



Agenda & minutes

Full Council meeting of
Tuesday, 7 December 2021

Portsmouth City Council

An ORDINARY MEETING OF THE COUNCIL will be held in the **Council Chamber**, at the Guildhall, Portsmouth on **Tuesday 7 December 2021** to commence at **2.20pm** or immediately after the conclusion of the Extraordinary Council meeting if later, and all members of the council are hereby summoned to attend to consider and resolve upon the business detailed from agenda 1 onwards:-

Information with regard to public access due to Covid precautions

- Attendees will be requested to undertake an asymptomatic/ lateral flow test within 48 hours of the meeting. 'Around one in three people who are infected with COVID-19 have no symptoms so could be spreading the virus without knowing it. Asymptomatic testing – getting tested when you don't have symptoms - helps protect people most at risk by helping to drive down transmission rates. We strongly encourage you to take up the habit of regular asymptomatic testing to help prevent the spread of coronavirus to your colleagues and residents you work with.'
- We strongly recommend that attendees should be double vaccinated.
- If symptomatic you must not attend and self-isolate following the stay at home guidance issued by Public Health England.
- All attendees are recommended to wear a face covering while moving around within the Guildhall and encouraged to continue to wear a face covering when seated in the council chamber and not addressing the meeting.
- Although it will no longer be a requirement attendees may choose to keep a social distance and take opportunities to prevent the spread of infection
- Hand sanitiser is provided at the entrance and throughout the Guildhall. All attendees are encouraged to make use of hand sanitiser on entry to the Guildhall and are requested to follow the one way system in place.
- Attendees are encouraged book in to the venue (QR code). An NHS test and trace log will be retained and maintained for 21 days for those that cannot or have not downloaded the app.
- Those not participating in the meeting and wish to view proceedings are encouraged to do so remotely via the livestream link.

Agenda

- 1 Declaration of Members' Interests**
- 2 To approve as a correct record the Minutes of the Council meeting held on 9 November 2021 (Pages 11 - 24)**

3 **To receive such communications as the Lord Mayor may desire to lay before the Council, including apologies for absence**

4 **Deputations from the Public under Standing Order No 24**

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 (stewart.agland@portsmouthcc.gov.uk) by 12 noon of the working day before the meeting (so Monday 6 December for this meeting), and must include the purpose of the deputation (for example, for or against the recommendations). Email requests are accepted.

5 **Questions from the Public under Standing Order 25 (none)**

6 **Appointments**

7 **Urgent Business - To receive and consider any urgent and important business from Members of the Cabinet in accordance with Standing Order No 26**

8 **Treasury Management Outturn Report 2020/2021 (Pages 25 - 38)**

To receive and consider the attached report and recommendations from the Cabinet meeting held on 27 July 2021.

9 **Treasury Management Mid-Year review 2021/22 (Pages 39 - 48)**

To receive and consider the attached report and recommendations (to follow) from Cabinet held on 30 November 2021. The report has also been considered by the Governance & Audit and Standards Committee.

10 **Decision to Opt into the National Scheme for Auditor Appointments Managed by Public Sector Audit Appointments (PSAA) as the Appointing Person (Pages 49 - 52)**

To receive and consider the attached report and recommendations (to follow) from the Cabinet meeting held on 30 November 2021. The report has also been considered by Governance and Audit and Standards Committee.

11 **Tipner West update (Pages 53 - 128)**

To receive and consider the attached information report (noting recommendations to follow) from the Cabinet meeting held on 6 December.

Please note that the links to Appendices A-R listed on page 3 of Appendix A are to follow when available (the exempt ones will be for Councillors only).

Notices of Motion: Process information

Following the Full Council meeting of 21 July 2020, the Council agreed to change Standing Order (32(d)), meaning all Notices of Motion of the agenda will automatically be dealt with at this meeting, thereby dispensing with a three minute presentation from the proposer and subsequent vote to enable its consideration.

12 **Notices of Motion**

(a) **Tackling Male Violence Against Women and Girls in Portsmouth**

Proposed by Councillor Kirsty Mellor
Seconded by Councillor Charlotte Gerada

Portsmouth City Council notes that male violence against women and girls is a prevalent, persistent and serious issue. One in three women globally have been subjected to physical or sexual violence in their lifetimes. Violence takes many forms and occurs in both public and private spheres.

More than four-fifths of young women in the UK have been subjected to sexual harassment, according to a survey for UN Women UK. Domestic abuse affects 1 in 4 women and 2-3 women are murdered every week at the hands of a partner or ex partner.

