivery of the Council's needs, priorities & aspirations. That plan describes what will be achieved, by when with key milestones and how it could be funded.
- e. The Capital Strategy is intended to be a robust vehicle with sufficient guiding principles to achieve the Council's stated vision and priorities but flexible enough to be able to respond to the emerging local priorities that will inevitably arise.
- f. The Capital Strategy is not intended to be static, it is a dynamic plan that will change and evolve continually over time. The Capital Strategy needs to be flexible to respond to emerging national and local priorities. In particular, the nature of the Central Government Capital Financing system is such that many national priorities for Capital expenditure will be cascaded and "drip fed" to Local Authorities over time and will be accompanied by the external funding to support them. These will be incorporated into the Council's Capital expenditure Plans as they arise. The Strategy will however, be robust and will include local priorities and aspirations that the Council aims to fund from the Council's own capital resources
- g. Following the December 2017 edition of the CIPFA Prudential Code for Capital Finance in Local Authorities' regulations guidance, there is also a requirement for full Council to approve an annual Capital Strategy linking with the Council's asset management plans and its Treasury Management Strategy. Being aligned with one another, they will generate and create value for the Council by optimising the Council's liquidity; having a framework in place to prioritise capital expenditure and safeguarding against risk of either project overspend or non-delivery and by limiting the uncertainty of its returns.

## Scope

- h. The City Council's Capital Strategy encompasses all areas of the Council's activities including some of the traditionally more autonomous service areas such as Housing Revenue Account and the Commercial Port.
- i. The body that approves the budget for PCC is the Full Council. The responsibility for decision-making and ongoing monitoring in respect of capital expenditure, investment and borrowing, including prudential indicators, remains with the Full Council.
- j. New Capital Expenditure will be targeted towards income generation and economic growth whilst ensuring the Council's statutory obligations are also met, (e.g. school places). The priority of new capital expenditure will be assessed in accordance with the following capital expenditure criteria:
  - i. Essential to maintain operational effectiveness - including statutory responsibilities
  - ii. Continued drive towards the regeneration of the City - by increasing prosperity through employment and reducing the extent to which the population needs Council services
  - iii. Income Generation - reducing dependency on central government grants
  - iv. Invest to Save - increasing the efficiency and effectiveness of the Council's activity

## 2. Portsmouth Vision & Corporate Plan – “Strategic Fit

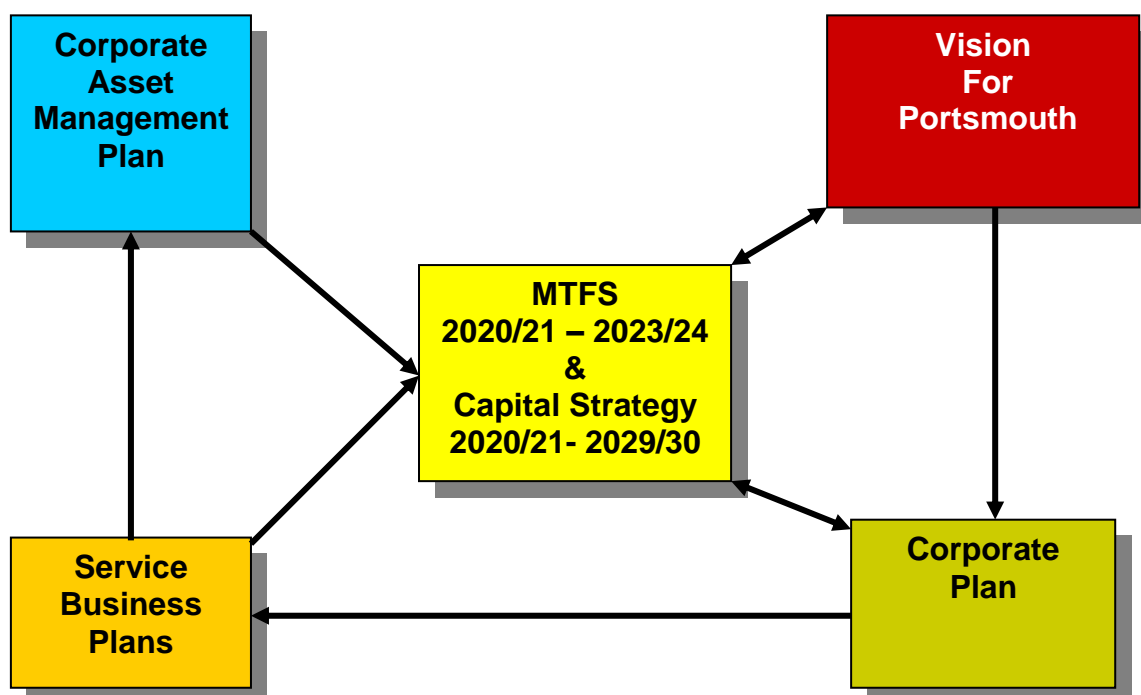
### a. The Vision for Portsmouth is:

**“Make Portsmouth a place that is fairer for everyone: a city where the Council works together with thriving communities to put people at the heart of everything we do”.**

In order to deliver this vision, the City’s priorities are to:

- Make Portsmouth a city that works together, enabling communities to thrive and people to live healthy, safe and independent lives
  - Encourage regeneration built around our city's thriving culture, making Portsmouth a great place to live, work and visit
  - Make our city cleaner, safer and greener
  - Make Portsmouth a great place to live, learn and play, so our children and young people are safe, healthy and positive about their futures
  - Make sure our council is a caring, competent and collaborative organisation that puts people at the heart of everything we do
- b. The Regeneration priority to "encourage regeneration built around our city's thriving culture, making Portsmouth a great place to live, work and visit" articulates the vision for the city to become a globally competitive economy supporting local economic growth, innovation and enterprise and enhancing the competitiveness of Portsmouth. The aim of the priority is to ensure local people are able to get those jobs and benefit from regeneration programme. By having a "Portsmouth first" approach to property investment, income generation will maintain services and enable more affordable good quality homes to be built.
- c. The Medium Term Financial Strategy (MTFS) and the Capital Strategy (CS) set out the Revenue Spending plans and the Capital expenditure plans respectively that deliver the longer term aspirational Vision for Portsmouth and the medium term Priorities for the City Council. Both of these strategies set out the financial frameworks that exist to support the achievement of the vision and priorities.
- d. Whilst there is a technical distinction between Revenue and Capital, the focus of attention for the Council is not whether it is Capital or Revenue, but whether the desired outcome is achieved. In this respect, the strategy for capital expenditure is of equal importance to the strategy for revenue spending.
- e. Whilst the MTFS and CS are designed to support the delivery of the day to day revenue and ongoing capital expenditure needs, priorities and aspirations of the Council, those needs, priorities and aspirations are also constrained by the revenue and capital resources available. These strategies therefore introduce criteria based processes to assist the Council in making informed spending decisions that will optimise the outcomes from the resources available.
- f. The MTFS and CS are driven by the Vision for Portsmouth and the Corporate Plan both directly in terms of medium to longer term priorities and ambitions of the Council and via Service Business Plans and the Corporate Asset Management Plan in terms of the short and medium term needs and priorities of the Council. This is illustrated pictorially below:

## STRATEGIC FIT



- g. The Corporate Asset Management Plan and Service Business Plans are the more immediate “needs analysis” and “bottom up” drivers that feed the MTFS and CS. Service Business Plans set out all spending plans of the service in order to deliver priority outcomes. Service Business Plans also feed the Corporate Asset Management Plan (CAMP) which seeks to align the Council's asset base with our corporate plans and objectives. The CAMP identifies current and future needs and priorities of services and seeks to provide a series of actions to ensure the Council has the right assets, in the right condition and in the right location
- h. A core feature of this Capital Strategy is assist in the delivery of the Vision and the Corporate Plan. There is a presumption that Capital expenditure will be targeted towards income generation and economic growth whilst ensuring the Council's statutory obligations are also met. The emphasis is therefore on creativity, innovation and regeneration activities.

### 3. Key Capital Expenditure Principles

- a. In order to determine which current, or future assets, should be either maintained or invested in the following principles will be adopted when consideration is given to capital expenditure decisions:
- b.

#### **Principle 1 – Contribution to Council Plan / Priorities**

For the Council's non-commercial activities, Capital expenditure will be made where there is a clear and demonstrable contribution to the priorities contained within the Corporate Plan or the aspirations contained within the Portsmouth Vision.

For the Council's commercial activities (such as the Port and Investment Property Portfolio), Capital expenditure will be based on the commercial principles of achieving security of the investment with a specified rate of return and payback through surpluses over a reasonable time period.

### **Principle 2 - Statutory Obligations**

There must be clarity about the details of immediate obligations and the extent to which the current statutory obligation is being met.

### **Principle 3 – Financial Appraisal**

The City Council will only embark on new capital expenditure where that capital expenditure is fully funded and the source of funding in terms of both timing and value can be relied upon with a high degree of confidence. The timing and accessibility of funds to PCC must be considered.

Prior to any Capital expenditure decision being made, the whole life cost of the proposal will be estimated and the Council will satisfy itself that those costs can be accommodated with the council's overall budget. Capital Expenditure must also take into consideration the impact on both existing revenue and capital budgets and future forecasts. This will include both the maintenance and any lifecycle replacement of components required over the estimated useful life of the asset.

### **Principle 5 – Option Appraisal**

Any new capital expenditure decision is to follow a full and proper options appraisal that considers the following for each reasonable alternative:

- Suitability – the extent to which each option makes a contribution to the needs, priorities and aspirations of the Council as defined within the CAMP, Corporate Plan and Vision for Portsmouth
- Feasibility – the capital cost and whole lifecycle cost plus the practical ease of implementing the scheme
- Acceptability – the extent to which the scheme is acceptable to Members of the City Council and the residents of Portsmouth

### **Principle 6 - Risk**

The Capital expenditure should not place the Council in a position where the risks associated with the Capital expenditure exceed the benefits of undertaking that investment. Neither, should the Council enter into any Capital expenditure where the risks associated with that investment cannot be managed effectively. Such risks may include (but will not be exclusive to) having insufficient resources generally or project management resources in particular to be able to effectively deliver a capital scheme.



#### **Principle 7 – Approved Schemes in Progress (overspends)**

The first consideration before any new Capital Expenditure is to ensure that the existing approved capital programme is fully and properly funded. Except in exceptional circumstances, the first call on available capital resources will be to fund any overspendings on approved schemes which are contractually committed. An approved scheme that is in progress will only be cancelled when the Value for Money of that scheme becomes unviable. (I.e. the additional costs and risks outweigh the potential future benefits)

#### **4. Short & Medium Term Capital Expenditure Needs & Priorities**

- a. The short and medium term Capital expenditure needs of the Council will be driven by the Corporate Plan and be identified in Service Business Plans and the Corporate Asset Management Plan. (CAMP).
- b. The CAMP is a consolidation of all existing Capital expenditure needs and priorities drawing on Service Asset Management Plans and other Corporate Priorities. It is both a “bottom up approach” (i.e. needs led) drawing upon changing demographics, changing demand and changing expectations of residents as well as a “top down” approach (i.e. priority led) based on the future direction of the Council set out in the Corporate Plan.
- c. In summary, the CAMP will identify:
  - The assets needed to deliver current and future services
  - The condition and sufficiency of those assets
  - The capital expenditure required to maintain and / or adapt those assets to ensure that they are “fit for purpose”
  - Unsuitable and surplus assets that are not required for the delivery of the Council’s services and could either be:
    - Re-used for another purpose
    - Re-developed or “mothballed” for future re-development
    - Transferred for Community or other Public Use
    - Disposed of via sale.
- d. The City Council has a wide range of service responsibilities, both statutory and non-statutory. In determining the needs and priorities for new Capital expenditure, a balanced approach will be taken to ensure that the needs and priorities of all service areas are considered including taking into account, the capital intensive nature of some services
- e. The Capital Strategy is dynamic and whilst the priorities and aspirations of the Council will remain broadly constant, the Capital expenditure to achieve those priorities may change. The Capital expenditure plans of the Council will be updated continuously and added to the Council’s Capital Programme following the proper approvals in accordance with the Council’s Constitution and Financial Rules. The Capital Planning process is described as part of the Financial Framework supporting the Delivery of the Capital Strategy in Section 7.

## **5. Long Term Capital Expenditure Aspirations**

- a) It is recommended that the City Council endorses the short to medium and long-term aspirations of the Capital Strategy, as set out in appendix 1
- b) The longer term aspirations that the Council has for the City are ambitious and rely on the Council applying the resources at its disposal in ways which deliver the greatest impact. Those resources include Capital Resources which will be targeted at Capital expenditure that has the greatest prospect of delivering the Council's aspirations.
- c) The Council has developed a wide range of longer term Capital expenditure proposals aimed at meeting the "Vision for Portsmouth", some of which have partial funding, but the majority of which, are currently unfunded. Section 7 (Appendix 1) of this Strategy sets out the way in which these unfunded Capital expenditure plans could be achieved.
- d) The Council's key longer term Capital expenditure plans and aspirations aimed at delivering the Vision for Portsmouth are set out in Appendix 1.

## **6. Summary**

This strategy sets out the key capital expenditure priorities over the short, medium and longer term.

Whilst the capital resources available are currently insufficient to meet all the capital expenditure Priorities of the Council, the financial framework set out in this strategy will provide the best opportunity for maximising resources and the best opportunity for applying those resources to that Capital expenditure which will make the greatest contribution to the Council's needs, priorities and aspirations.

Inevitably plans to achieve the Council's objectives over the short, medium and long term will change as will the capital resources available. This strategy has been designed to be flexible enough to accommodate any such changes whilst being robust enough to enable the Council's core objectives to be achieved.

**Appendix 1**  
**Capital Aspirations (Short / Medium / Long-term)**

## KEY SHORT / MEDIUM / LONG TERM CAPITAL INVESTMENT NEEDS &amp; PRIORITIES - 2020/21 ONWARDS

Corporate Plan	Nature of Capital Investment	Source of Funding			Expected Outcome
		Total Capital Cost £'000s	Borrowing Requirements £'000s	Other Funding £'000s	
Encourage regeneration built around our city's thriving culture	Berth 4 Replacement & Jetty Repairs at The Camber Quay	5,150		5,150	Protect income to both the Council and the City
Encourage regeneration built around our city's thriving culture	Demolition and Replacement of Social and Affordable Housing	111,000	102,000	9,000	Increase supply of affordable housing
Make our city cleaner, safer and greener	Local Transport Scheme	1,750		1,750	Improving road safety across Portsmouth
Make our city cleaner, safer and greener	Design & Build 2000 Space Multi Story Car Park at the existing Park & Ride site	32,000		32,000	A city where all residents and visitors have opportunities to enhance their health and well-being and to be involved in building happier and healthier local communities
Make our city cleaner, safer and greener	Environmental Initiatives	10,000		10,000	To facilitate improvements to the city's environment
Make Portsmouth a city that works together	Local Football Facilities	3,000		3,000	To create a high quality urban environment to regenerate our city and spaces, encouraging sustainable development and stimulating economic growth
Make Portsmouth a great place to live, learn and play	Additional School Places - Primary & Secondary	2,500		2,500	Investing in school buildings to create additional places and provide learning environments that meet the needs of all children
Make Portsmouth a great place to live, learn and play	Landlords Repairs & Maintenance (across the whole PCC Estate)	2,750		2,750	Maintain and improve PCC Assets
Make Portsmouth a great place to live, learn and play	Cathodic Protection at The Hard	1,650		1,650	Maintain and improve PCC Assets
Make Portsmouth a great place to live, learn and play	Sea Defences - Enhancements - Future Phases	10,000		10,000	To improve the sea defences
Make sure our council is a caring, competent and collaborative organisation	Digital Strategy	1,750		1,750	Working to ensure we have a modern, flexible, highly skilled, supported and motivated workforce to provide services that meet the needs of our residents
	<b>Total Investment</b>	<b>181,550</b>	<b>102,000</b>	<b>79,550</b>	

## **PART II        Borrowing and Investing**

A key activity is to know when and how much to borrow when the Council requires more cash, and investing when the Council has surplus cash. In this way, it manages the Council's cashflows. This activity is known as treasury management.

### **1. Borrowing and Investing**

#### **1.1 Borrowing**

The principle source of borrowing comes from the Public Works Loan Board, (PWLB) which is operated by HM Treasury. The PWLB offers a range of loan durations and principal repayment methods to Local Authorities. The PWLB represents a competitive source of borrowing for the Council.

This Capital Strategy identifies capital aspirations that may be included in future capital programmes. Prior to any borrowing, a full business case and financial appraisal is prepared that can satisfactorily demonstrate with good certainty that cost savings / additional income or value uplift of the development which will accrue directly the Council, will at least cover the cost of that borrowing on a sustained basis over the lifetime of the borrowing undertaken.

Outstanding long-term debt is reviewed regularly with a view to early redemption and rescheduling; as premiums would be payable to the lender, early redemption and rescheduling are rarely financially beneficial to the Council.

#### **1.2 Affordability of Borrowing**

In order to ensure future budgets remain affordable, with the exception of debt repaid using capital receipts, the Council needs to be aware that capital expenditure financed from prudential borrowing incurs both **interest costs** and a **Minimum Revenue Provision (MRP)** for the repayment of debt.

##### **Interest Costs**

Following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local authorities (primarily shorter dated maturities)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
- Municipal Bonds Agency (limited issuance at present but there is potential)

The degree to which any of these options proves cheaper than PWLB Certainty Rate, is still evolving at the time of writing, but future borrowing is likely to be at a higher margin over gilts than previous borrowing.

The Council has a policy of calculating MRP on an annuity basis. This means that MRP will start at a relatively low level but require increasing amounts of MRP to be set aside year on year, especially for assets with long useful economic lives. This creates a period of relatively low MRP during the early years when either income can be generated or savings can accrue.

Based on existing schemes, it is estimated that the MRP will increase to the following amounts in the short-term.

2020/21	£4.2m
2021/22	£4.0m

£2.0m of the increase in 2020/21 is due to MRP on the acquisition of Lakeside, North Harbour Business Park in 2019/20. £3.0m of the increase in 2021/22 is due to MRP being made again on the Housing Revenue Account (HRA) self-financing payment to the Government of £88.6m. MRP on the HRA self-financing payment had been suspended following the Government's requirement to reduce council dwelling rents.

The inclusion of further schemes in the capital programme financed by prudential borrowing will further increase the MRP.

### 1.3 Key Risks

There are risks with borrowing more than the Council can afford. In order to mitigate these risks, the **Chartered Institute of Public Finance and Accountancy (CIPFA)** has produced the **Prudential Code** for Capital Finance in Local Authorities, which is a statutory code governing local authority borrowing. The Prudential Code requires the Council to establish various indicators over a minimum of 3 years to demonstrate that its capital programme is both affordable and prudent. The Council publishes its **Prudential Indicators**, over a 5 year period, within its capital programme and the Council then reports its position against the prudential indicators at the end of each financial year.

In order to ensure that the borrowing required to finance the capital programme is affordable, the Council:

- estimates the ratio of its financing costs to its net revenue stream

In order to ensure that the Council's capital programme is prudent, the Council:

- publishes a capital programme which includes estimates of its underlying need to borrow as measured by its capital financing requirement
- is required to approve an **Authorised Limit** for external debt and an **Operational Boundary** when it approves its capital programme.

The **Authorised Limit** for external debt, as set by the City Council, is the maximum amount of debt which the authority may legally have outstanding at any time. The authorised limit includes headroom to enable the Council to undertake borrowing to take advantage of unexpected movements in interest rates and to accommodate any short-term debt or unusual cash movements that could arise during the year

Whilst the **Authorised Limit** cannot be breached, the **Operational Boundary** is based on the probable external debt during the course of the year. It is not a limit, but acts as a warning mechanism to prevent the authorised limit (above) being breached.