Full Council notes existing initiatives to help tackle violence against women and girls, including the work of Safer Portsmouth Partnership, the Health and Wellbeing Board and Community Safety portfolio.

A total of £324,851 has been secured from the government to improve lighting and the redesign of secluded areas as part of the Safer Streets scheme.

We acknowledge the collaborative work of Hampshire police and the night time economy to spread best practice throughout the city and the "Is this love?" campaign which aims to raise awareness of domestic abuse. However, Full Council notes that handling disclosure of sexual violence and domestic abuse requires specialist training and currently, this is not mandatory for elected representatives.

Portsmouth City Council believes that dealing with this issue should not require women to behave differently. Instead it is the root cause that needs to be tackled: namely challenging the behaviour of men who perpetrate violence. Male violence in all its forms must be eradicated, so women feel able to live their lives freely, without fear of harm.

Therefore, the Council asks:

- Cabinet to conduct a "Safety Audit", allowing residents to share their views about how public lighting and CCTV could be improved to promote safer streets and a safer public domain for women and girls.
- The Licensing Committee to look at how to ensure that all licensed late night venues undertake conditional staff training for dealing with complaints of sexual harassment, as well as taking up annual training, so women enjoying a night out and/or working in Portsmouth's Night Time Economy can do

so in an environment free from sexual harassment.

- The Governance and Audit and Standards Committee be asked to strongly encourage and recommend attendance by all elected representatives to complete training sessions on handling disclosures of domestic abuse delivered by Safer Portsmouth Partnership and on handling disclosure of sexual violence through 'Responding to Sexual Violence: A community Approach' Or such similar training provider, with confirmation of attendance being noted by the City Solicitor.
- Through Cabinet for cross-party work with local services and provisions to raise awareness of domestic abuse, such as promoting the "Is this love?" campaign on a yearly basis and work together to actively challenge misogynistic behaviour pledging to call it out when it occurs.
- Cabinet to initiate steps to raise the positive profile of women and girls in Portsmouth to be established, such as installing street art to celebrate them.
- For Portsmouth City Council to write to the Hampshire & IOW Police and Crime Commissioner and the Secretary of State for Justice, to demand more punitive sentencing for male perpetrators of violence, so that more women and girls receive justice.

(b) **ITEM REMOVED FROM THE AGENDA - Stop The Knock: local authority debt collection practices**

Please Note - the City Solicitor has now ruled out this motion for this meeting.

It is consequently removed as an agenda item and therefore no deputations on it can be made.

Proposed by Councillor Cal Corkery
Seconded by Councillor George Fielding

Too many Portsmouth households live in constant fear of bailiffs knocking their door. The poorest and most vulnerable suffer disproportionately from debt issues and the local authority should not be actively adding to their woes.

One in two adults with debts has a mental health problem. One in four people with a mental health problem is also in debt. Debt can cause - and be caused by - mental health problems.

Those on the lowest incomes in our city used to be eligible for Council Tax Support for up to 100% of their liability. However this level of support was cut in 2016 so now even the poorest have to

pay at least 20% of their total Council Tax bill.

Despite their public service remit, local authorities have some of the most stringent debt collection practices of all creditors. Debts owed to councils often end up in court and Council Tax is the only debt where a debtor can be sentenced to a custodial sentence for non-payment.

In 2018/19, Portsmouth City Council instructed bailiffs to collect debts from individuals and businesses on 17,534 occasions - an increase of 77% since 2016/17. Of these bailiff referrals 6,011 related to Council Tax debts.

There is divergence between local authorities regarding how affordability is assessed and appropriate repayment plans calculated. The Standard Financial Statement (SFS), produced by the Money and Pensions Service, provides a consistent, fair and industry-recognised method of working out affordable repayments, for residents in financial difficulty.

Full Council supports the Money Advice Trust's campaign 'Stop The Knock' and calls on Cabinet to:

1. Make a clear public commitment to reduce the council's use of bailiffs over time.
2. Review the council's signposting to free debt advice, including phone/online channels.
3. Adopt the Standard Financial Statement (SFS) to objectively assess affordability.
4. Review the formal policy covering indebted residents in vulnerable circumstances.
5. Exempt Council Tax Support recipients from bailiff action.
6. Sign the Citizens Advice/LGA 'Council Tax Protocol' and review the authority's current practice against the Money and Pensions Service's 'Supportive Council Tax Recovery' Toolkit.

(c) **Planning backlog impact on residents**

Proposed by Councillor Ryan Brent
Seconded by Councillor Simon Boshier

The processing time that some residents' of Portsmouth have had to endure for their planning applications to conclude is simply unacceptable, especially for seemingly uncontentious proposals. The council notes and commends the work of local authority planning officers in aiming to reduce the backlog. However, notes that more transparency and Member oversight and engagement is

necessary to support council officers in further reducing the backlog.

Council regrets the extensive backlog of incomplete and un-processed planning applications that have continued to build up, recognising that this is partly a result of the Nitrates Directive and ongoing staff vacancies (both exacerbated by the effects of the Covid19 pandemic). Council calls upon the Liberal Democrat administration to do more and do better for residents of the city.

It is of note that council supported the action of bringing in outside support to try and reduce the backlog in November 2020; nevertheless council now regretfully condemns the Liberal Democrat administration's performance and mismanagement noting that there has been substandard progress in reducing the backlog discussed a year ago. It is arguable that upon any objective assessment the current administration has a reputation of wasting taxpayers' money and it is now time to address this and put an end to the unnecessary delays impacting the residents of our city and ensure all applications are dealt with properly and that those undertaking the processing of such applications display the utmost competence and consistency with respect to the applications that are being dealt with. There is a need to review the current transparency as well as providing additional reports to all councillors as and when required. We must be proactive, rather than reactive and focus on solutions.

Therefore, the council calls upon the administration to provide the following reports:

- For the next full council meeting which is assumed as being February 2022, to;
 - o Inform all councillors of the average duration of all planning applications, in addition to the longest and shortest across the city as well as within each ward
- For the Full Council March 2022 meeting that includes:
 - o Quantitative data, with commentary, that tracks the progress made in reducing the planning application backlog over the last 18 months
 - o Set out and articulated options and solutions that will facilitate and augment the aspiration of ensuring that all applications have decisions within the expected timeframe.

(d) **Defibrillators in Portsmouth**

Proposed by Councillor Kimberly Barrett
Seconded by Councillor Ian Holder

Ever since the harrowing scenes of Danish footballer Christian Eriksen receiving cardiac treatment were broadcast onto the screens of millions of people during a game at Euro 2020, the recognition of the need of public defibrillators has become more

apparent.

On average, 30,000 people each year suffer a sudden cardiac arrest outside of hospital, and 20% of these incidents occur in public spaces. Only 10% of victims of cardiac arrests survive when the incident occurs outside hospital.

Automated External Defibrillators (AEDs) can play a significant role in saving the lives of people who suffer heart attacks in public. It is estimated that a shock from an AED, alongside CPR treatment, increases survival rates to 75-80%.

This Council commends the many organisations, schools and communities who have already installed community defibrillators that are accessible not just to the organisations themselves, but, that are also accessible to members of the public. It acknowledges that places like Fratton Community Centre are raising funds to make sure that the centre will have access to this life saving equipment.

The council also congratulates the pupils, their parents and the teachers of Meon Infant School, Meon Junior School and Moorings Way School as well as the Thinking Schools Academy Trust who recently raised a significant amount of money to buy and install 2 new defibrillators alongside CIL contributions from Milton councillors for use by the schools and for public use as well.

This Council also commends the outstanding work and care that the South Central Ambulance Service, Queen Alexandra Hospital and staff across all areas of the NHS provide Portsmouth residents 24/7, 365 days a year. The Council would also like to thank the work that the British Heart Foundation are doing to continue to research into cardiac arrests but also, the campaigning that they have done alongside other organisations to get CPR onto the curriculum at English secondary schools by the end of this school year. This is alongside the work that they are doing regarding 'The Circuit' to create a national network of defibrillators which will link to every ambulance service in the country and in the public domain to help save more lives from 'Out of Hospital Cardiac Arrests' (OHCA).

Although there are a number of public defibrillators on council premises and assets and further more on non-council owned land and buildings, there may be gaps in the provision of publicly accessible AEDs across the city.

Council resolves to ask Cabinet:

- To add as many existing defibrillator locations to the list hosted on the council's website, and to also add those not already on the South Central Ambulance Service's 'Save a life' App, to make sure that there is a log of as many locations as possible of public defibrillators in Portsmouth

including those in non-council premises.

- Review and, where appropriate, seek to increase the provision of defibrillators across council-owned spaces including public parks, community centres, leisure facilities, and areas of high public footfall and to continue to support businesses, community associations and schools who may wish to install their own and bring an update report to Cabinet to demonstrate progress.