## 1.4 Sensitivity Analysis

The Council's gross debt at 31 March 2019 was as follows:

<b>Table A</b>	<b>£m</b>	<b>£m</b>
Fixed Rate Borrowing	509	
Finance Leases	1	
Private Finance Initiative (PFI) Schemes	65	
Sub Total - Fixed Rate Debt		575
Lenders Option Borrowers Option (LOBO) Loan	11	
Retail Price Index (RPI) linked loan	69	
Sub Total - Variable Rate Debt		80
<b>Total Gross Borrowing</b>		<b>655</b>

- 88% of the Council's borrowing has a fixed interest rate, but the Council does have two variable rate loans.
- The lender of the LOBO loan has an option to increase the interest rate every two years. The lenders next option is on 19 March 2021. If the lender does increase the interest rate the Council then has the option to repay the loan.
- The Council has £69m outstanding on a loan which links the instalments payable by the Council to the RPI. The Council has leased the Isle of Wight Ferry Terminal in White Heart Road to Wightlink on an RPI linked rent that mirrors the instalments payable on this loan mitigating the consequences of increases in RPI.

## 1.5 Minimum Revenue Provision (MRP) for Debt Repayment

Early in 2018 the Government issued revised statutory guidance on MRP requiring the repayment of all General Fund prudential borrowing to be provided for within 50 years.

The following MRP policies (applied to calculating the MRP) are set out in the table below and are fully compliant with this policy. It is recommended the City Council approves the Annual Minimum Revenue Provision (MRP) for Debt Repayment Policies set out in the table below (Recommendation 3.2a).

Borrowing	MRP Methodology
<u>General Fund Borrowing:</u>	
Supported borrowing other than finance leases and service concessions including private finance initiative schemes #	50 year annuity
Finance leases and service concessions including private finance initiative schemes *	MRP equals the principal repayments made to lessors and PFI operators
Prudential borrowing excluding borrowing to fund long term debtors (including finance leases), investment properties and equity shares purchased in pursuit of policy objectives	Annuity over life of asset
Prudential borrowing to fund long term debtors	The repayments of principal are set aside to repay the borrowing that financed the original advance
Prudential borrowing to fund finance leases	The principal element of the rent receivable be set aside to repay the borrowing that financed these assets
Prudential borrowing to fund investment properties	MRP will be provided where the current market value falls below the unfinanced capital cost of property. MRP will be determined by charging the unfinanced capital cost over the remainder holding period of the relevant asset. This being equal to the principal repayment on an annuity with an annual interest rate equal to the PWLB rate at start of financial year when MRP is charged. Upon sale of relevant asset the capital receipt received will be used to repay outstanding debt cost, where there is an unfinanced capital cost upon sale MRP will be charged for the difference.
Prudential borrowing to fund investment properties with an expected holding period of over 50 years	Annuity over life of asset
Prudential borrowing to fund equity shares purchased in pursuit of policy objectives	25 year annuity
<u>Housing Revenue Account (HRA)</u>	No MRP debt will be provided in 2020 / 21. From 2021/22 it will be provided again for the HRA Self Financing Payment in equal instalments over 30 years. MRP is not provided for other HRA debt.



*# The Council applied the last of its supported borrowing 2011/12*

*\* If transactions that take the legal form of finance leases but in substance amount to borrowing, the MRP policy relating to self - financed borrowing will be adopted. An example of when this could happen would be when the Council grants a head lease to an institution in return for an upfront premium and leases the asset back from the same institution in return for a rent.*

The Council had a review of its MRP policy in 2016/17. As a consequence, it highlighted that the previous methods used in the past have resulted in over provisions of MRP from 2008/09 to 2015/16 of £22.6m. The Director of Finance and Resources (Section 151 Officer) will release the over provision of MRP back into General Fund balances over a prudent period by reducing the MRP in future years under delegated authority. The Director of Finance and Resources (Section 151 Officer) reduced the MRP by £1.9m in 2018/19. At this rate of release, the Council's MRP will be reduced for a further 9 years. It is not considered prudent to release the over provision of MRP back into the General Fund balances in a single year.

## **1.6 Timing of Borrowing**

When the Council has surplus cash, this can be used to fund capital expenditure financed by borrowing in the short to medium term. This will result in a reduction in interest earned through the investment of surplus cash, but this can be more cost effective than borrowing the required funds straight away, as investment earned on investments is often less than the interest on borrowing. At some point in the future there will no longer be surplus cash and borrowing will have to be undertaken. In deciding when to borrow externally, forecast changes to interest rates will be taken into account.

If surplus cash is not used to fund capital expenditure in the short to medium term, it will be invested. A principle function of Treasury Management is to decide when the optimum time to take the borrowing is or whether to use surplus cash. A key decision is when to take the long term borrowing to fund previous decisions made about the capital programme. The Council may use surplus cash to fund the capital programme in the short-term.

The Council can therefore calculate a net loans requirement which represents a neutral treasury management position. This is summarised in the table below.

<b>Table B</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2029/30</b>
	£m	£m	£m	£m	£m	£m	£m	£m
<b>1.Underlying need to borrow (CFR) for Capital Programme</b>	627	809	868	911	930	940	947	1,011
2.Less Other Debt Liabilities	(66)	(62)	(57)	(51)	(46)	(42)	(38)	(7)
<b>3.Underlying need for loans (Loans CFR)</b>	<b>561</b>	<b>747</b>	<b>811</b>	<b>860</b>	<b>884</b>	<b>898</b>	<b>909</b>	<b>1,004</b>
4.Less Core funds	(355)	(354)	(323)	(284)	(248)	(242)	(240)	(255)
5.Add Liquidity Allowance	50	50	50	50	50	50	50	50
<b>6.Net Loans Requirement</b>	<b>256</b>	<b>443</b>	<b>538</b>	<b>626</b>	<b>686</b>	<b>706</b>	<b>719</b>	<b>799</b>

Figures to 2024/25 are based on the capital programme. Figures 2028/29 are based on aspirational capital schemes included in the Appendix to Part 1.

#### 1.Underlying need to borrow

The Council's underlying need to borrow is measured by its capital financing requirement (CFR). The CFR is the cumulative amount of capital expenditure financed by borrowing less the MRP set aside to repay that debt. The CFR therefore increases when capital expenditure is financed from borrowing and decreases when MRP is set aside to repay debt. There is no direct relationship between the CFR and actual borrowing.

#### 2.Other Debt Liabilities

Finance leases and private finance initiative (PFI) schemes take the legal form of leases, but are in substance borrowing relating to specified assets.

#### 3.Underlying need for loans (loans CFR)

This is the Council's underlying need to borrow excluding finance leases and PFI schemes that finance specific assets, and is known as the loans CFR.

#### 4.Usable Reserves

These are the Council's cash backed reserves including general balances and earmarked reserves. The Council can temporarily borrow internally from these reserves to fund capital expenditure as an alternative to external borrowing. This can be beneficial as the cost of borrowing externally often exceeds the interest that can be earned from investing these funds. However, the Council will need to undertake external borrowing when these funds are spent on the purposes for which they are intended, and there is a risk that interest rates on borrowing could increase in the meantime.

## 5.Liquidity Allowance

The Council's cash balances are quite volatile and tend to fall towards the end of the financial year when there is less taxation revenue income. It is therefore necessary to make an allowance for this volatility in cash balances.

## 6.Net Loans Requirement

This is the amount of borrowing required after taking account of other forms of borrowing such as finance leases and PFI schemes, usable reserves, and volatility in cash balances. As such it represents a neutral benchmark for treasury management activity.

The Council's current position against this benchmark is as follows.

<b>Table C</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2029/30</b>
	£m	£m	£m	£m	£m	£m	£m	£m
Net Loans Requirement	<b>256</b>	<b>443</b>	<b>538</b>	<b>626</b>	<b>686</b>	<b>706</b>	<b>719</b>	<b>799</b>
Long Term Borrowing	590	658	649	641	633	625	617	552
<b>(Over) / Under Benchmark</b>	<b>(334)</b>	<b>(215)</b>	<b>(111)</b>	<b>(15)</b>	<b>53</b>	<b>81</b>	<b>102</b>	<b>247</b>

Interest rates on borrowing have been exceptionally low and the Council has borrowed sufficient funds to last it until 2021/22. This has secured long term funding at low interest rates to fund the Council's capital programme, but does expose the Council to a cost of carry, ie. the rates at which funds were borrowed exceeding the rates at which the funds can be invested, and the risk of investments defaulting in the meantime.

## **2. Investment of Surplus Cash**

All council cash investments have been in accordance with the council's Treasury Management Policy.

The Council is forecast to have a significant amount of core surplus cash after internal borrowing has been taken into account in 2020/21 (Table C).

### **2.1 Due Diligence**

The Council initially identifies suitable investments using credit ratings from Fitch, Moody's, and Standard and Poor. Where possible, credit ratings are compared to insurance premiums against a counter party defaulting. Insurance premiums against a counter party defaulting can be compared to a widely used index of the market (ITRAAX). If the market has concerns about a borrower, it should be reflected in a higher insurance premium. Although credit ratings are supported by an in depth analysis of the borrower, insurance premiums provide a more up to date indicator of a borrower's credit worthiness. Prior to making investments, any news relating to the borrower is also taken into account.

Other sources of information that is relevant to particular sectors is also taken into account either as a substitute for credit ratings and insurance premiums in sectors where these are not available or to supplement credit ratings and insurance premiums. Examples of this are the governance and viability ratings assigned to larger registered social landlords (RSLs) by the Homes and Communities Agency (HCA), and data sets published by the Building Societies Association

For further detail on the Council's investment criteria, see the Treasury Management Policy.

## **2.2 Investment in Commercial Properties Acquired Through the Capital Programme**

According to the CIPFA Treasury Management Code, investment properties acquired through the capital programme are regarded as investments in addition to investments of surplus cash.

## **2.3 Statutory Guidance**

The Government issued revised statutory guidance on local government investments early in 2018 coming into effect from 1<sup>st</sup> April 2018. The guidance requires Councils not to borrow to acquire investment property portfolios outside their economic area in order to generate profits.

The Government's revised statutory guidance also requires local authorities to present a range of indicators to allow members and other interested parties to understand the total exposure from borrowing and investment decisions. It is recommended that the indicators contained in Appendix A be approved. The Government's statutory guidance requires the Council to consider the long term sustainability risk implicit in becoming too dependent on commercial income or in taking out too much debt relative to net service expenditure. In particular, the Government's statutory guidance requires the City Council to set limits that cannot be exceeded for gross debt compared to net service expenditure, and for commercial income as a percentage of net service expenditure. It is recommended that if these limits are exceeded, the Director of Finance and Resources (Section 151 Officer) bring a report to the Cabinet and City Council.

## **2.4 Activity in the Investment Property Market**

Prior to this guidance coming into effect, as at 31 March 2018, the Council had spent £128m on acquiring commercial properties outside the Portsmouth economic area solely to generate income to support the services that the Council provides.

The Council's capital programme provided for £182.9m for the acquisition of commercial properties.

- a. £159.7m of this budget was spent by 31<sup>st</sup> March 2019
  - I. £13.6m on Portsmouth Retail Park and
  - II. £146.1m outside the Portsmouth economic area, leaving
- b. £23.2m to be spent in 2019/20 and subsequent years. £12.3m of this sum is expected to be spent in 2019/20, leaving £10.9m to spend in 2020/21.

In 2016/17, the Council borrowed to take advantage of available cheap borrowing which then financed these purchases in 2016/17 prior to the Government issuing its revised guidance. In addition, it was felt that the commercial property acquisition programme needed to continue in order to create a balanced portfolio. Having regard to the guidance, the Council has concluded that the money already borrowed to finance the purchase of investment properties should be used for that purpose. The Council's capital programme provides for commercial properties outside the Portsmouth area to continue to be purchased up to the limit of the existing capital budget.

All such acquisitions require a business case and full financial appraisal. All previous acquisitions were approved by the Director of Property and the Section 151 Officer in consultation with the Leader of the City Council.

The detailed business case and financial appraisal includes building surveys, environmental surveys and valuations in accordance with the Red Book. In addition, properties are revalued on an annual basis.

The Commercial Property Portfolio is managed by an in house team who are qualified members of Royal Institute of Chartered Surveyors. An annual report on the Property Investment Fund is prepared for the Cabinet and City Council by the Assistant Director for Property and Investment. This report covers the composition of the Fund, rental income, acquisitions, current strategy, and capital growth.

## **2.5 Investment Indicators**

The investment indicators are contained in appendix 2.

### **Gross General Fund (GF) Debt to GF Net Service Expenditure**

The Council's GF borrowing is forecast to be 2.9 times its GF net service expenditure in 2020/21. It is recommended that GF borrowing be limited to 4.0 times GF net service expenditure. This will allow further borrowing to be undertaken if it is financially advantageous.

### **Income from Investments to General Fund (GF) Net Service Expenditure**

The Council will depend on income from investments to fund 5.3% of its estimated GF net service expenditure in 2020/21. In order to ensure that the Council does not become over dependent on income from investment income it is recommended that no more than 7.9% of GF net service expenditure will be funded from income from investments.

### **Interest Cover**

The Council's investment property portfolio has been financed from borrowing. There is therefore a risk that income from investment properties may be insufficient to pay the interest incurred on the associated debt. However, the net income from the investment property portfolio exceeds the cost of the associated interest 2.6 times. The interest cover is greater than this in other years.

### **Loan to Value Ratio**

There has been a small reduction in the current market value of the investment property portfolio and the value of the portfolio is below its cost including fees associated with the purchase of properties.

### **Forecast Income Returns**

The investment property portfolio is expected to make a net return of 3.39% in 2020/21.

Long term treasury management investments are expected to make a net return of 1.44% in 2020/21 although this is expected to fall to 0.9% in the following years as existing investments mature and cannot be replaced with investments making similar returns.

### **Gross and Net Income from Investment Properties**

The investment property portfolio is expected to generate a retained income of £5.1m in 2020/21.

### **External Operating Costs**

External operating costs vary between years depending on the timing of lease events, with some years having more lease events than others.

## **3. Skills and Knowledge**

The issues covered by this report are in their nature complex so all the Council's senior finance staff are chartered accountants. Where the Council does not have the necessary in-house skills and services, it employs Link Asset Services to provide interest rate and economic forecasts, and counter party information.

The Finance Manager (Technical and Financial Planning) who manages the treasury function also holds the Association of Corporate Treasurers Certificate in Treasury Management. The Finance Manager (Technical & Financial Planning) is assisted by the Treasury Manager who is a qualified Chartered Certified Accountant and also holds the Association of Corporate Treasurers Certificate in Treasury Management.

At 31 March 2019 £36,230,000 of the Council's investments of surplus cash were being managed externally consisting of £28,380,000 invested in instant access money market funds and £7,850,000 invested in corporate bonds that were being externally managed.

The City Council is also a member of Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Network which provides training events throughout the year. Some training is also provided by Link Asset Services. Additional training for investment staff is provided as required.

Councillors are offered training by an external consultant to provide them with an over view of treasury management after the local government elections.

#### 4. Treasury Management Reporting

Treasury management has been defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) as "the management of an organisations borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks". Put simply, the Council's approach to cash flow includes:

- borrowing when the Council requires more cash
- Investing when the Council has surplus cash

In addition to the Capital strategy, the Council also has a Treasury Management strategy. The Treasury Management Strategy contains:

- the Treasury Management Indicators that set the boundaries within which treasury management activities will be undertaken and
- an Annual Investment Strategy that specifies how surplus cash will be invested

To demonstrate good governance, all treasury management reports are taken to the Governance and Audit and Standards Committee and all Treasury management reports requiring policy decisions are taken to the Cabinet and the City Council.

Report	Reporting of Compliance & Performance in Previous Period	Policy Changes	Audience
Treasury Management Policy		Yes	G&A&S Committee Cabinet City Council
Treasury Management Quarter 1 Monitoring	Yes		G&A&S Committee
Treasury Management Mid-Year Review	Yes	Yes	G&A&S Committee Cabinet City Council
Treasury Management Quarter 3 Monitoring	Yes		G&A&S Committee
Treasury Management Outturn	Yes		G&A&S Committee Cabinet City Council

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## INVESTMENT INDICATORS

Gross General Fund (GF) Debt to GF Net Service Expenditure						
requires a limit to be placed on the number of times gross debt can exceed net service expenditure.						
	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Forecast	327%	291%	280%	262%	257%	251%
Recommended Limit	400%	400%	400%	400%	400%	400%

Forecast Investment Income to General Fund Net Service Expenditure						
This provides an indication of how dependent the Council is on commercial income and other long term investments to fund its services.						
	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Investment Properties *	5.2%	5.0%	5.2%	5.1%	5.1%	5.1%
Long Term Treasury Management Investments	0.4%	0.3%	0.1%	0.0%	0.0%	0.0%
<b>Overall Investment Income</b>	<b>5.6%</b>	<b>5.3%</b>	<b>5.3%</b>	<b>5.1%</b>	<b>5.1%</b>	<b>5.1%</b>

Limit on Investment Income to General Fund Net Service Expenditure						
Statutory government guidance requires a limit to be placed on the Council's dependence on commercial income and other long term income to fund its services						
	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Investment Properties	7.8%	7.5%	7.8%	7.6%	7.6%	7.6%
Long Term Treasury Management Investments	0.6%	0.4%	0.1%	0.1%	0.0%	0.0%
<b>Overall Investment Income</b>	<b>8.4%</b>	<b>7.9%</b>	<b>7.9%</b>	<b>7.7%</b>	<b>7.6%</b>	<b>7.6%</b>

Interest Cover						
This provides a measure of the risk that net income from investment properties will be insufficient to pay the interest on the debt that financed their acquisition *						
	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Investment Properties	272%	258%	261%	264%	267%	271%

Loan to Value Ratio						
This indicator shows whether the market value of the investment properties is likely to be sufficient to repay the debt that financed them.						
	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Investment Properties	0.9	0.9	0.9	0.9	0.9	0.9

Forecast Income Returns						
This is a measure of the achievement of the portfolio of properties.						
	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Investment Properties *	3.80%	3.39%	3.55%	3.53%	3.59%	3.66%
Long Term Treasury Management Investments	1.50%	1.44%	0.90%	0.90%	0.90%	0.90%

Gross and Net Income from Investment Properties						
This indicator shows how much of the gross income is being retained by the Council.						
	2019/20 Estimate £'000s	2020/21 Estimate £'000s	2021/22 Estimate £'000s	2022/23 Estimate £'000s	2023/24 Estimate £'000s	2024/25 Estimate £'000s
Gross Income	8,617,192	8,724,907	8,833,969	8,944,393	9,056,198	9,169,401
Net Income *	5,349,192	5,128,907	5,372,969	5,348,393	5,445,198	5,543,401

External Operating Costs						
This indicator shows the trend in operating costs over time, as the portfolio expands.						
	2019/20 Estimate £'000s	2020/21 Estimate £'000s	2021/22 Estimate £'000s	2022/23 Estimate £'000s	2023/24 Estimate £'000s	2024/25 Estimate £'000s
Investment Properties	100,000	210,000	75,000	210,000	225,000	240,000

\* Overall borrowing costs are assumed to be 2%

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# Agenda Item 11

Treasury Management Policy Report 2020/21



<b>Title of meeting:</b>	Governance and Audit and Standards Committee Cabinet City Council
<b>Date of meeting:</b>	3 March 2020 (Governance and Audit and Standards Committee) 10 March 2020 (Cabinet) 17 March 2020 (City Council)
<b>Subject:</b>	Treasury Management Policy 2020/21
<b>Report by:</b>	Chris Ward, Director of Finance and Resources (Section 151 Officer)
<b>Wards affected:</b>	All
<b>Key decision:</b>	Yes
<b>Full Council decision:</b>	Yes

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## 1. Executive Summary of the Treasury Management Policy Statement

### Treasury Management Policy

The attached Treasury Management Policy sets out the Council's policies on borrowing and investing surplus cash for 2020/21.

The Prudential Code produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) requires the City Council to approve a Capital Strategy providing an overview of the Council's plans for capital expenditure, its borrowing and its investments. For 2019/20 the risk appetite statements for borrowing and investing were approved as part of the Capital Strategy. It is felt that these risk appetite statements are more relevant to the Treasury Management Policy. Therefore the City Council is recommended to approve these risk management statements as part of the Treasury Management Policy.

The Treasury Management Policy also sets a number of treasury management indicators that will establish the boundaries within which treasury management activities will be undertaken. These are contained in paragraph 4.7 and appendix 5.1 of the Treasury Management Policy attached.



## Annual Investment Strategy

The Treasury Management Policy includes the strategy for the investment of surplus cash, known as the Annual Investment Strategy, which establishes the types of investment, investment counter parties and investment durations that the Council will operate within.

### **2. Purpose of report**

The purpose of this report is to obtain the Council's approval of the updated Treasury Management Policy Statement (attached) which includes the Annual Investment Strategy.

### **3. Recommendations**

- 3.1a that the upper limit for principal sums invested for longer than 365 days contained in paragraph 4.7 of the attached Treasury Management Policy Statement be approved;**
- 3.1b that the upper and lower limits on the maturity structure of borrowing contained in appendix 5.1 of the attached Treasury Management Policy Statement be approved;**
- 3.1c that the attached Treasury Management Policy Statement including the Treasury Management Strategy and Annual Investment Strategy for 2020/21 be approved;**
- 3.1d That the Council will where it is financially responsible to do so, give preference to investments that improve the environment, bring wider social benefits, and are with organisations with good governance. In particular the Council will:**
  - (i) Avoid investments in fossil fuel extraction unless they are making substantial investment into renewable energy technologies as part of a strategy to become a clean energy supplier;**
  - (ii) Consider the environmental, social and governance elements of credit ratings in making investment decisions, provided that the overall risk profile of the investment portfolio (including liquidity risk) and returns are not compromised;**



- 3.1e** that rated building societies be given the same lending limits as banks;
- 3.1f** that the Council will only lend to housing associations if they have a viability rating of V1 and a Governance rating of G1 from Homes England;
- 3.1g** that lending to Hampshire Community Bank (HCB) will be secured on loans made by HCB to small and medium sized enterprises (SMEs) of the highest credit quality which may not in turn be secured on tangible fixed assets;
- 3.1h** that the maximum duration of loans to HCB be reduced from 10 years to 5 years;
- 3.1i** As set out in paragraph 1.4 of the Treasury Management Policy Statement, the Director of Finance and Resources (Section 151 Officer) and officers nominated by him have delegated authority to:
  - (i)** invest surplus funds in accordance with the approved Annual Investment Strategy;
  - (ii)** borrow to finance short term cash deficits and capital payments from any reputable source within the authorised limit for external debt of £883m approved by the City Council on 11<sup>th</sup> February 2020;
  - (iii)** reschedule debt in order to even the maturity profile or to achieve revenue savings;
  - (iv)** to buy and sell foreign currency, and to purchase hedging instruments including forward purchases, forward options and foreign exchange rate swaps to mitigate the foreign exchange risks associated with some contracts that are either priced in foreign currencies or where the price is indexed against foreign currency exchange rates;
- 3.1j** that the Director of Finance and Resources (Section 151 Officer) has the power to delegate treasury management operations to relevant staff;

- 3.1k that the Chief Executive, the Leader of the City Council and the Chair of the Governance and Audit and Standards Committee be informed of any variances from the Treasury Management Policy when they become apparent, and that the Leader of the City Council be consulted on remedial action (paragraph 1.2.2 of Treasury Management Policy Statement).**

#### **4. Background**

The Council's treasury management operations cover the following:

- Cash flow forecasting (both daily balances and longer term forecasting)
- Investing surplus funds in approved investments
- Borrowing to finance short term cash deficits and capital payments
- Management of debt (including rescheduling and ensuring an even maturity profile)
- Interest rate exposure management
- Hedging foreign exchange rate risks

The key risks associated with the Council's treasury management operations are:

- Credit risk - ie. that the Council is not repaid, with due interest in full, on the day repayment is due;
- Liquidity risk - ie. that cash will not be available when it is needed, or that the ineffective management of liquidity creates additional, unbudgeted costs;
- Interest rate risk - that the Council fails to get good value for its cash dealings (both when borrowing and investing) and the risk that interest costs incurred are in excess of those for which the Council has budgeted;
- Exchange rate risk - the risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately;
- Inflation risk, ie. the chance that cash flows from an investment won't be worth as much in future because of changes in purchasing power due to inflation;
- Maturity (or refinancing risk) - this relates to the Council's borrowing or capital financing activities, and is the risk that the Council is unable to repay or replace its maturing funding arrangements on appropriate terms;



- Procedures (or systems) risk - ie. that a treasury process, human or otherwise, will fail and planned actions are not carried out through fraud, error or corruption.

The total borrowings of the Council at 1 April 2020 are estimated to be £720m. The Council's investments at 1 April 2020 are estimated to be £306m. The cost of the Council's borrowings and the income derived from the Council's short-term treasury investments (ie. excluding commercial property investments) are included within the Council's treasury management budget of £30.2m per annum. The Council's treasury management activities account for a significant proportion of the Council's overall budget. As a consequence the Council's Treasury Management Policy aims to manage risk while optimising costs and returns. The Council will monitor and measure its treasury management position against the indicators contained in the Treasury Management Policy.

The City Council has adopted CIPFA's Treasury Management in the Public Services Code of Practice. The Code of Practice requires the City Council to approve a Treasury Management Strategy before the start of the financial year.

In addition the Government has issued statutory guidance that requires the Council to approve an Annual Investment Strategy before the start of the financial year.

The Treasury Management Strategy, and the Annual Investment Strategy are all contained within the attached Treasury Management Policy Statement.

## **5. Reasons for recommendations**

The recommendations provide assurance that the Council's attached Treasury Management Policy Statement reflect CIPFA's Treasury Management Code of Practice and have regard to statutory guidance issued by the Government. These are designed to:

- Enable the Council to borrow funds as part of managing its cash flow or to fund capital expenditure in a way that minimises risk and costs;
- Provide for the repayment of borrowing;
- Ensure that the Council's investments are secure;
- Ensure that the Council maintains sufficient liquidity;
- Maximise the yield on investments in a way that is commensurate with maintaining the security and liquidity of the investment portfolio.



**6. Integrated impact assessment**

The contents of this report does not significantly impact Portsmouth's communities (other than through the finances of the City Council), or equality and diversity.

**7. Legal Implications**

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2011 to ensure that the Council's budgeting, financial management, and accounting practices meet the relevant statutory and professional requirements. Members must have regard to and be aware of the wider duties placed on the Council by various statutes governing the conduct of its financial affairs.

**8. Director of Finance and Resources (Section 151 Officer)'s comments**

All financial considerations are contained within the body of the report and the attached appendices

.....  
Signed by Director of Finance and Resources (Section 151 Officer)

**Appendix: Treasury Management Policy Statement 2019/20**

**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
1	Information pertaining to the Treasury Management Strategy	Financial Services



# **TREASURY MANAGEMENT POLICY STATEMENT FOR 2020/21 INCLUDING:**

- **TREASURY MANAGEMENT  
STRATEGY**
- **ANNUAL INVESTMENT  
STRATEGY**

**Portsmouth City Council  
Director of Finance and Resources (Section 151 Officer)**

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# 1.INTRODUCTION

## 1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

Whilst any commercial initiatives or loans to third parties will affect the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:

*"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

## 1.2 Reporting requirements

### 1.2.1 Capital Strategy

The revised CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare an additional report, a capital strategy report, which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- the implications for future financial sustainability

The aim of this Capital Strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements and governance procedures.

This Capital Strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, as distinct from the policy on commercialism investments usually driven by expenditure on an asset. The capital strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution from commercial investments;
- The debt related to the activity and the associated interest costs;
- The debt payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

Where a physical asset is being bought, details of market research, advisers used, ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the Capital Strategy.

To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.

### 1.2.2 Treasury Management reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- a. Treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
  - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
  - an investment strategy, (the parameters on how investments are to be managed).
- b. A mid-year treasury management report** – This is primarily a progress report and will update members on the treasury management position, amending prudential and treasury management indicators as necessary, and revising any policies if required. In addition, the Governance and Audit and Standards Committee will receive quarterly update reports.
- c. An annual treasury report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

### Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Governance and Audit and Standards Committee.

In addition, the Governance and Audit and Standards Committee receives quarterly treasury management monitoring reports.

The Chief Executive, the Leader of the City Council and the Chair of the Governance and Audit and Standards Committee will be informed of any variances from the Treasury Management Policy when they become apparent, and the Leader of the City Council will be consulted on remedial action.

### **1.3 Treasury Management Strategy for 2020/21**

The strategy for 2020/21 covers:

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy including the risk appetite;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy including the risk appetite;
- creditworthiness policy; and
- the policy on use of external service providers.

### **1.4 Treasury Management Staff**

The treasury management function is undertaken by the Director of Finance and Resources (Section 151 Officer). This includes investing surplus funds in accordance with the approved Annual Investment Strategy; borrowing to finance short term cash deficits and capital payments from any reputable source within the authorised limit for external debt; rescheduling debt in order to even the maturity profile or to achieve revenue savings; and to buy and sell foreign currency and hedge against currency movements to fulfil contracts priced in or indexed against foreign currencies. The Director of Finance and Resources will have the power to delegate authority to undertake these functions to relevant officers including the Deputy Director of Finance and Section 151 Officer, the Finance Manager (Technical and Financial Planning), the Treasury Manager and various back up cash dealers drawn from the Finance Directorate. The Director of Finance and Resources (Section 151 Officer), the Deputy Director of Finance and Section 151 Officer, and the Finance Manager (Technical and Financial Planning) are all qualified Chartered Public Finance Accountants.

The Finance Manager (Technical & Financial Planning) manages the treasury function and holds the Association of Corporate Treasurers Certificate in Treasury Management. The Finance Manager (Technical & Financial Planning) is assisted by the Treasury Manager who is a qualified Chartered Certified Accountant and holds the Association of Corporate Treasurers Certificate in Treasury Management. The City Council is also a member of CIPFA's Treasury Management Network, which provides training events throughout the year. Additional training for investment staff is provided as required.

### **1.5 Treasury management consultants**

The Council uses Link Asset Services, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

The scope of investments within the Council's operations now includes both conventional treasury investments, (the placing of residual cash from the Council's functions), and more commercial type investments, such as investment properties. The commercial type investments require specialist advisers, and the Council uses Avison Young in relation to this activity.

## 2 THE CAPITAL PRUDENTIAL INDICATORS 2020/21 – 2024/25

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

### 2.1 Capital expenditure

The capital programme approved by the City Council on 11<sup>th</sup> February 2020 can be summarised in table A as follows:

<b>Table A</b>	<b>2018/19 Actual</b>	<b>2019/20 Revised Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>	<b>2024/25 Estimate</b>
	£m	£m	£m	£m	£m	£m	£m
Investment Properties	32	12	11	-	-	-	-
Other Non - Housing Revenue Account (HRA)	67	259	205	121	64	36	35
<b>Sub - Total</b>	<b>99</b>	<b>271</b>	<b>216</b>	<b>121</b>	<b>64</b>	<b>36</b>	<b>35</b>
Housing Revenue Account (HRA)	23	28	61	57	52	52	49
<b>Total</b>	<b>122</b>	<b>299</b>	<b>277</b>	<b>178</b>	<b>116</b>	<b>88</b>	<b>84</b>
<b>Element financed from borrowing</b>	<b>56</b>	<b>187</b>	<b>71</b>	<b>56</b>	<b>32</b>	<b>21</b>	<b>17</b>

Capital expenditure on commercial activities / non-financial investments including investment properties is entirely financed from borrowing.

## 2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so it's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital funding resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge that reduces the indebtedness broadly in line with each assets life, and so charges the economic consumption of capital assets as they are used to the Council's revenue budget.

The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI, or lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £66m of such schemes within the CFR.

The projected CFR is shown below:

<b>Table B</b>	<b>2018/19 Actual</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>	<b>2024/25 Estimate</b>
<b>Capital Financing Requirement (£m)</b>							
Investment Properties	148	160	171	171	171	171	171
Other Non - Housing Revenue Account (HRA)	306	471	500	524	530	519	513
<b>Sub - Total</b>	<b>454</b>	<b>631</b>	<b>671</b>	<b>695</b>	<b>701</b>	<b>690</b>	<b>684</b>
Housing Revenue Account (HRA)	173	178	197	216	229	250	263
<b>Total CFR</b>	<b>627</b>	<b>809</b>	<b>868</b>	<b>911</b>	<b>930</b>	<b>940</b>	<b>947</b>
<b>Movement in CFR</b>	<b>52</b>	<b>182</b>	<b>59</b>	<b>43</b>	<b>19</b>	<b>10</b>	<b>7</b>

<b>Movement in CFR represented by (£m)</b>							
Net financing need for the year (above)	56	187	71	56	32	21	17
Less MRP	(4)	(5)	(12)	(13)	(13)	(11)	(10)
<b>Movement in CFR</b>	<b>52</b>	<b>182</b>	<b>59</b>	<b>43</b>	<b>19</b>	<b>10</b>	<b>7</b>



A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The capital expenditure figures shown in 2.1 and the details above demonstrate the scope of this activity and, by approving these sums; consider the scale proportionate to the Authority's remaining activity.

### 2.3 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

<b>Table C Year End Resources £m</b>	<b>2018/19 Actual</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>	<b>2024/25 Estimate</b>
Fund balances / reserves	229	226	197	155	116	107	102
Capital grants unapplied	55	55	55	55	55	55	55
Capital receipts	16	18	16	19	22	25	28
Provisions	18	18	18	18	18	18	18
Other	37	37	37	37	37	37	37
<b>Total core funds</b>	<b>355</b>	<b>354</b>	<b>323</b>	<b>284</b>	<b>248</b>	<b>242</b>	<b>240</b>
Working capital*	41	41	6	24	42	42	42
Over / (under) borrowing - see overleaf	29	(89)	(162)	(219)	(240)	(234)	(232)
<b>Expected investments</b>	<b>425</b>	<b>306</b>	<b>167</b>	<b>89</b>	<b>50</b>	<b>50</b>	<b>50</b>

\*Working capital balances shown are estimated year-end; these may be higher mid-year

### 3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities.

#### 3.1 Current borrowing position

<b>Table D</b>	<b>2018/19 Actual</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>	<b>2024/25 Estimate</b>
<b>External Debt (£m)</b>							
Debt at 1 April	561	590	658	649	641	644	664
Expected change in Debt	29	68	(9)	(8)	3	20	13
Other long-term liabilities (OLTL)	69	66	62	57	51	46	42
Expected change in OLTL	(3)	(4)	(5)	(6)	(5)	(4)	(4)
Actual gross debt at 31 March	656	720	706	692	690	706	715
The Capital Financing Requirement	627	809	868	911	930	940	947
Under / (over) borrowing	(29)	89	162	219	240	234	232

Within the above figures the level of debt relating to commercial activities / non-financial investment is:

<b>Table E</b>	<b>2018/19 Actual</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>	<b>2024/25 Estimate</b>
<b>External Debt for investment properties</b>							
Actual debt at 31 March £m	148	160	171	171	171	171	171
Percentage of total external debt %	23	22	24	25	25	24	24

Within the range of prudential indicators, there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Director of Finance and Resources reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and proposals in the budget.

### 3.2 Treasury Indicators: limits to borrowing activity

**The operational boundary.** This is the limit, set as part of the capital programme, beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and of other cash resources (as described in Table C).

<b>Table F</b>	<b>2019/20 Estimate (£m)</b>	<b>2020/21 Estimate (£m)</b>	<b>2021/22 Estimate (£m)</b>	<b>2022/23 Estimate (£m)</b>	<b>2023/24 Estimate (£m)</b>	<b>2024/25 Estimate (£m)</b>
Debt	715	811	860	884	898	909
Other long term liabilities	62	57	51	46	42	38
Total	777	868	911	930	940	947

**The authorised limit for external debt.** This is a key prudential indicator, set as part of the capital programme, and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

<b>Table G</b>	<b>2019/20 Estimate (£m)</b>	<b>2020/21 Estimate (£m)</b>	<b>2021/22 Estimate (£m)</b>	<b>2022/23 Estimate (£m)</b>	<b>2023/24 Estimate (£m)</b>	<b>2024/25 Estimate (£m)</b>
Commercial activities/ non-financial investments	160	171	171	171	171	171
Other Debt	585	655	704	729	743	754
Other long term liabilities	62	57	51	46	42	38
Total	807	883	926	946	956	963

### 3.3 Prospects for interest rates

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives Link Asset Services' central view.

Link Asset Services Interest Rate View														
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PWLB Rate	2.60	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PWLB Rate	3.20	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50yr PWLB Rate	3.10	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00

The above forecasts have been based on an assumption that there is an agreement on the terms of trade between the UK and the EU, at some point in time. The result of the general election has removed much uncertainty around this major assumption. However, it does not remove uncertainty around whether agreement can be reached with the EU on a trade deal within the short time to December 2020, as the prime minister has pledged.

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit and the outcome of the general election. In its meeting on 7 November, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth: if those uncertainties were to materialise, then the MPC were likely to cut Bank Rate. However, if they were both to dissipate, then rates would need to rise at a "gradual pace and to a limited extent". Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. There is still some residual risk that the MPC could cut Bank Rate as the UK economy is still likely to only grow weakly in 2020 due to continuing uncertainty over whether there could effectively be a no deal Brexit in December 2020 if agreement on a trade deal is not reached with the EU. Until that major uncertainty is removed, or the period for agreeing a deal is extended, it is unlikely that the MPC would raise Bank Rate.

**Bond yields / PWLB rates.** There has been much speculation during 2019 that the bond market has gone into a bubble, as evidenced by high bond prices and remarkably low yields. However, given the context that there have been heightened expectations that the US was heading for a recession in 2020, and a general background of a downturn in world economic growth, together with inflation generally at low levels in most countries and expected to remain subdued, conditions are ripe for low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last thirty years. We have therefore seen over the last year, many bond yields up to ten years in the Eurozone actually turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby ten-year yields have fallen below shorter-term yields. In the past,

this has been a precursor of a recession. The other side of this coin is that bond prices are elevated, as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities. However, stock markets are also currently at high levels as some investors have focused on chasing returns in the context of dismal ultra-low interest rates on cash deposits.

During the first half of 2019-20 to 30 September, gilt yields plunged and caused a near halving of longer term PWLB rates to completely unprecedented historic low levels. There is though, an expectation that financial markets have gone too far in their fears about the degree of the downturn in US and world growth. If, as expected, the US only suffers a mild downturn in growth, bond markets in the US are likely to sell off and that would be expected to put upward pressure on bond yields, not only in the US, but also in the UK due to a correlation between US treasuries and UK gilts; at various times this correlation has been strong but at other times weak. However, forecasting the timing of this, and how strong the correlation is likely to be, is very difficult to forecast with any degree of confidence. Changes in UK Bank Rate will also affect gilt yields.