13 Questions from Members under Standing Order No 17. (Pages 129 - 130)

David Williams
Chief Executive

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>

If any member of the public wishing to attend the meeting has access requirements, please notify the contact the Local Democracy Manager at Stewart.Agland@portsmouthcc.gov.uk.

Civic Offices
Guildhall Square
PORTSMOUTH
29 November 2021

Agenda Item 2

9 November 2021 1

MINUTES OF A MEETING OF THE COUNCIL held at the Guildhall
Portsmouth on Tuesday, 9 November 2021 at 2.00 pm

Council Members Present

The Right Worshipful The Lord Mayor
Councillor Frank Jonas BEM (in the Chair)

Councillors

Dave Ashmore	George Madgwick
Matthew Atkins	Hugh Mason
Chris Attwell	Lee Mason
Kimberly Barrett	Kirsty Mellor
Simon Boshier	Terry Norton
Ryan Brent	Scott Payter-Harris
Stuart Brown	Gemma New
Tom Coles	Darren Sanders
Cal Corkery	Jeanette Smith
Ben Dowling	John Smith
Jason Fazackarley	Judith Smyth
George Fielding	Lynne Stagg
Charlotte Gerada	Luke Stubbs
Graham Heaney	Benedict Swann
Hannah Hockaday*	Linda Symes
Ian Holder	Claire Udy
Suzy Horton	Gerald Vernon-Jackson CBE
Lee Hunt	Daniel Wemyss
Leo Madden	Rob Wood

*Cllr Hockaday joined the meeting at 3.32pm

71. Declaration of Members' Interests

Councillor Cal Corkery declared a personal, non-prejudicial interest in minute 84 as he was a member and paid official of a union which represented social care workers.

Councillor Jeanette Smith declared a personal, non-prejudicial interest in minute 84 as a paid official of Unison and a union which represented care workers.

Councillor Judith Smyth declared a non-pecuniary interest in minute 84 as she was a member of a union which represented social care and other public sector workers.

Councillor Luke Stubbs declared a personal, non-prejudicial interest in minute 78 and 82 as he was the Deputy Police & Crime Commissioner.

Councillor Claire Udy declared a personal and prejudicial interest in minutes 78 and 82 due to her employment.

Councillor Benedict Swann declared a personal, non-prejudicial interest in minute 85 as he was a member of the Royal British Legion.

72. To approve as a correct record the Minutes of the Council meeting held on 13 October 2021

It was

Proposed by Councillor Gerald Vernon-Jackson
Seconded by Councillor Simon Boshier

That the minutes of the Council meeting held on 13 October 2021 be confirmed as a correct record.

These were agreed by assent.

73. To receive such communications as the Lord Mayor may desire to lay before the Council, including apologies for absence

Apologies for absence were received on behalf of Councillor Lewis Gosling, Councillor Jo Hooper and Cllr Robert New.

Apologies for lateness had been received from Councillor Hannah Hockaday.

74. Deputations from the Public under Standing Order No 24

The City Solicitor advised that five verbal deputation requests had been made for this meeting.

The City Solicitor invited those who had submitted verbal deputation requests to deliver their deputations in turn.

One was in respect of agenda item 9a 'Southern Water Sewage' from Selma Heimedinger;

One was a joint deputation in respect of agenda item 9a 'Southern Water Sewage', agenda item 9b 'Southern Water' and agenda item 9h 'Southern Water' from Sarah Shreeve.

Two were in respect of agenda item 9e 'Adult Social Care' from Robin Hall and Steve Bonner.

One was in respect of agenda item 9g 'Action on Decarbonising Portsmouth' from Selma Heimedinger.

The Lord Mayor thanked everyone for their deputations.

75. Questions from the Public under Standing Order 25 (there are none)

The Lord Mayor advised that no public questions had been received under the provisions of this Standing Order.

76. Appointments

The Lord Mayor advised that he had not been notified of any appointments to be made at this meeting.

77. Urgent Business - To receive and consider any urgent and important business from Members of the Cabinet in accordance with Standing Order No 26

The Lord Mayor advised that he had not been notified of any urgent or important business from members of the Cabinet under the provisions of this Standing Order.

78. Portsmouth Youth Offending Team (PYOT) Annual Youth Strategic Plan 2021-2023

Minute - Portsmouth Youth Offending Team (PYOT) Annual Youth Justice Strategic Plan 2021-2023

This item was opposed to allow for debate.