One potential danger that may be lurking in investor minds is that Japan has become mired in a twenty-year bog of failing to get economic growth and inflation up off the floor, despite a combination of massive monetary and fiscal stimulus by both the central bank and government. Investors could be fretting that this condition might become contagious to other western economies.

Another danger is that unconventional monetary policy post 2008, (ultra-low interest rates plus quantitative easing), may end up doing more harm than good through prolonged use. Low interest rates have encouraged a debt-fuelled boom that now makes it harder for central banks to raise interest rates. Negative interest rates could damage the profitability of commercial banks and so impair their ability to lend and / or push them into riskier lending. Banks could also end up holding large amounts of their government's bonds and so create a potential doom loop. (A doom loop would occur where the credit rating of the debt of a nation was downgraded which would cause bond prices to fall, causing losses on debt portfolios held by banks and insurers, so reducing their capital and forcing them to sell bonds – which, in turn, would cause further falls in their prices etc.). In addition, the financial viability of pension funds could be damaged by low yields on holdings of bonds.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

In addition, PWLB rates are subject to ad hoc decisions by H.M. Treasury to change the margin over gilt yields charged in PWLB rates: such changes could be up or down. It is not clear that if gilt yields were to rise back up again by over 100bps within the next year or so, whether H M Treasury would remove the extra 100 bps margin implemented on 9<sup>th</sup> October 2019.

Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields and PWLB rates. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

### **3.4 Investment and borrowing rates**

- Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress is made with an agreed trade deal with the EU, then there is upside potential for earnings.
- PWLB borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps on 9<sup>th</sup> October 2019. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management. Now that the gap between longer-term borrowing rates and investment rates has materially widened, and in the long term, Bank Rate is not expected to rise above 2.5%, it is unlikely that this authority will do any further longer-term borrowing for the next two years.

### **3.5 Borrowing strategy and risk appetite**

It is often possible to borrow money short term at lower rates than it is possible to borrow long term. This often leaves the Council with two choices:

- Borrowing at either short term or variable interest rates. This would often enable the Council to borrow relatively cheaply, but the Council would need to accept that its borrowing costs might be volatile, as it exposes the Council to the benefits and dis-benefits of interest rate movements that can give rise to budget variances. This is a major risk when interest rates are expected to increase.
- Borrowing long term at fixed rates. This provides stable and predictable revenue costs of borrowing. Fixed interest rates avoid the risk of budget variances caused by interest rate movements but prevent the council from benefiting from falling interest rates on its borrowing. There is a risk that the Council could become locked into relatively high rates of interest if interest rates fall.

The Council attaches a high priority to a stable and predictable revenue cost of borrowing in the long term. This reflects the fact that debt servicing represents 16% of the Council's net revenue budget.

The Council's objective in relation to debt is as follows:

- To borrow as cheaply as possible for the long-term at a fixed rate

This means that the Council is not totally risk averse, and the Council may borrow either short term or at variable rates if long-term interest rates are expected to fall.

Treasury management staff will act flexibly to actively manage treasury risks within the scope of the Council's treasury management policy and strategy.

### **3.6 Policy on borrowing in advance of need**

Section 12 of the Local Government Act 2003 gives a local authority the power to invest for “any purpose relevant to its functions under any enactment or for the prudent management of its financial affairs”. While the speculative procedure of borrowing purely to invest at a profit is clearly unlawful, there is no legal obstacle to the temporary investment of funds borrowed for the purpose of funding capital expenditure incurred in the reasonably near future.

Borrowing in advance of need may enable the City Council to obtain cheaper loans than those available at the time when expenditure is incurred, although the consequent investment of funds borrowed in advance of need does expose the City Council to credit risk. The interest payable on funds borrowed in advance of need is likely to exceed the interest earned on the investment of those funds in the current economic climate. The Council may determine to borrow in advance of need in circumstances where it is reasonably expected that the total cost of borrowing over the whole life of the loan in present value terms is lower by borrowing in advance of need.

The Council's gross debt exceeded its CFR by £29m, ie. it was over borrowed, at 31 March 2019, but the Council expects to be £89m under borrowed at 31 March 2020.

### **3.7 Debt rescheduling**

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.

### **3.8 New financial institutions as a source of borrowing**

Following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local authorities (primarily shorter dated maturities)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
- Municipal Bonds Agency (limited issuance at present but there is potential)

The degree, which any of these options proves cheaper than PWLB Certainty Rate, is still evolving at the time of writing.

**3.9 Approved Sources of Long and Short term Borrowing**

	Fixed	Variable
PWLB	●	●
Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)		●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Internal (capital receipts & revenue balances)	n/a	n/a
Finance leases	●	●

**3.10 Apportionment of Borrowing Costs to the Housing Revenue Account (HRA)**

The Council will continue to operate with a single loans pool and apportion costs according to locally established principles. The principles upon which the apportionment of borrowing costs should be based are as follows:

- The apportionment is broadly equitable between the HRA and the General Fund, and is detrimental to neither;
- The loans portfolio is managed in the best interests of the whole authority;
- The costs and benefits of over and under borrowing above or below the capital financing requirement (CFR) are equitably shared between the General Fund and the HRA.



## 4 ANNUAL INVESTMENT STRATEGY

### 4.1 Investment policy – management of risk

The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

The Council’s investment policy has regard to the following: -

- MHCLG’s Guidance on Local Government Investments (“the Guidance”)
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”)
- CIPFA Treasury Management Guidance Notes 2018

The Council’s investment priorities will be security first, portfolio liquidity second and then yield, (return).

The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk that is measured by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings including outlooks and credit watches.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.
3. **Other information** sources used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix 5.2 under the categories of 'specified' and 'non-specified' investments.
  - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
  - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18 month deposit would still be non-specified even if it has only 11 months left until maturity.
5. **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments to £200m, (see paragraph 4.3).
6. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.2.
7. **Transaction limits** are set for each type of investment in 4.2.
8. This authority will set a limit for its investments that are invested for **longer than 365 days**, (see paragraph 4.7).
9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.3).
10. This authority places **sector and geographical limits** on its investment portfolio in order to avoid the concentration of risk, (Appendix 5.3).

## 4.2 Creditworthiness policy

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Director of Finance and Resources (Section 151 Officer) will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality that the Council may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by Link Asset Services, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

The criteria for providing a pool of high quality investment counterparties, (both specified and non-specified investments) is:

- Banks 1 - good credit quality – the Council will only use banks which:
  - i. are UK banks; and/or
  - ii. are non-UK and domiciled in a country which has a double A sovereign Long Term rating
 and have, as a minimum, the following Fitch, Moody's and Standard & Poor's credit ratings (where rated):
  - i. Short Term - F1, P-2, or A-2
  - ii. Long Term – A-
- Banks 2 – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time invested.
- Banks 3 - Secured lending to banks partly owned by the City Council.
- Building societies. The Council will use all societies which:
  - i. Meet the ratings for Banks 1 outlined above or;
  - ii. Have assets in excess of £350m;
 or meet both criteria.
- Money Market Funds (MMFs)
- UK Government (including gilts, Treasury Bills and the DMADF)
- Local authorities
- Housing associations. In addition to ratings from the credit agencies, housing associations will only receive investments if they have a viability rating of V1 and a governance rating of G1 from Homes England.
- Supranational institutions that meet the ratings for banks outlined above

- Corporate Bonds. The Council will invest in corporate bonds which:
  - i. Meet the ratings for Banks 1 outlined above or;
  - ii. Have a credit rating of BBB+ or;
  - iii. Have a credit rating of BBB- but form part of a portfolio managed by professional fund managers
- Universities that meet the ratings for Banks 1 outlined above
- Pooled investment vehicles including equity funds, property funds, corporate bond funds and multi asset funds
- Subsidiary companies of the City Council

A limit of £200m will be applied to the use of non-specified investments

**Use of additional information other than credit ratings.** Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, rating Watches/Outlooks) will be applied to compare the relative security of differing investment opportunities.

**Time limits** are applied to most investment categories to limit credit risk as the longer the duration of an investment is, the more time there is for the credit quality of the counter party to deteriorate. There are no time limits applied to corporate bonds managed by a professional fund manager, pooled investment vehicles, and subsidiary companies of the Council. Corporate bonds can be sold if there is a need to disinvest and a professional fund manager will have more resources to assess credit quality. Investments in pooled investment vehicles often do not have a predetermined maturity; the Council would withdraw its investment at the appropriate time. The Council controls its subsidiary companies and therefore is in a position to have a considerable influence on their credit quality.

**Time and monetary limits applying to investments.** The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both specified and non-specified investments):

<b>Table H</b>	<b>Fitch Long term Rating (or equivalent)</b>	<b>Money Limit</b>	<b>Time Limit</b>
<b>Banks 1 highest quality</b>	<b>AA-</b>	<b>£26m</b>	<b>6yrs</b>
<b>Banks 1 higher quality</b>	<b>A+</b>	<b>£20m</b>	<b>6yrs</b>
<b>Banks 1 medium quality</b>	<b>A</b>	<b>£15m</b>	<b>6yrs</b>
<b>Banks 1 lower quality</b>	<b>A-</b>	<b>£10m</b>	<b>6yrs</b>
<b>Banks 2 the Council's own banker if the criteria for Banks 1 is not met</b>	<b>-</b>	<b>Minimised</b>	<b>Minimised</b>
<b>Banks 3 partly owned by the Council</b>	<b>-</b>	<b>£10m</b>	<b>5yrs</b>
<b>UK Government including DMADF</b>	<b>UK sovereign rating</b>	<b>unlimited</b>	<b>6yrs</b>
<b>Local authorities</b>	<b>N/A</b>	<b>£30m</b>	<b>6yrs</b>
<b>Housing associations higher quality</b>	<b>AA-</b>	<b>£30m</b>	<b>10yrs</b>
<b>Housing associations lower quality</b>	<b>A-</b>	<b>£20m</b>	<b>10yrs</b>
<b>Corporate bonds purchased by City Council but not meeting criteria for Banks 1 above</b>	<b>BBB+</b>	<b>£7m</b>	<b>365 days</b>
<b>Corporate bonds managed by a professional fund manager</b>	<b>BBB-</b>	<b>£0.32m per bond up to a limit of £8m</b>	<b>Unlimited</b>
<b>Pooled investment vehicles</b>	<b>-</b>	<b>£50m</b>	<b>Unlimited</b>
<b>Subsidiary companies of the Council</b>	<b>-</b>	<b>£30m</b>	<b>Unlimited</b>
	<b>Fund rating</b>	<b>Money Limit</b>	<b>Time Limit</b>
<b>Money Market Funds</b>	<b>AAA</b>	<b>£26m</b>	<b>liquid</b>
<b>Enhanced Money Market Funds</b>	<b>AA</b>	<b>£20m</b>	<b>liquid</b>

The proposed criteria for specified and non-specified investments are shown in Appendix 5.2 for approval.

#### 4.3 Other limits

Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors.

- a) **Non-specified investment limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments to £200 m.
- b) **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a **double A sovereign credit rating** from Fitch or equivalent.
- c) **Other limits.** In addition:
  - limits in place above will apply to a group of companies;
  - sector and geographic limits will be monitored regularly for appropriateness.

#### 4.4 Environmental, Social and Governance Factors

The Council will seek to move towards investments that improve the environment, bring wider social benefits, and are with organisations with good governance.

The Council will avoid investments in fossil fuel extraction unless they are making substantial investment into renewable energy technologies as part of a strategy to move to becoming a clean energy supplier.

The Council will give weight to the environmental, social and governance elements of credit ratings in making investment decisions, provided that the overall risk profile of the investment portfolio (including liquidity risk) is not compromised, and that decisions remain consistent with responsible financial management and stewardship.

#### 4.5 Investment strategy and Risk Appetite Statement

All the investment guidance available, both statutory and from the Chartered Institute of Public Finance and Accountancy (CIPFA), makes it clear that all investing must follow SLY principles - security, liquidity, yield. In accordance with the guidance issued, the Council's first priority in investing is security, followed by liquidity. After these priorities are met, the Council will seek to maximise yields. The Council will consider the environmental and social implications of its investments once SLY principles have been met.

The Council's objectives in relation to investment can accordingly be stated as follows:

*Sums are invested with a diversified range of counter parties using the maximum range of financial instruments\* consistent with a low risk of the capital sum being diminished through movements in market prices.*

\* Financial instruments include term deposits, certificates of deposits, corporate bonds, money market funds, structured notes and shares in pooled investment funds

This means that the Council is not totally risk averse. Treasury management staff have the capability to actively manage treasury risks within the scope of the Council's treasury management policy and strategy.

In particular, when investing surplus cash, the Council will not necessarily limit itself to making deposits with the UK Government and local authorities, but may invest in other bodies including unrated building societies, Registered Social Landlords (RSLs), universities and corporate bonds. The Council may invest surplus funds through tradable instruments such as treasury bills, gilts, certificates of deposit, corporate bonds, covered bonds and repos / reverse repos.

The Council will invest its surplus cash to provide sufficient liquidity to meet its cash flow needs, but is mindful that the value of its investments will fall in real terms unless investment returns are at least equal to inflation. In order to earn investment returns in excess of inflation on as much of its surplus cash as possible, the Council will invest as much as it can in longer-term higher yielding investments whilst maintaining sufficient liquidity to meet its cash flow needs.

The Council may invest in lower risk structured investment products that follow the developed equity markets where movements in prices may diminish the capital sum invested. These investments, and indeed any other investment, could also be diminished if the counter party defaults. Although the Council only invests in counter parties offering good credit quality, the credit quality of an investment counter party can decline during the life of the investment. This is particularly the case with long-term investments.

The Council may invest in externally managed pooled investment vehicles such as corporate bond funds, equity funds, property funds and multi asset funds, if the Council has cash for a term that is sufficient to cover cyclical movements in prices. The Government has made regulations that will prevent fluctuations on the capital value of these funds from impacting on the General Fund prior to disposal for at least 5 years. Fluctuations in the capital value of these funds will impact on the General Fund in 5 years' time unless the regulations are extended.

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall, consideration will be given to locking in higher rates currently obtainable, for longer periods.

**4.6 Investment return expectations.**

- The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are similarly to the downside.

**4.7 Investment treasury indicator and limit - total principal funds invested for greater than 365 days.**

These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the following treasury indicator and limit:

<b>Table I - Upper limit for principal sums invested for longer than 365 days</b>			
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Current investments as at 31 March in excess of 1 year maturing in each year	117	50	50

**4.8 Investment performance**

This Council will use an investment benchmark to assess the investment performance of its investment portfolio of 7 day, 1, 3, 6 or 12 month LIBID.

**4.9 End of year investment report**

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.



## **5. APPENDICES**

- 5.1 Maturity structure of borrowing
- 5.2 Credit and counterparty risk management
- 5.3 Sector and Geographic Investment Limits

**APPENDIX 5.1****Maturity structure of borrowing**

Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

<b>Table J</b>		
<b>Maturity structure of fixed interest rate borrowing 2020/21</b>		
	<b>Lower</b>	<b>Upper</b>
Under 12 months	0%	10%
12 months to 2 years	0%	10%
2 years to 5 years	0%	10%
5 years to 10 years	0%	20%
10 years to 20 years	0%	30%
20 years to 30 years	0%	30%
30 years to 40 years	0%	40%
40 years to 50 years	0%	40%
<b>Maturity structure of variable interest rate borrowing 2020/21</b>		
	<b>Lower</b>	<b>Upper</b>
Under 12 months	0%	10%
12 months to 2 years	0%	10%
2 years to 5 years	0%	10%
5 years to 10 years	0%	20%
10 years to 20 years	0%	30%
20 years to 30 years	0%	30%
30 years to 40 years	0%	30%
40 years to 50 years	0%	30%

**APPENDIX 5.2****CREDIT AND COUNTERPARTY RISK MANAGEMENT**

The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Council's policy below.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council has adopted the Code and will apply its principles to all investment activity. In accordance with the Code, the Director of Finance and Resources (Section 151 Officer) has produced its treasury management practices (TMPs).

**Annual investment strategy** - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

**Strategy guidelines** – The main strategy guidelines are contained in the body of the treasury strategy statement.

**Specified investments** – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments that would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Office deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Bonds issued by supranational banks of less than one year's duration.
3. A local authority, housing association or university.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. This covers pooled investment vehicles, such as money market funds, rated AA by Standard and Poor's, Moody's and / or Fitch rating agencies.
5. A body that is considered of a high credit quality (such as a bank or building society) with a minimum Short Term rating of A-2 / P-2 / F1 as rated by Standard and Poor's, Moody's and / or Fitch rating agencies .

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are contained in Table H on page 21.

**Non-specified investments** – are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non-specified investments would include any investments with:

	<b>Non Specified Investment Category</b>	<b>Limit £</b>
a.	<p><b>Supranational bonds greater than 1 year to maturity</b></p> <p><b>(a) Multilateral development bank bonds with a AAA long-term rating</b> - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Reconstruction and Development Bank etc.).</p> <p><b>(b) A financial institution that is guaranteed by the United Kingdom Government</b> (e.g. National Rail)</p> <p>The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt-edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	<p><b>£26m for up to 6 years</b></p> <p><b>£26m for up to 6 years</b></p>
b.	<b>Gilt edged securities</b> with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	<b>Unlimited investments for up to 6 years</b>
c.	<b>The Council's own banker</b> if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	<b>£10m for up to 1 day</b>
d.	<b>Building societies not meeting the basic security requirements under the specified investments.</b> The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies that have a minimum asset size of £350m.	<b>£6m for up to 2 years</b>
e.	Any <b>bank or building society</b> that has a minimum long-term credit rating of A-, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	<b>£26m for up to 6 years</b>
f.	<b>Loan capital</b> in a body corporate with a credit rating of at least BBB+. This will enable investments to be made in large commercial companies such as British Telecom. A short-term investment in a BBB+ rated counterparty may be less likely to default than a long-term investment with an A- rated counterparty.	<b>£7m for 365 days</b>

	<b>Non Specified Investment Category</b>	<b>Limit £</b>
g.	<b>Corporate bonds</b> bought on the Council's behalf by professional fund managers who will target an average credit rating of at least BBB+ for the corporate bond fund. The average credit rating of the corporate bond fund may fall to BBB if there was a downgrade to a single issue or a broad downgrade. We would not want the fund manager to be a forced seller in this situation. If this situation arises, a strategy will be agreed with the fund manager to return the average rating of the portfolio to BBB+.	<b>£8m for an unlimited duration</b>
h.	<b>Pooled investment vehicles including equity funds, property funds and multi asset funds</b> with the potential to generate returns in excess of inflation and thus maintain the value of the principal invested in real terms. The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting requires movements in the market value of pooled investments to be charged to General Fund balances after a statutory transition period of 5 years.	<b>£50m for an unlimited duration</b>
i.	<b>Subsidiary companies of the Council.</b> In particular, funds could be invested to facilitate the establishment of a subsidiary company to develop housing in the greater Portsmouth area on a commercial basis.	<b>£30m for an unlimited duration</b>
j.	<b>Banks partly owned by the City Council.</b> The Council is an equity shareholder in Hampshire Community Bank (HCB). Purchasing bonds in HCB would contribute to the regeneration of Hampshire and offer interest of up to 3.5%. Investing in HCB carries greater risk than the other approved investments contained in the Council's Annual Investment Strategy, as HCB is a new entity that is in the process of developing its business, and currently has neither a banking license nor a credit rating. However, HCB will be able to offer assets as security to cover a bond. These assets would consist of loans of the highest credit quality to the small and medium enterprise (SME) sector. The loan assets offered as security would pass to the Council in the event of HCB defaulting.	<b>£10m for 5 years</b>

**The monitoring of investment counterparties** - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services as and when ratings change, and counterparties are checked. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately.

**APPENDIX 5.3****SECTOR AND GEOGRAPHIC INVESTMENT LIMITS****Sector investment limits**

AA money market funds offer security and same day access. By aggregating investments they can also invest in financial institutions that may not be interested in the relatively small sums that the Council can invest. Although AA money market funds are well diversified in their investments, there is a risk that more than one fund could have investments with the same bank or that the Council may also have invested funds in the same bank as a money market fund. Therefore it is proposed that the Council should aim to have no more than £80m invested in money market funds.

Most building society lending is secured against residential properties. If property prices fall there may be inadequate security to support building societies lending giving rise to a systemic risk.

As RSL's offer one principal service and their assets principally consist of residential properties, excessive investments in RSLs would also expose the Council to a systemic risk.

Excessive investments in investment products tracking equity, property or other markets could also expose the Council to a systemic risk.

In order to minimise systemic credit risk in any sector the following limits will be applied:

Money market funds	£80m
Building societies	£155m
Registered Social Landlords	£80m
Investments tracking the equity, property or other markets	£70m

**Geographic Investment Limits**

In order to minimise systemic credit risk in any region, the following limits will be applied to the geographic areas where investments can be made in foreign countries.

Asia & Australia	£80m
Americas	£80m
Eurozone	£60m
Continental Europe outside the Eurozone	£60m

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# Agenda Item 12

Agenda item:

**Decision maker:** Cabinet 10<sup>th</sup> March 2020

**Subject:** Revenue Budget Monitoring 2019/20 (3<sup>rd</sup> Quarter) to end December 2019

**Report by:** Director of Finance & Resources

**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 third quarter for 2019/20 in accordance with the proposals set out in the "Portsmouth City Council - Budget & Council Tax 2020/21 & Medium Term Budget Forecast 2021/22 to 2023/24" report approved by the City Council on the 11<sup>th</sup> February 2020.

## 2. Recommendations

- 2.1 It is recommended that:

- (i) Members note:
  - (a) An overspend of £667,900 before further forecast transfers from/(to) Portfolio Specific Reserves & Ring Fenced Public Health Reserve
  - (b) An underspend of £625,200 after further forecast transfers from/(to) Portfolio Specific Reserves & Ring Fenced Public Health Reserve.
  - (c) 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 2020/21 Cash Limit.
  - (d) That on 11<sup>th</sup> February 2020 City Council approved that any underspending for 2019/20 arising at year-end outside of those made by Portfolio's be transferred to Capital resources.
- (ii) 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 2020/21 Portfolio cash limit will be managed to avoid further overspending during 2020/21.

### **3. Background**

- 3.1 The Revised Budget for 2019/20 of £165,912,000 was approved by City Council on the 11<sup>th</sup> February 2020. This level of spending required a contribution from General Reserves of £0.02m demonstrating in year income and in year spending is broadly in balance.
- 3.2 This is the third quarter monitoring report of 2019/20 and reports on the forecast 2019/20 outturn as at the end of December 2019. 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.
- 3.3 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 financial position of the Council. Similarly, "windfall savings" are those savings that occur fortuitously without any manager action and all such savings accrue to the corporate centre.
- 3.4 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 11<sup>th</sup> February 2020. 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 2019/20 – As at end December 2019**

- 4.1 At the third quarter stage, the revenue outturn for 2019/20 after further forecast transfers from/to Portfolio Specific Reserves (Underspends are retained by right) is forecast to be underspent by £625,200 representing an overall budget variance of 0.4%.
- 4.2 The quarter 3 variance consists of a number of forecast under and overspends.

The most significant overspendings at the quarter 3 stage are:

Quarter 1 Forecast Variance	Quarter 2 Forecast Variance		Quarter 3 Forecast Variance	Quarter 3 Forecast Variance (After Transfers From Portfolio Reserves)
£	£		£	£
1,494,300	2,383,400	Children & Families	3,789,500	3,789,500
231,600	395,100	Culture & City Development		
337,300	366,700	Education	309,900	208,300
2,529,700	3,434,400	Health, Wellbeing & Social Care	3,920,300	2,711,100
291,400		Housing	257,000	Nil
240,300	129,400	Port	155,900	Nil
277,800	317,900	Resources	303,400	Nil

These are offset by the following significant forecast underspends at the quarter 3 stage:

Quarter 1 Forecast Variance	Quarter 2 Forecast Variance		Quarter 3 Forecast Variance	Quarter 3 Forecast Variance (After Transfers To Portfolio Reserves)
£	£		£	£
(616,700)	(185,200)	Leader	(462,900)	(406,100)
(180,800)	(111,900)	Environment & Climate Change		
(100,200)	(114,900)	Traffic & Transportation	(369,900)	Nil
	(980,500)	Treasury Management	(330,700)	(330,700)
(1,794,300)	(2,774,600)	Contingency	(6,866,400)	(6,866,400)

## 5 Quarter 3 Significant Budget Variations – Forecast Outturn 2019/20

### 5.1 Children & Families – Overspend £3,789,500 (or 12.8%)

The cost of Children's Social Care is forecast to be £3,789,500 higher than budgeted (£7,512,600 in 2018/19).

The overspend is primarily related to higher costs and numbers of child placements (£3,242,000), of which the largest area of overspending relates to children requiring external residential placements (£2,812,400). In addition packages required to support children with disabilities are £339,000 higher than originally budgeted due to increasing complexity of need and higher staffing costs within the Portfolio totalling £208,200.

5.2 Education – Overspend £309,900 (or 5.5%) or After Transfer From Portfolio Reserve £208,300 (or 3.7%)

The cost of Education is forecast to be £309,900 higher than budgeted.

The principle reason for the overspend is increased spending within Inclusion Support (£420,800) of which £338,000 relates to home to school transport costs being higher than budgeted, however an increase in pupils with special educational needs and disabilities has added further to the amount of overspending currently being forecast within this area.

This overspending is offset by lower staffing costs (£110,000) within Early Help & Prevention and Education Management 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 £3,920,300 (or 8.8%) or After Transfers From Public Health Reserve & Adult Social Care Specific Reserves £2,711,100 (or 5.9%)

The cost of Health, Wellbeing and Social Care is forecast to be £3,920,300 higher than budgeted (£1,767,000 in 2018/19).

The key variances are:

- Increased cost of Older Persons Physical Disability as a result of higher than anticipated demand for externally commissioned residential and nursing placements (£2.3m) coupled with an unexpected increase in the average cost of Domiciliary Care Packages and respite care (£1.2m) has resulted in a forecast overspend of £3,511,000. In addition, costs associated with clients with a learning disability are forecast to overspend by £960,600 due to increased client numbers in Supported Living, Day Care, Residential and Nursing Care (0.8m) and additional staffing cost pressures at Russets Care Home (£0.1m). These overspendings are offset by underspending within in-house residential day care following the earlier than planned closure of Edinburgh House and Hilsea Lodge as consequence of residents seeking to move to alternative accommodation more quickly than originally anticipated (£0.9m) offset by transitional staffing costs pressures at Shearwater House (£0.2m).
- The cost of Public Health is forecast to be broadly within budget. However any underspending or overspending will be transferred to/from the ring fenced Public Health Reserve to meet spending in future/current years.

5.4 Housing - Overspend £257,000 (or 4.8%) or After Transfer From Portfolio Reserve Nil

The cost of Housing Services is forecast to be £257,000 higher than budgeted

Demand for bed and breakfast accommodation has increased by over 70% compared to previous years and after the utilisation of Flexible Homelessness Support Grant

(FHSG) is currently forecast to overspend by £394,200. FHSG allocations relating to 2020/21 have been announced at the same level as the 2019/20 allocation. Any further increase in demand for bed and breakfast accommodation will add to the cost pressure currently being experienced in this area. This overspending is offset by lower expenditure related to Supporting People Contracts (£162,600) as a result of the effective management of these contracts.

5.5 Port – Overspend £155,900 (or 2.1%) or After Transfer From Portfolio Reserve Nil

Overall net income from the Port is forecast to be £155,900 below target due to lower income following a reduction in ferry passengers and freight units travelling through the port, driven in part by the effect of recent strikes in France.

5.6 Resources – Overspend £303,400 (or 1.7%) or After windfall items and Transfer To Portfolio Reserve £269,100 (or 1.5%) overspend

The cost of Resources is forecast to be £303,400 higher than budgeted.

The introduction of Universal credit for new clients from September 2018 has resulted in a fall in the level of rent allowances and rent rebates of approximately 15% upon which the Council receives subsidy. As a consequence the level of net subsidy received by the Council relating to Housing Benefit overpayments has reduced by £269,100. The total value of Housing Benefits is in excess of £86m (2018/19 £100m) and fluctuations affecting Housing Benefit can result in material variances within the overall budget. As a consequence any forecast under or overspending within this area is treated as a windfall and therefore met corporately.

As a result of increasing Microsoft software licence costs, the cost of Information Technology is forecast to overspend by £521,000. However, this overspending is offset by underspending elsewhere within the portfolio primarily as a result of vacant posts, some in preparation for future savings requirements, and an increase in the proportion of Coroners Service costs that are chargeable to Hampshire County Council.

5.7 Leader – Underspend £462,900 (or 2.6%) or After Transfer To Portfolio Reserve and Windfall Items £406,100 underspend (or 2.3%)

The cost of Leader is forecast to be £462,900 lower than budgeted.

The principle cause of the underspending is additional income totalling £334,000 arising from the letting of two new units at Dunsbury Hill Business Park and delays in the planned maintenance of commercial properties totalling £111,800. Additional income within the Property Portfolio relating to Dunsbury Hill Business Park and National Investment Properties totalling £406,100 are windfall items and therefore treated as corporate income.

5.8 Traffic and Transportation – Underspend £369,900 (or 2.1%) or After Transfers To Off Street Parking Reserve and PFI Reserve Nil

As a result of lower staffing costs (£245,900), reducing energy costs as the street lighting LED project nears completion (£124,000) the Portfolio outturn is forecast to be £369,900 lower than budgeted. Savings arising from the LED Street lighting project will

be transferred to the PFI reserve with all other portfolio underspending being transferred to the Parking Reserve.

#### 5.9 Treasury Management – Underspend £330,700 (or 1.4%)

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 £6,866,400

As outlined above, Adults and Children's Social Care are presently forecast to overspend by £6,500,600 (after the transfer from the ASC Reserve and transfer to the Public Health Reserve). Some of this forecast overspending may be mitigated by action plans currently under development; however it is unlikely that these Portfolio's will be able to contain the 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 available at this stage for this purpose is £6,389,000. In addition £477,400 is available from Contingency to meet the costs associated with Home to School Transport that cannot be met from within the Portfolio Cash Limit and the loss of subsidy relating to Housing Benefit Overpayments.

#### 5.11 All Other Budget Variations – Underspend £38,200 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 is currently available is set out below:

Portfolio/Committee Reserve	Balance Brought Forward £	Approved Transfers £	Forecast Over Spending £	Available Balance £
Children's Social Care	0			0
Community Safety	38,900		(38,900)	0
Culture, Leisure & Sport	271,300	(225,000)		46,300
Education	218,100	(116,500)	(101,600)	0
Environment & Climate Change	2,116,400	(2,116,400)		0
Health & Social Care	0			0
Housing	296,500	(8,000)	(257,000)	31,500
Leader	941,600	(386,100)		555,500
Resources	869,400	(326,700)	(34,300)	508,400
Traffic & Transportation	64,100	(64,100)		0
Licensing	66,200			66,200
<b>Total</b>	<b>4,882,500</b>	<b>(3,242,800)</b>	<b>(431,800)</b>	<b>1,207,900</b>
<b>Port</b>	<b>2,755,500</b>	<b>(1,153,200)</b>	<b>(155,900)</b>	<b>1,446,400</b>

**Note:**

The Port Reserve is used exclusively to fund Capital Investment and to guard against the risk of in year overspending as a consequence of net Port income being lower than target

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 2019/20 as at the end of December 2019 is forecast to be £165,286,800. This is an overall underspend of £625,200 against the Revised Budget and represents a variance of 0.4%.
- 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 "green" since the forecast outturn is lower than budget.
- 7.4 Whilst the overall financial forecast for Quarter 3 for the whole Council is "green", significant overspends in the highest spending areas of Children's and Adult Social Care are forecast which in aggregate amount to £6,500,600 (£9,279,600 in 2018/19). Of critical importance is the extent to which these overspending positions in both Adults

and Children's Social Care are expected to continue into future years. This is known as the underlying deficit (or "structural deficit"). These deficits represent the level of savings that will either need to be met from the Services themselves through their own strategies and action plans or which, if proved to be unachievable to remedy, require a corporate response through an increase in the Portfolio Budget which will add to the overall Budget deficit of the Council and increase Savings Requirements to be made across Council services in future years. Current estimates assess this underlying deficit to amount to £8.1m in aggregate, and comprise:

- Adult Social Care - £4.9m
- Children's Social Care - £3.2m driven almost entirely by the increasing number of Looked After Children required to be taken into care

7.5 Both services are expected to experience further costs pressures in the future. Both services have well developed financial sustainability strategies and plans to mitigate their current underlying budget deficits and their future cost pressures over the next three years which involve substantial savings but are consistent with their overall strategies as follows:

- Adult Social Care - Savings over 3 years amounting to £5.6m consistent with enabling clients to lead healthier and more independent lives
- Children's Social Care - Savings over 3 years amounting to £2.6m consistent with early help and intervention, supporting families, improving placement stability and re-unification and therefore an overall reduction in the number and cost of Looked After Children

7.6 Neither plan however is capable of fully eradicating the extraordinary scale of the demand and cost pressures placed on these services. As a consequence City Council on 11<sup>th</sup> February 2020 added the following amounts to Budgets in 2020/21 to bring financial stability to these services:

- Health, Wellbeing & Social Care Portfolio - £2.6m (which included an additional £1.6m passported from the Adult Social Care Precept)
- Children & Families Portfolio £3.0m

7.7 In addition, there is also national growth in the number of children identified to have Special Educational Needs, this is being felt within schools budgets and causing a significant strain on the Dedicated Schools Grant as well as the Local Authority which has responsibility for their Home to School Transport. In the current year Home to School Transport is forecast to overspend by £338,000 and expected to rise to £430,000 by next financial year. Given the scale of this pressure in relation to the size of the Education Portfolio Budget, City Council on 11<sup>th</sup> February 2020 also added £430,000 to Budgets in 2020/21 to avoid severe compensating cuts to Education Services.

7.8 As in previous years, the Council has set aside funding within the Contingency Provision to guard against potential overspending in 2019/20. This Contingency Provision is being extensively applied to remedy the overspending currently being forecast within the Children & Families and Health, Wellbeing & Social Care Portfolios.



- 7.9 Where a Portfolio is presently forecasting a net overspend in accordance with current Council policy, any overspending in 2019/20 which cannot be met by transfer from the Portfolio Specific Reserve will be deducted from cash limits in 2020/21 and therefore the appropriate Directors in consultation with Portfolio Holders should prepare an action plan outlining how their 2019/20 forecast outturn or 2020/21 budget might be reduced to alleviate the adverse variances currently being forecast.
- 7.10 Based on the Revised Budget of £165,912,000 the Council will remain within its minimum level of General Reserves for 2019/20 of £8.0m as illustrated below:

	<u>£m</u>
General Reserves brought forward @ 1/4/2019	23.022
<u>Add:</u>	
Forecast Underspend 2019/20	0.625
<u>Less:</u>	
Planned Contribution from General Reserves 2019/20	(0.020)
<b>Forecast General Reserves carried forward into 2020/21</b>	<b>23.627</b>

Levels of General Reserves over the medium term are assumed to remain within the Council approved minimum sum of £8.0m in 2019/20 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. Integrated Impact Assessment

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

.....

**Chris Ward**  
**Director of Finance & Resources**

### **Background List of Documents –**

Section 100D of the Local Government Act 1972

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

<b>Title of Document</b>	<b>Location</b>
Budget & Council Tax 2020/21 & Medium Term Budget Forecast 2021/22 to 2023/24	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 10<sup>th</sup> March, 2020

Signed: .....

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2019

## Appendix A

### MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2019/20

**PORTFOLIO** City Council General Fund  
**BUDGET** Total General Fund Expenditure

**TOTAL CASH LIMIT** 165,912,000

**CHIEF OFFICER** All Budget Holders

**MONTH ENDED** December 2019

ITEM No.	BUDGET HEADING	BUDGET FORECAST 2019/20			
		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget	
		£	£	£	%
1	Children & Families	29,545,500	33,335,000	3,789,500	12.8%
2	Culture & City Development	6,036,400	6,010,500	(25,900)	(0.4%)
3	Education	5,590,900	6,112,400	521,500	9.3%
4	Community Safety	2,084,100	2,123,000	38,900	1.9%
5	Health, Wellbeing & Social Care	44,568,600	48,488,900	3,920,300	8.8%
6	Housing	5,392,700	5,649,700	257,000	4.8%
7	Leader	(17,716,300)	(18,179,200)	(462,900)	(2.6%)
8	Environment & Climate Change	12,563,900	12,512,700	(51,200)	(0.4%)
9	Port	(7,344,300)	(7,188,400)	155,900	2.1%
10	Resources	18,378,400	18,681,800	303,400	1.7%
11	Traffic & Transportation	17,384,400	17,014,500	(369,900)	(2.1%)
12	Licensing Committee	(239,200)	(239,200)	0	0.0%
13	Levies	82,800	82,800	0	0.0%
14	Insurance	1,331,300	1,331,300	0	0.0%
15	Treasury Management	23,384,300	23,053,600	(330,700)	(1.4%)
16	Other Miscellaneous	24,868,500	18,002,100	(6,866,400)	(27.6%)
<b>TOTAL</b>		<b>165,912,000</b>	<b>166,791,500</b>	<b>879,500</b>	<b>0.5%</b>
<b>Total Value of Remedial Action (from Analysis Below)</b>			(211,600)		
<b>Forecast Outturn After Remedial Action</b>		<b>165,912,000</b>	<b>166,579,900</b>	<b>667,900</b>	<b>0.4%</b>
<b>Forecast Transfers From Portfolio Specific Reserves</b>			(453,800)		
<b>Forecast Transfers From ASC Transformation Reserve</b>			(1,256,200)		
<b>Forecast Transfer To Ring Fenced Public Health Reserve</b>			47,000		
<b>Forecast Transfer To Parking Reserve</b>			369,900		
<b>Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves</b>		<b>165,912,000</b>	<b>165,286,800</b>	<b>(625,200)</b>	<b>(0.4%)</b>

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 & City Development	0	25,900
3	Education	(211,600)	(101,600)
4	Community Safety	0	(38,900)
5	Health & Social Care	0	0
6	Housing	0	(257,000)
7	Leader	0	56,800
8	Environment & Climate Change	0	51,200
9	Port	0	(155,900)
10	Resources	0	(34,300)
11	Traffic & Transportation	0	0
12	Licensing Committee	0	0
13	Levies	0	
14	Insurance	0	
15	Asset Management Revenue Account	0	
16	Other Miscellaneous	0	
<b>Total Value of Remedial Action</b>		<b>(211,600)</b>	<b>(453,800)</b>

Note Remedial Action resulting in savings should be shown in brackets

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# Agenda Item 13

<b>Title of meeting:</b>	Cabinet
<b>Date of meeting:</b>	Cabinet 10 March 2020
<b>Subject:</b>	Local Transport Plan 4 Development
<b>Report by:</b>	Tristan Samuels Director of Regeneration
<b>Wards affected:</b>	All
<b>Key decision:</b>	No
<b>Full Council decision:</b>	No

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## **1. Purpose of report**

- 1.1 To seek approval of the draft vision and objectives for Portsmouth's Local Transport Plan 4, and outline the direction that the draft strategy will take.