It was

Proposed by Councillor Suzy Horton
Seconded by Councillor Gerald Vernon-Jackson

That the recommendations contained in minute 96 of the Cabinet meeting held on 2 November 2021 be approved.

Following debate, this was put to the vote and CARRIED.

RESOLVED that Full Council APPROVES the Portsmouth Youth Offending Team (PYOT) Annual Youth Justice Strategic Plan 2021-2023.

79. Notices of Motion

80. Southern Water Sewage

It was

Proposed by Councillor Charlotte Gerada
Seconded by Councillor Judith Smyth

That notice of motion (a) as set out on the agenda be adopted.

As an amendment it was

Proposed by Councillor Matthew Atkins
Seconded by Councillor John Smith

To add the following paragraph to the end of the motion:

"Full Council asks all council group leaders to write to the Prime Minister, Lord Goldsmith, The Rt Hon George Eustice MP (the Secretary of State for DEFRA) and Parliamentary Under-Secretary of State Rebecca Pow MP to outline our concerns and condemn the practices of Southern Water and other water companies in the strongest terms and ask those ministers to outline a clear and meaningful timescale to end the discharging of sewage into our harbours and coastal waters here in and around Portsmouth and The Solent."

Following debate, the proposer of the original motion, Councillor Charlotte Gerada agreed to subsume the amendment put by Councillor Matthew Atkins into the motion.

As an amendment it was

Proposed by Councillor Kimberly Barrett
Seconded by Councillor Darren Sanders

To add an additional paragraph as paragraph 2:

"In particular, the council condemns the recent, 49-hour discharge into Langstone Harbour, which has focused so many minds on what is happening."

Following debate, the proposer of the original motion, Councillor Charlotte Gerada agreed to subsume the amendment put by Councillor Kimberly Barrett into the motion.

Under Standing Order 48b eight members of the Council requested a recorded vote on the substantive motion as proposed by Cllr Charlotte Gerada and incorporating the subsumed amendments proposed by Cllr Matthew Atkins and Cllr Kimberly Barrett.

Council voted on the substantive motion.

The following members voted in favour

Councillor Dave Ashmore	Councillor George Madgwick
Councillor Matthew Atkins	Councillor Hugh Mason
Councillor Chris Attwell	Councillor Lee Mason
Councillor Kimberly Barrett	Councillor Kirsty Mellor
Councillor Simon Boshier	Councillor Gemma New
Councillor Ryan Brent	Councillor Terry Norton
Councillor Stuart Brown	Councillor Scott Payter-Harris
Councillor Tom Coles	Councillor Darren Sanders
Councillor Cal Corkery	Councillor Jeanette Smith
Councillor Ben Dowling	Councillor John Smith
Councillor Jason Fazackarley	Councillor Judith Smyth
Councillor George Fielding	Councillor Lynne Stagg
Councillor Charlotte Gerada	Councillor Luke Stubbs
Councillor Graham Heaney	Councillor Benedict Swann

Councillor Ian Holder
 Councillor Suzy Horton
 Councillor Lee Hunt
 Councillor Frank Jonas BEM
 Councillor Leo Madden

Councillor Linda Symes
 Councillor Claire Udy
 Councillor Gerald Vernon-Jackson
 Councillor Daniel Wemyss
 Councillor Rob Wood

No Councillors voted against.

No Councillors abstained from voting.

The substantive motion incorporating the amendments was therefore declared **CARRIED.**

RESOLVED that:

Southern Water has been illegally discharging raw sewage into rivers and seas for a number of years across the region. The company was fined £90m by the Environment Agency this year for deliberate failings, causing major harm to protected areas, conservation sites and oyster beds.

In particular, the council condemns the recent, 49-hour discharge into Langstone Harbour, which has focused so many minds on what is happening.

This issue has affected Portsmouth and the surrounding areas significantly, as little or no warning is provided to residents when sewage leaks occur. This puts the health and safety of residents at risk, not to mention the damage it is doing to local wildlife.

Despite Southern Water's actions, the company continues to make millions in profits, including £138.8m in the 2020-21 financial year. What is more, the fine Southern Water received has not changed their behaviour and sewage leaks are still ongoing.

Full Council debated a motion in 2019 to tackle the company's sewage dumping, which received unanimous support. However, the situation with Southern Water hasn't improved and now is the time for renewed unity across political parties and the city, to force action for once and for all.

Therefore, the Council asks the Leader of the Council and all Group Leaders to write jointly to Southern Water to demand they stop illegal discharges and take urgent action to give adequate