## **2. Recommendations**

It is recommended that Cabinet:

- 2.1 approves the draft vision and policy objectives for the Local Transport Plan 4
- 2.2 agrees the continued development of the draft strategy in accordance with the vision and policy objectives
- 2.3 brings the strategy back to Cabinet and Full Council for approval to consult in June.

## **3. Background**

- 3.1 As a national and international maritime gateway on the south coast of England, Portsmouth is the economic centre of the South East Hampshire region. The city has been shaped by its island and peninsula geography, with the transport network significantly constrained by the limitations of the land available.
- 3.2 The limited transport network links from Portsea Island to the mainland, and a population density greater than any outside London, lead to a transport network that is nearing to and in places exceeding its capacity. The requirement for more additional housing (a further 17,340 dwellings to the period 2036 - 867 per annum<sup>1</sup>) the potential need for 168,300 square metres of additional employment space, the ambition for economic growth and regeneration, and a predicted 41% increase in inbound traffic in the morning peak by 2026, means the transport network must work more efficiently and effectively to ensure that the city can prosper. There are public health and environmental challenges to address having identified exceedances in Nitrogen Dioxide (NO<sub>2</sub>) at two locations on the city's highway network and declared a climate change emergency.

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<sup>1</sup> Housing target given by Ministry of Housing, Communities and Local Government (MHCLG)

3.3 The transport strategy for the city is determined by the Local Transport Plan (LTP). As the Local Transport Authority (LTA), under the Transport Act 2000 as amended by Local Transport Act 2008 Portsmouth City Council has a statutory duty to produce a LTP for Portsmouth, and to keep it under review. The LTP4 will replace the current LTP3 (2011-2031). Whilst this remains current, the significant changes in central government transport and wider policy, means that an updated long term, integrated transport strategy (LTP4) governing the period from 2020 to 2036 is required to ensure that we are able to plan effectively to deal with the transport challenges we are currently facing.

3.4 The LTP 4 will respond, in particular, to:

- **Changing Attitudes to Travel and Personal Mobility**

- Recent government reports suggest a significant change in the nature of how often, when, where, why and how we travel. As a nation, we travel substantially less per head of population than we did over the past two decades, with 16% fewer trips made in 2018 than in 1996.
- Such changes in behaviour are a result of a combination in factors including changing demographics, changes to how and where we shop, and advances in technology as well as changing land-use patterns. Such factors are influencing our attitudes to travel and personal mobility. Therefore, our transport infrastructure must be planned for in a way that keeps up with changing demands.

- **Levels of Deprivation**

- Although Portsmouth's Gross Value Added (GVA) has grown faster than the UK average and the Solent average in the recent past (3.2% between 1997 and 2013), GVA in Portsmouth is still 10% below the southeast average due to a slowing of growth since the financial crisis in 2008/09.
- There are, however, significant pockets of deprivation within the city. The 2019 report "Left Behind? Understanding communities on the edge" for example, identifies Paulsgrove as being 'left behind': areas that suffer from poor connectivity, with long travel times to key services and opportunities in the centre of the city region.
- Improving connectivity by active and sustainable modes is a critical step in delivering improved social inclusion and economic productivity. An evaluation in 2008 by the Joseph Rowntree Foundation of the introduction of new public transport connections in four deprived areas of the UK concluded that 'public transport for services are a vital component in the social inclusion of individuals and for maintaining the vitality and vibrancy of low-income neighbourhoods.'

- **Local Cycling and Walking Plan**

- Local Cycling and Walking Infrastructure Plans (LCWIPs), as set out in the Government's Cycling and Walking Investment Strategy, are a strategic approach to identifying cycling and walking improvements required at the local level.

- There are no fully segregated continuous cycle routes into the city centre, and evidence from a recent Audit in preparation for the LCWIP concluded that 75% of the 83 route sections surveyed in the City were identified as substandard in one or more assessment criteria using the Department for Transport's route auditing tools.
- **Car Dominance**
  - Limited public transport options, with infrastructure deficits across all modes, have meant that the majority of labour mobility in the city is achieved by driving: most travel flows into Portsmouth have a car mode share of 70% or more, which is leading to congestion, and further reducing the attractiveness of public and active travel modes. Analysis of the Real Time Information (RTI) system reveals that bus passengers wait on average 20%-30% more than they might expect based upon the scheduled timetable due to the impact of congestion.
- **Carbon Neutral by 2030**
  - At a meeting of Full Council on 19<sup>th</sup> March 2019 Portsmouth City Council declared a Climate Emergency, pledging to achieve net zero carbon emissions in Portsmouth by 2030. Since the emergency was declared a multi-organisation Climate Board has been established to begin work on an action plan for decarbonising the city.
  - This announcement complements the current policy direction at national government level, including, for example recently launched consultation on banning the sale of petrol and diesel cars in 2035, or possibly 2032.
  - The 'Greenest ever budget' was approved at Full Council on 13<sup>th</sup> February 2020, and pledging real action to address the climate emergency.
- **Ministerial Directions to achieve compliance with the limit values for NO2 in the shortest possible time**
  - Air pollution is known to have a significant effect on public health, and poor air quality is the largest environmental risk to public health in the UK. Epidemiological studies have shown that long-term exposure to air pollution reduces life expectancy and exasperates pre-existing conditions such as respiratory and cardiovascular diseases.
  - Portsmouth City Council has been served with three Ministerial Directions, the third of which required PCC to produce an Air Quality Local Plan to set out the case for delivering compliance with legal limits for NO2 in the shortest possible time.
  - As transport emissions account for up to half of NO2 emissions in areas of the city, significant changes to the transport network are necessary to address this issue.

- **Future Growth**

- Portsmouth and its surrounding urban areas are identified for accelerated housing and jobs growth. The existing high density of the urban core and extensive undevelopable areas require new development to use edge of settlement green fields, infill sites and increasing density of existing built up areas.
- Portsmouth City Council must achieve ambitious targets for housing delivery as directed by Government and employment:
  - Deliver 17,340 new dwellings in a sustainable and socially inclusive way by 2036;
  - Increase GVA by providing at least 7,000 new jobs<sup>2</sup>

#### **4. Local Transport Plan 4**

- 4.1 The challenges that Portsmouth will face in delivering sustainable growth, promoting cleaner air, and reducing carbon emissions, all while ensuring connectivity, means that the transport system needs to change.
- 4.2 Creating an inclusive travel system, which delivers connectivity by sustainable modes across our communities, prioritising walking, cycling and public transport over general traffic will enable us to meet those challenges.
- 4.3 The LTP 4, therefore, proposes a new vision for Transport:

***'By 2036 Portsmouth will have a people centred travel network, prioritising inclusive, active and sustainable connectivity, that creates a safer, healthier and more prosperous city.'***

- 4.4 This vision is supported by four strategic objectives, which in turn are supported by a number of policies which will be developed following the confirmation of the proposed direction of the strategy:

- **Delivering cleaner air**

- Implement a Government directed city centre clean air zone in 2021
- Supporting infrastructure for alternative fuelled vehicles
- Maintaining residents' parking permit system alongside policy that encourages fewer and greener vehicles
- Expand the Portsmouth park and ride to reduce pollution and congestion in the city centre
- Explore private non-residential parking restrictions to encourage mode shift and help pay for improved walking, cycling and public transport infrastructure

- **Prioritising walking and cycling**

- Reallocate road space to walking and cycling to deliver:
  - A network of attractive, inclusive and accessible walking routes and associated pedestrian priority
  - A comprehensive network of continuous cycle routes
  - Cycle parking in local centres and streets

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<sup>2</sup> Portsmouth Economic Development and Regeneration Strategy 2019-36



- Reduce through traffic in residential neighbourhoods, and manage parking through parking controls
- Improve the city centre, local and district centres by reducing or removing general traffic, with access focussed on sustainable methods
- Deliver innovations in micromobility to promote transport choice and active transport options

- **Transforming public transport**

- Develop a rapid transit network that connects key locations in the city with South East Hampshire, and facilitates the future growth of Portsmouth
- Prioritise local bus services over general traffic to make journeys by public transport quicker and more reliable
- Work with transport operators to deliver integrated, efficient and affordable services promoting local and regional connectivity
- Work with bus operators to explore alternative fuels for the bus network within Portsmouth
- Deliver physical and digital integration of travel modes and fares to improve the usability of the travel network
- Deliver high quality public transport interchanges, stations and stops as well as first mile/last mile connectivity to them

- **Supporting business and protecting our assets**

- Protect access to the ports and naval bases
- Support businesses and other organisations to consolidate their operational journeys, including use of zero emission vehicles for last mile deliveries
- Deliver a micro and macro freight consolidation centre to serve Portsmouth's businesses, and support opportunities for increased rail freight
- Develop and deliver schemes to incentivise behaviour change and minimise highway occupation at peak times in sensitive locations such as applying charges through lane rental
- Ensuring a high quality, well-functioning highway network through developing and delivering maintenance of all highways and transport assets
- Management of the kerbside to deliver variable use for essential access

- 4.5 The LTP is being developed alongside the new Local Plan to ensure there is close integration between planning and transport. The duration of the new LTP4 to 2036, aligns with the timescales for the emerging Local Plan.
- 4.6 A new parking strategy for the city is under development, which will consider parking elements in further detail, this is being undertaken alongside a new Parking Supplementary Planning Document (SPD) to ensure a joined up approach between planning and transport.
- 4.7 The LTP 4 strategy provides the vision and demonstrates the ambition for the duration of the plan. The delivery of the strategy is not funded and will be reliant on securing funding, which, may come from external sources.
- 4.8 Appendix A provides a draft indicative view of the types of schemes that may be delivered from the objectives developed.

4.8 The LTP 4 implementation plan will set out a programme of schemes to deliver the policies outlined in the strategy. This plan will be shorter term where there is funding certainty.

4.9 The vision and objectives have been developed through internal consultation with officers and Members. Engagement will also be held with key stakeholders to further develop a draft strategy prior to public consultation.

## **5. Next steps**

5.1 The development of the LTP is determined by a number of statutory processes. These are set out below:

- **Habitat Regulation Assessment and Strategic Environmental Assessment**
  - A Habitat Regulation Assessment and Strategic Environmental Assessment will be undertaken during the period between February and April.
- **Consultation and Engagement**
  - Ongoing stakeholder consultation to inform the development of the policy wording
  - Public engagement will be undertaken for 12 weeks, commencing following approval from Cabinet and Full Council, which is planned for June.
- **Adoption**
  - Revisions will be made to the report following publication consultation, and it will be submitted for adoption by Portsmouth City Council Full Council. At that point, it will supersede LTP 3 as the adopted LTP for the city.

## **6. Reasons for recommendations**

6.1 As the Local Transport Authority (LTA), under the Transport Act 2000 as amended by Local Transport Act 2008 Portsmouth City Council has a statutory duty to produce a LTP for Portsmouth. The 2008 Act requires the LTP to consist of a long term strategy and a short term implementation plan. It permits LTAs to replace and amend the long-term strategy as and when appropriate.

6.2 The current LTP (LTP 3 adopted in 2011) was prepared jointly with Hampshire County Council and Southampton City Council and includes a joint strategy across South Hampshire along with place specific actions. The LTP needs to be updated to take account of the changing mobility and environmental challenges facing Portsmouth.

6.3 This plan will be superseded by the LTP 4, and an implementation plan will be developed for the financial year 2021/22 following adoption of the LTP 4 in 2021.

6.4 The proposed public consultation is an important step in discussing with residents their priorities for connectivity within Portsmouth, and the future direction of transport and travel.

## **7. Integrated impact Assessment**

7.1 An Integrated impact Assessment (IIA) has been produced for this strategy development. Within the IIA, this strategy impacts positively on the following sections:

Section A - Communities and Safety

A3 - Health

A4 - Income deprivation and poverty

Section B - Environment and climate change

B1 - Carbon emissions

B3 - Climate change mitigation and flooding

B4 - Natural environment

B5 - Air Quality

B6 - Transport

Section C - Regeneration of our city

C1 - Culture and heritage

C3 - Economy

A Full Equality Impact Assessment (EIA) is not deemed necessary at this stage as the strategy has not been fully developed. The recommendations do not have a disproportionate negative impact on any of the specific protected characteristics as described in the Equality Act 2019.

## **8. Legal implications**

8.1 As explained in the body of the report, the Council has a statutory duty under Sections 108 and 109 of the Transport Act 2000 ("the Act") (as amended by the Local Transport Act 2008) as local transport authority for the City of Portsmouth to ensure that the Council has up to date policies for the promotion and encouragement of safe, integrated, efficient and economic transport to, from and within their area. Each local transport authority must prepare a document to be known as the local transport plan ("LTP") containing its policies for the purposes above and its proposals for the implementation of those policies.

8.2 For the purposes of this statutory duty, "transport" means:

(a) the transport required to meet the needs of persons living or working in the authority's area, or visiting or travelling through that area, and

(b) the transport required for the transportation of freight;

and includes facilities and services for pedestrians.

8.3 In developing and implementing the policies referred to above the Council has specific statutory duties to:

- take into account any policies announced by central government, and;
- to have regard to any guidance issued by the Secretary of State for the purposes of the LTP duty with respect to mitigation of, or adaptation to, climate change or otherwise with respect to the protection or improvement of the environment.

8.4 The Council has a duty under Section 109 of the Act to keep the local transport plan under review and in doing so to consult with:

- the Secretary of State,
- operators of any network or station, or any railway services, in its area

- operators or providers of other transport services in its area
- organisations appearing to the Council to be representative of the interests of users of transport services and facilities in its area, and;
- any other persons whom the Council consider appropriate to consult.

8.5 As soon as practicable after making any new plan or an alteration to the plan, the Council must:

- publish the plan (or the plan as altered) in such manner as it thinks fit,
- send a copy of it to the Secretary of State,
- make it available for inspection by any person, and;
- supply a copy of it (or any part of it) to any person on request either free of charge or at cost.

## 9. Director of Finance's comments

- 9.1 The report sets out the draft vision and objectives for the Local Transport Plan to be implemented from the financial year 2021/22. There are no direct financial implications of approving these policies as the proposed direction for the strategy.
- 9.2 The LTP will be delivered with staffing resources that are included within the Traffic and Transportation Portfolio's revenue cash limit.
- 9.3 The implementation plan will include a prioritisation process to ensure that any capital funding allocated to the LTP are utilised in accordance with the objectives.

.....  
Signed by:

**Appendices: Appendix A - Draft Transport Strategy 2020-2036**  
**Appendix B - Glossary of terms**

## 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:

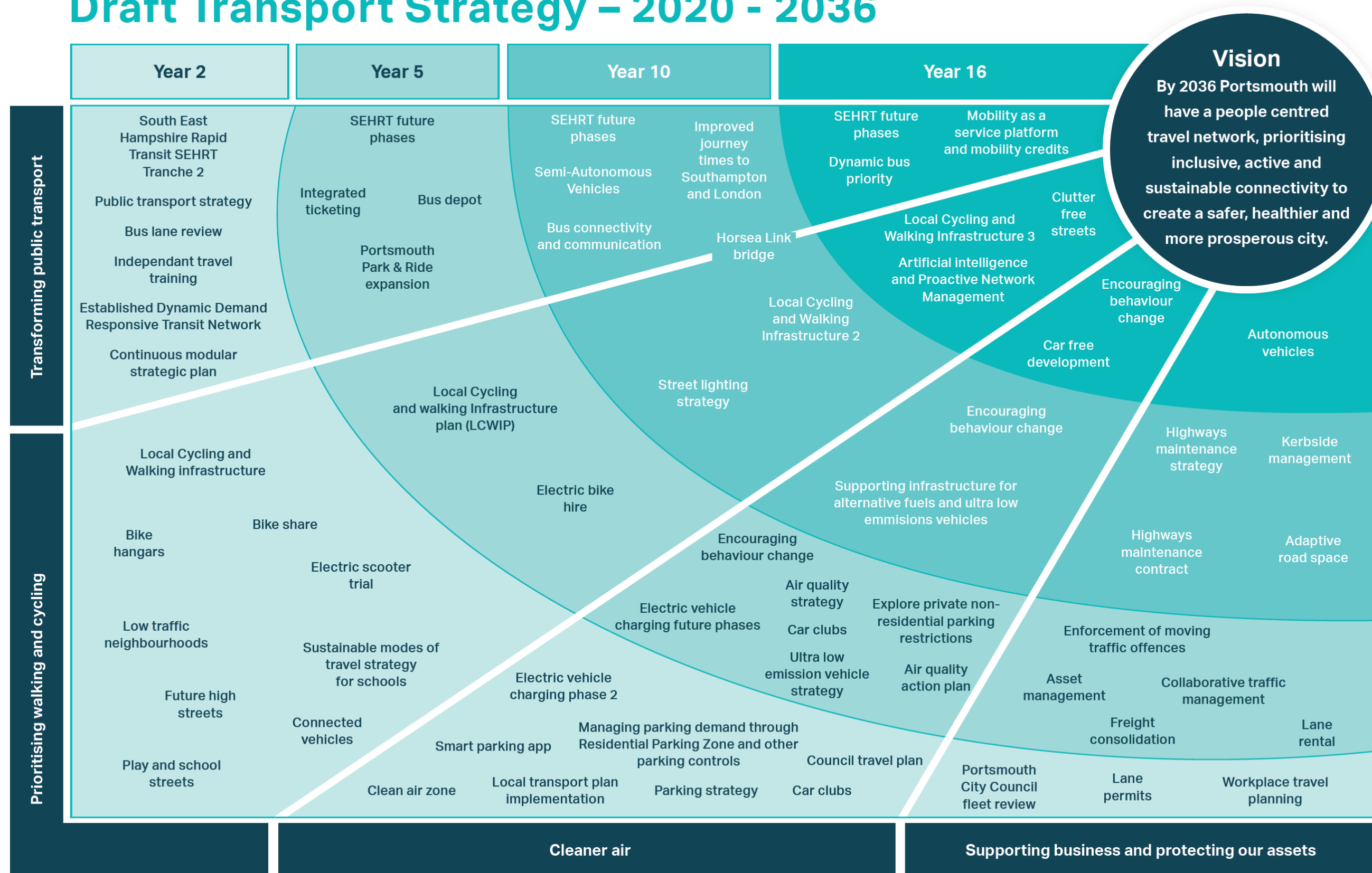
Title of document	Location
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None	

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

.....  
Signed by:

# Draft Transport Strategy – 2020 - 2036



## Appendix B - Glossary of Terms

Term/Abbreviation	Description
Adaptive road space	Varying use/restrictions of highway network depending on demand.
Alternative fuel	Fuels other than the traditional petrol and diesel, such as pure electric and hydrogen.
Autonomous vehicle	Vehicle that is able to operate without human intervention.
Artificial Intelligence and Proactive Network Management	Collection of real time data from highway network and pattern matching against historical data to make predictions on future congestion events.
Bike Hangars	On-street secure undercover bicycle storage.
Bike Share	Publically available bicycles for hire
Carbon Neutral	Carbon emissions caused are balanced out by an equivalent amount of carbon savings elsewhere.
Clean Air Zone	A designated geographical area which imposing a charge for vehicles in agreed classes which do not meet the emissions standards.
Collaborative Traffic Management	Managing traffic and highways network and infrastructure in partnership with other local authorities and Highways England.
Continuous Modular Strategic Plan	A study of delivery options which could increase rail travel in the Solent area.
Epidemiological	Medicine that deals with the diseases in terms of incidence, distribution, and possible control of.
EIA	Equality Impact Assessment
Established Dynamic Demand Responsive Transit Network	A type of shared private transport (or semi-public) for groups travelling where vehicles alter their routes based on transport demand rather than using a fixed route or timetable.
Dynamic bus priority	Prioritises buses on the highway network through vehicle detection systems.
First mile/last mile	The first and/ or last part of a journey, which is often by foot or bike and linking to a public transport stop or interchange.
Freight consolidation	Reducing the number of freight journeys by bringing freight to a central point to distribute onwards.
Future High Streets	Government fund to support high streets becoming fit for the future
GVA	Gross Value Added
IIA	Integrated impact Assessment
Independent Travel Training	Training children and young people with special educational needs to travel independently on public transport.
Integrated Ticketing	A single ticket which allows transfer between transport services and modes
Kerbside management	More efficient use of road space adjacent to kerbs to meet variable demands.
Lane permit	Permits for street works which offer flexibility on pricing rates and conditions for different times of the days and traffic sensitive routes.
Lane rental	Charging for use of a traffic lane for street works to minimise time in the highway for the purposes of reducing congestion.
Local Cycling and Walking Infrastructure Plan	A prioritised implementation plan of schemes to improve walking and cycling infrastructure.
Low traffic neighbourhoods	Reducing the amount of vehicle traffic in residential communities

LTA	Local Transport Authority
LTP	Local Transport Plan
Management of the kerbside	Varying the use of the highway space adjacent to the kerb to best meet demands
Micromobility	Transport modes that are very light vehicles such as shared bicycles and electric scooters which travel shorter distances, often to or from another mode of transportation (bus, train or car)
Mobility as a Service Platform	Integration of various forms of transport services into a single mobility service available on demand, hosted on a digital platform, which will also integrate and cap fares. This platform promotes transport as a service for an individual as opposed to personally owned transport modes.
Mobility Credits	Financial incentive for use against travel to encourage behaviour change.
NO2	Nitrogen Dioxide
Personal Mobility	The travel of an individual
Play and school streets	Partial closure of streets at set times in either residential areas or adjacent to schools to allow communities to spend time in the street/ improve safety around schools.
Private non-residential parking	Parking not available for public use, operated by the private sector.
Rapid transit network	Bus based public transport network, providing very fast services through bus priority and reduced stops.
Reallocate road space	Prioritise limited road space available to maximise people movement across the city.
Semi-Autonomous Vehicles	A vehicle type that has a degree of, but not full autonomy.
SPD	Supplementary Planning Document
Sustainable Modes of Travel Strategy	Promoting travel by modes such as walking, cycling and public transport over private car use for trips to school.
Ultra low emission vehicle	Any vehicle that uses low carbon technology.



# Integrated Impact Assessment (IIA)

**Integrated impact assessment (IIA) form December 2019**

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

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

- identify those policies, projects, services, functions or strategies that could impact positively or negatively on the following areas:
  - Communities and safety
  - Regeneration and culture
  - Environment and public space
  - Equality & - Diversity This can be found in Section A5

**Directorate:**

Regeneration

**Service, function:**

Transport Planning

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

Local Transport Plan (LTP4)

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

- ☐ Existing
- ☒ New / proposed
- ☐ Changed

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

As the Local Transport Authority, the council has a statutory duty under the Transport Act 2000, as amended by the Local Transport Act 2008, to produce an LTP for the Portsmouth administrative area. The council makes the decision on the time period covered by the Plan and when it is refreshed. However, it is felt appropriate that the plan is prepared alongside the Portsmouth Local Plan covering

the period to 2036.

LTP4 consists of two parts, the overall strategy and the implementation plan. The implementation plan and prioritisation process will be updated to align with the new strategy. LTP 4 will sit alongside the TfSH joint sub regional strategy but it provides the local context, strategy and priorities for Portsmouth.

Has any consultation been undertaken for this proposal? What were the outcomes of the consultations? Has anything changed because of the consultation? Did this inform your proposal?

Whilst no consultation has been carried out to date, internal stakeholder workshops have been undertaken with external stakeholder workshops due to be undertaken soon. Feedback from these workshops will be used to shape the LTP prior to consultation which is due to be undertaken in summer 2020.

## A - Communities and safety

Yes

No

Is your policy/proposal relevant to the following questions?

### A1-Crime - Will it make our city safer?

☐☒

In thinking about this question:

- How will it reduce crime, disorder, ASB and the fear of crime?
- How will it prevent the misuse of drugs, alcohol and other substances?
- How will it protect and support young people at risk of harm?
- How will it discourage re-offending?

If you want more information contact [Lisa.Wills@portsmouthcc.gov.uk](mailto:Lisa.Wills@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-spp-plan-2018-20.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

How will you measure/check the impact of your proposal?

## A - Communities and safety

Yes

No

Is your policy/proposal relevant to the following questions?

### A2-Housing - Will it provide good quality homes?

☐☒

In thinking about this question:

- How will it increase good quality affordable housing, including social housing?
- How will it reduce the number of poor quality homes and accommodation?
- How will it produce well-insulated and sustainable buildings?
- How will it provide a mix of housing for different groups and needs?

If you want more information contact [Daniel.Young@portsmouthcc.gov.uk](mailto:Daniel.Young@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/psh-providing-affordable-housing-in-portsmouth-april-19.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

**A - Communities and safety**

**Yes**

**No**

Is your policy/proposal relevant to the following questions?

**A3-Health** - Will this help promote healthy, safe and independent living?



In thinking about this question:

- How will it improve physical and mental health?
- How will it improve quality of life?
- How will it encourage healthy lifestyle choices?
- How will it create healthy places? (Including workplaces)

If you want more information contact [Dominique.Letouze@portsmouthcc.gov.uk](mailto:Dominique.Letouze@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cons-114.86-health-and-wellbeing-strategy-proof-2.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

A key focus of the Local Transport Plan will be to enable car independence. Encouraging modal shift to more sustainable options, including active travel, which in turn will have a positive impact on the health of Portsmouth residents. Reducing car dependency will also improve air quality through reduced trips inside the Portsmouth boundary.

How are you going to measure/check the impact of your proposal?

The LTP is a strategic document that sets the tone for transport policy until 2036. Policies will be measured against their fit into the strategic priorities as set out in this document and will therefore individually serve as a measure of the LTPs ongoing impact.

**A - Communities and safety**

**Yes**

**No**

Is your policy/proposal relevant to the following questions?

**A4-Income deprivation and poverty**-Will it consider income deprivation and reduce poverty?



In thinking about this question:

- How will it support those vulnerable to falling into poverty; e.g., single working age adults and lone parent households?
- How will it consider low-income communities, households and individuals?
- How will it support those unable to work?
- How will it support those with no educational qualifications?

If you want more information contact [Mark.Sage@portsmouthcc.gov.uk](mailto:Mark.Sage@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-homelessness-strategy-2018-to-2023.pdf>

<https://www.portsmouth.gov.uk/ext/health-and-care/health/joint-strategic-needs-assessment>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The strategy will promote more affordable travel options.

How are you going to measure/check the impact of your proposal?

**A - Communities and safety**

**Yes**

**No**

Is your policy/proposal relevant to the following questions?

**A5-Equality & diversity** - Will it have any positive/negative impacts on the protected characteristics?



In thinking about this question:

- How will it impact on the protected characteristics-Positive or negative impact (Protected characteristics under the Equality Act 2010, Age, disability, race/ethnicity, Sexual orientation, gender reassignment, sex, religion or belief, pregnancy and maternity, marriage and civil partnership,socio-economic)
- What mitigation has been put in place to lessen any impacts or barriers removed?
- How will it help promote equality for a specific protected characteristic?

If you want more information contact [gina.perryman@portsmouthcc.gov.uk](mailto:gina.perryman@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cmu-equality-strategy-2019-22-final.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The LTP will be subject to stakeholder engagement and public consultation in order to address its impact on protected characteristics and to integrate the perspectives of these groups. Schemes that come from the LTP will be subject to their own individual EIAs to ensure that impacts to protected characteristics are fully understood and mitigated. At the present time Members are looking at accessibility through a scrutiny panel and this work will be incorporated into the LTP.

How are you going to measure/check the impact of your proposal?

Stakeholder engagement through forums such as the Portsmouth disability forum.

**B - Environment and climate change****Yes****No**

Is your policy/proposal relevant to the following questions?

**B1-Carbon emissions** - Will it reduce carbon emissions?

In thinking about this question:

- How will it reduce greenhouse gas emissions?
- How will it provide renewable sources of energy?
- How will it reduce the need for motorised vehicle travel?
- How will it encourage and support residents to reduce carbon emissions?

If you want more information contact [Tristan.thorn@portsmouthcc.gov.uk](mailto:Tristan.thorn@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cmu-sustainability-strategy.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The LTP will focus on reducing private car usage through improvements to, and the promotion of alternative transport modes such as walking, cycling and public transport, therefore reducing carbon emissions within the city.

How are you going to measure/check the impact of your proposal?

The LTP is a strategic document that sets the tone for transport policy until 2036. Policies will be measured against their fit into the strategic priorities as set out in this document and will therefore individually serve as a measure of the LTPs ongoing impact.

**B - Environment and climate change****Yes****No**

Is your policy/proposal relevant to the following questions?

**B2-Energy use** - Will it reduce energy use?

In thinking about this question:

- How will it reduce water consumption?
- How will it reduce electricity consumption?
- How will it reduce gas consumption?
- How will it reduce the production of waste?

If you want more information contact [Triston.thorn@portsmouthcc.gov.uk](mailto:Triston.thorn@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/pln-portsmouth-plan-post-adoption.pdf>

<https://democracy.portsmouth.gov.uk/documents/s24685/Home%20Energy%20Appendix%201%20-%20Energy%20and%20water%20at%20home%20-%20Strategy%202019-25.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

**B - Environment and climate change**

Yes

No

Is your policy/proposal relevant to the following questions?

**B3 - Climate change mitigation and flooding**-Will it proactively mitigate against a changing climate and flooding?



In thinking about this question:

- How will it minimise flood risk from both coastal and surface flooding in the future?
- How will it protect properties and buildings from flooding?
- How will it make local people aware of the risk from flooding?
- How will it mitigate for future changes in temperature and extreme weather events?

If you want more information contact [Tristan.thorn@portsmouthcc.gov.uk](mailto:Tristan.thorn@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/env-surface-water-management-plan-2019.pdf>

<https://www.portsmouth.gov.uk/ext/documents-external/cou-flood-risk-management-plan.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The LTP's focus on reducing car dependency will help to pro actively mitigate future changes in temperature through reduction of green house gases. The LTP will also support and promote sustainable modes of travel.

How are you going to measure/check the impact of your proposal?

The LTP is a strategic document that sets the tone for transport policy until 2036. Policies will be measured against their fit into the strategic priorities as set out in this document and will therefore individually serve as a measure of the LTPs ongoing impact.

**B - Environment and climate change**

Yes

No

Is your policy/proposal relevant to the following questions?

**B4-Natural environment**-Will it ensure public spaces are greener, more sustainable and well-maintained?



In thinking about this question:

- How will it encourage biodiversity and protect habitats?
- How will it preserve natural sites?
- How will it conserve and enhance natural species?

If you want more information contact [Daniel.Young@portsmouthcc.gov.uk](mailto:Daniel.Young@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/pln-solent-recreation-mitigation-strategy-dec-17.pdf>

<https://www.portsmouth.gov.uk/ext/documents-external/pln-portsmouth-plan-post-adoption.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The strategy will make places more attractive.

How are you going to measure/check the impact of your proposal?

**B - Environment and climate change**

Yes

No

Is your policy/proposal relevant to the following questions?

**B5-Air quality** - Will it improve air quality?

In thinking about this question:

- How will it reduce motor vehicle traffic congestion?
- How will it reduce emissions of key pollutants?
- How will it discourage the idling of motor vehicles?
- How will it reduce reliance on private car use?

If you want more information contact [Hayley.Trower@portsmouthcc.gov.uk](mailto:Hayley.Trower@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/env-aq-air-quality-plan-outline-business-case.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The LTP will focus on reducing private vehicle ownership and encouraging modal shift in Portsmouth, which will in turn improve air quality through a reduction in vehicle emissions. Measures to support and encourage active and sustainable travel modes will support reductions in local air pollution.

How are you going to measure/check the impact of your proposal?

Whilst difficult to specifically measure, levels of air quality in the city are recorded and assessed, giving an indication of overall improvements to the levels of air pollution.

**B - Environment and climate change**

Yes

No

Is your policy/proposal relevant to the following questions?

**B6-Transport** - Will it improve road safety and transport for the whole community?

In thinking about this question:

- How will it prioritise pedestrians, cyclists and public transport users over users of private vehicles?
- How will it allocate street space to ensure children and older people can walk and cycle safely in the area?
- How will it increase the proportion of journeys made using sustainable and active transport?
- How will it reduce the risk of traffic collisions, and near misses, with pedestrians and cyclists?

If you want more information contact [Pam.Turton@portsmouthcc.gov.uk](mailto:Pam.Turton@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/travel/local-transport-plan-3>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

The LTP will set out the strategic priority for transport schemes to prioritise sustainable and active modes of travel such as walking, cycling and public transport use. Measures to improve and support such modes of travel will be included in the plan.

How are you going to measure/check the impact of your proposal?

The LTP is a strategic document that sets the tone for transport policy until 2036. Policies will be measured against their fit into the strategic priorities as set out in this document and will therefore indirectly serve as a measure of the LTPs ongoing impact.

**B - Environment and climate change****Yes****No**

Is your policy/proposal relevant to the following questions?

**B7-Waste management** - Will it increase recycling and reduce the production of waste?



In thinking about this question:

- How will it reduce household waste and consumption?
- How will it increase recycling?
- How will it reduce industrial and construction waste?

If you want more information contact [Steven.Russell@portsmouthcc.gov.uk](mailto:Steven.Russell@portsmouthcc.gov.uk) or go to:

<https://documents.hants.gov.uk/mineralsandwaste/HampshireMineralsWastePlanADOPTED.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?



## C - Regeneration of our city

Yes

No

Is your policy/proposal relevant to the following questions?

**C1-Culture and heritage** - Will it promote, protect and enhance our culture and heritage?



In thinking about this question:

- How will it protect areas of cultural value?
- How will it protect listed buildings?
- How will it encourage events and attractions?
- How will it make Portsmouth a city people want to live in?

If you want more information contact [Claire.Looney@portsmouthcc.gov.uk](mailto:Claire.Looney@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/pln-portsmouth-plan-post-adoption.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

Through the LTP's focus on reducing private vehicle usage and prioritising public transport and active travel, accessibility for events and attractions will be improved for visitors utilising these modes of transport.  
The reduction of congestion and subsequent pollution will make Portsmouth a safer and more appealing place for residents to live and work, and for people to visit.

How are you going to measure/check the impact of your proposal?  
Through engagement with culture and leisure, public transport operators and monitoring such as Park & Ride usage internally.

## C - Regeneration of our city

Yes

No

Is your policy/proposal relevant to the following questions?

**C2-Employment and opportunities** - Will it promote the development of a skilled workforce?



In thinking about this question:

- How will it improve qualifications and skills for local people?
- How will it reduce unemployment?
- How will it create high quality jobs?
- How will it improve earnings?

If you want more information contact [Mark.Pembleton@portsmouthcc.gov.uk](mailto:Mark.Pembleton@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-regeneration-strategy.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

## C - Regeneration of our city

Yes

No

Is your policy/proposal relevant to the following questions?

**C3 - Economy** - Will it encourage businesses to invest in the city, support sustainable growth and regeneration?



In thinking about this question:

- How will it encourage the development of key industries?
- How will it improve the local economy?
- How will it create valuable employment opportunities for local people?
- How will it promote employment and growth in the city?

If you want more information contact [Mark.Pembleton@portsmouthcc.gov.uk](mailto:Mark.Pembleton@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-regeneration-strategy.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

Traffic congestion is barrier to growth in the region, reducing this through modal shift will encourage development in the city. Improving connectivity and active and public transport access will enable lower income and isolated residents to access the wider employment market.

How are you going to measure/check the impact of your proposal?

Engagement with businesses and public transport operators to monitor issues and usage. Modal use monitoring as appropriate.

### Q8 - Who was involved in the Integrated impact assessment?

Daniel Hughes, Hayley Chivers

This IIA has been approved by:

Contact number:

Date:



**Title of meeting:** Cabinet

**Date of meeting:** 10<sup>th</sup> March 2020

**Subject:** Social Value - A rent subsidy model

**Report by:** Tom Southall Assistant Director Regeneration - Property & Investment

**Wards affected:** All

**Key decision:** Yes/No

**Full Council decision:** Yes/No

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## **1. Purpose of report**

- 1.1 The report forms part of the Property & Investment Team's response to PCC's current priorities and seeks to:-
- 1.1.1 recognise financially the current level of commercial support provided by PCC to a number of charitable or not-for-profit organisations;
  - 1.1.2 set out to councillors a new framework for which social value and / or impact provided by third-party organisations can be valued to enable transparency in decisions regarding occupation of council-owned property by way of rent subsidy;
  - 1.1.3 ensure and record that where discounts to these organisations are in place, the Directorates within the Council recognise the lost income and are in agreement that it represents best value for the Council.

## **2. Recommendations**

- 2.1 That Cabinet approve a property valuation framework where social value can be taken into account when PCC is looking to rent out property to third parties where their aims coincide with the objectives of the Council;
- 2.2 That Cabinet Members acknowledge that the service areas that benefit from the third-party support recognise the discounted income in their Portfolio cash limits and that equivalent savings may be necessary to accommodate any reduced income

### **3. Background**

- 3.1 'Social value' is an umbrella term that is used to describe an organisation's activity in relation to its wider economic, social and environmental effects.
- 3.2 Social value is being recognised more and more as an important consideration in decision-making, both in the private and public sector.
- 3.3 Measuring social value is a well-researched field with many publications directed at specific applications and use of valuation such as procurement.
- 3.4 This paper proposes a social valuation tool specifically for calculating subsidised rent levels. It is hoped that once adopted by the Council, it will help support voluntary / community and not-for-profit groups' use of Council assets at subsidised rental levels.
- 3.5 PCC provides valuable services to residents across Portsmouth, which have to be paid for. Funding for these come from:
  - 3.5.1 Government grants including Business Rates
  - 3.5.2 Council Tax
  - 3.5.3 Fees and charges
  - 3.5.4 Other government grants
  - 3.5.5 Income produced by Council activity.
- 3.6 The Council provides social housing and services to tenants within those housing areas. This is funded by tenant rents as well as by commercial activities undertaken by the Housing, Neighbourhoods and Buildings Directorate and the money raised is invested in local services.
- 3.7 Since 2012, the Council has sought to generate income to counter austerity measures, with policies in place that mandate Directorates to achieve full cost recovery for their services and assets, and a legal obligation to achieve commercial "best value" from all their commercial assets.
- 3.8 The Council has looked (where possible) at maximising rental income from its assets but due to the charitable nature of many of its tenants it has always fallen short of this target and thus is subsidising these tenants. PCC currently receives over £27m in gross rents from its various council properties and without these rents, front line services across the Directorates would have to be reduced.
- 3.9 The Council works with many third-party organisations, a large proportion of which are charitable or not-for-profit and which share the Council's values and objectives to provide services to the people of Portsmouth. These services often address gaps in the Council's own service provision that may have to be resourced elsewhere, potentially at the Council's cost, should they cease to trade.

## **4 The Proposed Framework**

- 4.1 Rent subsidy models based on measuring social value can be found in operation at a number of Councils, for example the London Borough of Barnet, Teignbridge Council and Redcar & Cleveland.
- 4.2 The proposed rent subsidy model (Appendix A) works by scoring the applicants' impact against the Council's current priorities, the beneficial impact of the applicant organisation on the City as a whole, and the detrimental impact on the Council and the City if the organisation were unable to provide the services provided.
- 4.3 To initiate a review the applicant organisation will be required to have the 'sponsorship' of the relevant portfolio Director to act as a champion / expert as part of the evaluation process.
- 4.4 Tenancies will only be reviewed when appropriate (e.g. at lease events as designated in the contracts) and the level of rents paid reviewed on a case-by-case basis where organisations are unable to afford a market rent. Officers working with the sponsor will look to see if the reduction of rents, and the services that rent pays for, is of a higher or lower value than the activities that the third party would be able to provide to Portsmouth residents if rents were reduced.
- 4.5 It is proposed that the impact of the applicant organisation will be assessed through the submission of a business plan and supporting documentation and will be scored by the Director of Regeneration, Director of Finance (S.151 Officer), the relevant Portfolio Holder, and the 'sponsor' Directorate lead.
- 4.6 The Sponsor will be asked to consider any reduction in revenue to the Council in the context of their own revenue pressures and all discounts currently granted for their area.
- 4.7 Standard tenancy terms will be offered to organisations that apply for and are successful in being granted a subsidised rent level. The principles of these standard terms are set out at the bottom of Appendix A.
- 4.8 Organisations that currently fall within the definition of voluntary / community and not-for-profit, and which are already in occupation of Council assets, will be offered the use of this rent subsidy model at the first opportunity legally available under their current tenure.
- 4.9 There are some categories of Council's property assets whereby the operation or purpose of the asset will be incompatible with the implementation of a rent reduction policy. The two most prominent examples of this are;
  - 4.9.1 Enterprise Centres, who operate specifically in the start-up and business support environment for new businesses. Therefore the Council's Enterprise Centres will be out of scope for this proposal.

4.9.2 Land and property assets held in the council's property investment fund, these assets are held purely for their commercial investment and revenue return to the council, locally this includes Lakeside North Harbour, Portsmouth Retail Park, and Dunsbury Park. Therefore these assets will be out of scope for this proposal.

4.10 Rent reductions to third party organisations across the portfolio currently amounts to around £150,000. Careful consideration will need to be given on a case-by-case basis for new applications to ensure that the Council does not receive a net reduction in direct or indirect funding. A confidential worked example is attached Appendix B.

## **5. Reasons for recommendations**

5.1 Currently there is no consistent transparent method to record the approach taken by the Council to support organisations who deliver social value and are unable to pay market value for their occupation of Council-owned land and buildings.

5.2 To enable the Council to evaluate bids on a consistent, fair and equitable basis for non-commercial rents by organisations that share their aims, objectives and strategies and deliver services to achieve them. Bids will be examined on a case-by-case basis.

5.3 The recommendations in this report, if approved, will enable the Council not only to overtly recognise the contribution made by organisations, but also evidence these and record the decisions in a fair and transparent way.

## **6. Integrated Impact Assessment**

6.1 See Appendix C

## **7. Legal implications**

7.1 The paper balances the concept of social value and best value recognising that there is a need and basis to provide subsidy via definitive application. The process modelling is such as to give a consistent platform for application thereby being fair transparent and avoiding to a large extent potential claim. The ability to undertake support of this nature sits aligned with the concept of "competency" within the Localism Act 2011 and is not something that is either unusual or outside the power of the Authority.

## **8. Director of Finance's comments**

8.1 If after taking account the Social Value of a tenants operations a non-commercial rent is offered, this could lead to the service being unable to meet its cash limited income target and therefore require equivalent savings to be made by the Portfolio holder

- 8.2 The process described within this report is expected to be sufficient for the Portfolio Holder to make a balanced judgement between offering a rent reduction in order to obtain the social value versus the impact on service delivery of making a saving of equivalent value elsewhere within the Portfolio cash limit.

.....  
Signed by:

### **Appendices:**

Appendix A - Rent subsidy application

Appendix B - **Confidential** - worked example

Appendix C - IIA

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

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

<b>Title of document</b>	<b>Location</b>

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

.....  
Signed by:

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### Rent subsidy application

1. Property Name & Address	
2. Market Rent & Valuation Date	
3. Applicants Details (including charity No., main contact etc)	
4. Applicants proposed use of the building	
5. Governance arrangement	
6. Supporting Evidence submitted <ul style="list-style-type: none"><li>• Business plan</li><li>• Copies of audited accounts (3 years for established / or projected 3 year cash flow)</li></ul>	
9. Directorate sponsor (relevant organisational Director i.e. Childrens services etc)	
8. Qualifying test:  Does the organisation have sufficient core funding to cover the property market rent?	

## A. Financial Resources

	Weighting	Justification	Score
% of total project capital costs secured	<b>100% - 20</b>		
	<b>75% - 15</b>		
	<b>50% - 10</b>		
	<b>25% - 5</b>		
	<b>Less than 25% - 0</b>		
Sustainability of future revenue income stream for the business	<b>Strong evidence - 20</b> 3 year projections provided show income exceeding on-going costs		
	<b>Good evidence - 15</b> 3 year projections show good evidence of revenue meeting on-going costs		
	<b>Some evidence - 10</b> limited evidence of revenue meeting on-going costs		
	<b>Little evidence - 5</b> on-going costs exceed substantiated revenue levels		
	<b>No evidence - 0</b> no evidence presented		

B. Contribution towards Portsmouth City Councils Priorities

	Weighting	Justification	Score
How does the organisation support the Council in meeting its corporate priorities and objectives	<b>Strong Evidence - 20</b> Clear and demonstrable evidence on how the organisation helps the council to meet many of its priorities		
	<b>High Evidence - 15</b> Clear and demonstrable evidence on how the organisation helps the Council to meet at least one of its priorities		
	<b>Some Evidence - 10</b> evidence shows to some extent how this organisation helps the Council meet at least one of its priorities		
	<b>Little Evidence - 5</b> Limited information on how this organisation helps or could help the Council meet at least one of its priorities		
	<b>No Evidence - 0</b> No evidence provided on how the organisation helps the Council meet any of its priorities		

C. Benefit to Portsmouth as a whole

	Weighting	Justification	Score
How does the organisation support Portsmouth as a whole	<b>Strong Evidence - 20</b> Clear and demonstrable evidence on how the organisation benefits the community and the City		
	<b>High Evidence - 15</b> shows how the organisation benefits the community and the City, but could be better evidenced		
	<b>Some Evidence - 10</b> shows to some extent how this organisation benefits the community and the City, but could be better evidenced		
	<b>Little Evidence - 5</b> Limited information on how this organisation benefits the community or the City		
	<b>No Evidence - 0</b> No evidence provided on how the organisation benefits the community		

# D. Detriment if unable to provide service from selected building

	Weighting	Justification	Score
What would be the detrimental impact on the Council and the City if the organisation was unable to carry out services from the asset	<b>Very significant impact - 20</b> Clear and demonstrable high negative impact on the Council and the City		
	<b>Notable impact - 15</b> shows clearly a notable to high impact on the Council and City		
	<b>Some impact - 10</b> shows there would be some negative impact on the Council and City		
	<b>Little Evidence - 5</b> Limited impact demonstrated through submission		
	<b>No Evidence - 0</b> No evidence of negative impact on either Council or City.		

## Scoring Matrix

100%	No rent payable	
90 - 99%	10% rent payable	
80 - 89%	20% rent payable	
70 - 79%	30% rent payable	

60 - 69%	40% rent payable	
50 - 59%	50% rent payable	
40 - 45%	60% rent payable	
30 - 35%	70% rent payable	
20 - 25%	80% rent payable	
10 - 19%	90% rent payable	
0 - 9%	100% rent payable	

#### Standard Lease Terms:

- 1 Leases to be granted for a term certain of up to five years
- 2 Full repairing and insuring (FRI)
- 3 Leases to be outside of the security of tenure provisions (Part II) of the 1954 Act
- 4 Concessionary rent to be inserted in the rent covenant, subject to review to market rent, or further concessionary rent.
- 5 Have an absolute restriction on use (i.e. note to use the premises other than for ..... and for no other purpose)
- 6 Have an absolute restriction on alienation
- 7 In certain circumstances the Council will insert a break clause to reflect a future need or requirement to ensure flexibility, subject to consideration of proposed external funding arrangements



# Integrated Impact Assessment (IIA)

Integrated impact assessment (IIA) form December 2019

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

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

- identify those policies, projects, services, functions or strategies that could impact positively or negatively on the following areas:
  - Communities and safety
  - Regeneration and culture
  - Environment and public space
  - Equality & - Diversity - This can be found in Section A5

Directorate:

REGENERATION

Service, function:

PROPERTY + INVESTMENT

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

'SOCIAL VALUE' POLICY

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

- ☐ Existing
- ☒ New / proposed
- ☐ Changed

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

TO PROVIDE A BUDGET FOR DISCOUNTS ALLOWED TO ORGANISATIONS THAT PROVIDE SOME SOCIAL BENEFITS

Has any consultation been undertaken for this proposal? What were the outcomes of the consultations? Has anything changed because of the consultation? Did this inform your proposal?

IT IS A REQUEST FROM COUNCILLORS

**A - Communities and safety**

Yes

No

Is your policy/proposal relevant to the following questions?

**A1-Crime - Will it make our city safer?**

☐☒

In thinking about this question:

- How will it reduce crime, disorder, ASB and the fear of crime?
- How will it prevent the misuse of drugs, alcohol and other substances?
- How will it protect and support young people at risk of harm?
- How will it discourage re-offending?

If you want more information contact [Lisa.Wills@portsmouthcc.gov.uk](mailto:Lisa.Wills@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-spp-plan-2018-20.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

How will you measure/check the impact of your proposal?

**A - Communities and safety**

Yes

No

Is your policy/proposal relevant to the following questions?

**A2-Housing - Will it provide good quality homes?**

☐☒

In thinking about this question:

- How will it increase good quality affordable housing, including social housing?
- How will it reduce the number of poor quality homes and accommodation?
- How will it produce well-insulated and sustainable buildings?
- How will it provide a mix of housing for different groups and needs?

If you want more information contact [Daniel.Young@portsmouthcc.gov.uk](mailto:Daniel.Young@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/psh-providing-affordable-housing-in-portsmouth-april-19.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?



How are you going to measure/check the impact of your proposal?

**A - Communities and safety**

**Yes**

**No**

Is your policy/proposal relevant to the following questions?

**A3-Health** - Will this help promote healthy, safe and independent living?

☐☒

In thinking about this question:

- How will it improve physical and mental health?
- How will it improve quality of life?
- How will it encourage healthy lifestyle choices?
- How will it create healthy places? (Including workplaces)

If you want more information contact [Dominique.Letouze@portsmouthcc.gov.uk](mailto:Dominique.Letouze@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cons-114.86-health-and-wellbeing-strategy-proof-2.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

**A - Communities and safety**

**Yes**

**No**

Is your policy/proposal relevant to the following questions?

**A4-Income deprivation and poverty**-Will it consider income deprivation and reduce poverty?

☒☐

In thinking about this question:

- How will it support those vulnerable to falling into poverty; e.g., single working age adults and lone parent households?
- How will it consider low-income communities, households and individuals?
- How will it support those unable to work?
- How will it support those with no educational qualifications?

If you want more information contact [Mark.Sage@portsmouthcc.gov.uk](mailto:Mark.Sage@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-homelessness-strategy-2018-to-2023.pdf>

<https://www.portsmouth.gov.uk/ext/health-and-care/health/joint-strategic-needs-assessment>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

Some of the organisations in the proposal provide help for 'disadvantaged' groups such as those with learning difficulties

How are you going to measure/check the impact of your proposal?

A matrix is part of the policy - it will attempt to estimate the impact of the organisation on the wider community, and the aims of the whole body.

A - Communities and safety

Yes

No

Is your policy/proposal relevant to the following questions?

**A5-Equality & diversity** - Will it have any positive/negative impacts on the protected characteristics?



In thinking about this question:

- How will it impact on the protected characteristics-Positive or negative impact (Protected characteristics under the Equality Act 2010, Age, disability, race/ethnicity, Sexual orientation, gender reassignment, sex, religion or belief, pregnancy and maternity, marriage and civil partnership, socio-economic)
- What mitigation has been put in place to lessen any impacts or barriers removed?
- How will it help promote equality for a specific protected characteristic?

If you want more information contact [gina.perryman@portsmouthcc.gov.uk](mailto:gina.perryman@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cmu-equality-strategy-2019-22-final.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

It should have positive impacts in that some people in the groups mentioned above will, for example, be employed when they otherwise wouldn't.

How are you going to measure/check the impact of your proposal?

The matrix mentioned at A4 will attempt to measure this impact.

**B - Environment and climate change**

Yes

No

Is your policy/proposal relevant to the following questions?

**B1-Carbon emissions - Will it reduce carbon emissions?**☐☒

In thinking about this question:

- How will it reduce greenhouse gas emissions?
- How will it provide renewable sources of energy?
- How will it reduce the need for motorised vehicle travel?
- How will it encourage and support residents to reduce carbon emissions?

If you want more information contact [Tristan.thorn@portsmouthcc.gov.uk](mailto:Tristan.thorn@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cmu-sustainability-strategy.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

**B - Environment and climate change**

Yes

No

Is your policy/proposal relevant to the following questions?

**B2-Energy use - Will it reduce energy use?**☐☒

In thinking about this question:

- How will it reduce water consumption?
- How will it reduce electricity consumption?
- How will it reduce gas consumption?
- How will it reduce the production of waste?

If you want more information contact [Triston.thorn@portsmouthcc.gov.uk](mailto:Triston.thorn@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/pln-portsmouth-plan-post-adoption.pdf>

<https://democracy.portsmouth.gov.uk/documents/s24685/Home%20Energy%20Appendix%201%20-%20Energy%20and%20water%20at%20home%20-%20Strategy%202019-25.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

**B - Environment and climate change**

Yes

No

Is your policy/proposal relevant to the following questions?

**B3 - Climate change mitigation and flooding**-Will it proactively mitigate against a changing climate and flooding?

☐☒

In thinking about this question:

- How will it minimise flood risk from both coastal and surface flooding in the future?
- How will it protect properties and buildings from flooding?
- How will it make local people aware of the risk from flooding?
- How will it mitigate for future changes in temperature and extreme weather events?

If you want more information contact [Tristan.thorn@portsmouthcc.gov.uk](mailto:Tristan.thorn@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/env-surface-water-management-plan-2019.pdf>

<https://www.portsmouth.gov.uk/ext/documents-external/cou-flood-risk-management-plan.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

**B - Environment and climate change**

Yes

No

Is your policy/proposal relevant to the following questions?

**B4-Natural environment**-Will it ensure public spaces are greener, more sustainable and well-maintained?

☐☒

In thinking about this question:

- How will it encourage biodiversity and protect habitats?
- How will it preserve natural sites?
- How will it conserve and enhance natural species?

If you want more information contact [Daniel.Young@portsmouthcc.gov.uk](mailto:Daniel.Young@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/pln-solent-recreation-mitigation-strategy-dec-17.pdf>

<https://www.portsmouth.gov.uk/ext/documents-external/pln-portsmouth-plan-post-adoption.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

**B - Environment and climate change**

Yes

No

Is your policy/proposal relevant to the following questions?

**B5-Air quality** - Will it improve air quality?☐☒

In thinking about this question:

- How will it reduce motor vehicle traffic congestion?
- How will it reduce emissions of key pollutants?
- How will it discourage the idling of motor vehicles?
- How will it reduce reliance on private car use?

If you want more information contact [Hayley.Trower@portsmouthcc.gov.uk](mailto:Hayley.Trower@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/env-aq-air-quality-plan-outline-business-case.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

**B - Environment and climate change**

Yes

No

Is your policy/proposal relevant to the following questions?

**B6-Transport** - Will it improve road safety and transport for the whole community?☐☒

In thinking about this question:

- How will it prioritise pedestrians, cyclists and public transport users over users of private vehicles?
- How will it allocate street space to ensure children and older people can walk and cycle safely in the area?
- How will it increase the proportion of journeys made using sustainable and active transport?
- How will it reduce the risk of traffic collisions, and near misses, with pedestrians and cyclists?

If you want more information contact [Pam.Turton@portsmouthcc.gov.uk](mailto:Pam.Turton@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/travel/local-transport-plan-3>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?

## B - Environment and climate change

Yes

No

Is your policy/proposal relevant to the following questions?

**B7-Waste management** - Will it increase recycling and reduce the production of waste?

☐☒

In thinking about this question:

- How will it reduce household waste and consumption?
- How will it increase recycling?
- How will it reduce industrial and construction waste?

If you want more information contact [Steven.Russell@portsmouthcc.gov.uk](mailto:Steven.Russell@portsmouthcc.gov.uk) or go to:

<https://documents.hants.gov.uk/mineralsandwaste/HampshireMineralsWastePlanADOPTED.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

How are you going to measure/check the impact of your proposal?



**C - Regeneration of our city**

Yes

No

Is your policy/proposal relevant to the following questions?

**C1-Culture and heritage** - Will it promote, protect and enhance our culture and heritage?



In thinking about this question:

- How will it protect areas of cultural value?
- How will it protect listed buildings?
- How will it encourage events and attractions?
- How will it make Portsmouth a city people want to live in?

If you want more information contact [Claire.Looney@portsmouthcc.gov.uk](mailto:Claire.Looney@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/pln-portsmouth-plan-post-adoption.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

*It may do - some of the organisations considered for inclusion in this policy have cultural value in its widest sense*

How are you going to measure/check the impact of your proposal?

*Again, the matrix referenced at A4 will attempt to measure this.*

**C - Regeneration of our city**

Yes

No

Is your policy/proposal relevant to the following questions?

**C2-Employment and opportunities** - Will it promote the development of a skilled workforce?



In thinking about this question:

- How will it improve qualifications and skills for local people?
- How will it reduce unemployment?
- How will it create high quality jobs?
- How will it improve earnings?

If you want more information contact [Mark.Pembleton@portsmouthcc.gov.uk](mailto:Mark.Pembleton@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-regeneration-strategy.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

*It ~~may~~ reduce unemployment by allowing those who might otherwise struggle for employment to work, thereby improving their earnings*

How are you going to measure/check the impact of your proposal?

*Matrix aforementioned*

## C - Regeneration of our city

Yes

No

Is your policy/proposal relevant to the following questions?

**C3 - Economy** - Will it encourage businesses to invest in the city, support sustainable growth and regeneration?



In thinking about this question:

- How will it encourage the development of key industries?
- How will it improve the local economy?
- How will it create valuable employment opportunities for local people?
- How will it promote employment and growth in the city?

If you want more information contact [Mark.Pembleton@portsmouthcc.gov.uk](mailto:Mark.Pembleton@portsmouthcc.gov.uk) or go to:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-regeneration-strategy.pdf>

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?

It may attract investment by offering suitable premises at subsidised rents.

How are you going to measure/check the impact of your proposal?

As in the aforementioned

**Q8 - Who was involved in the Integrated impact assessment?**

Property & Investment Team.

This IIA has been approved by:

Contact number:

Date: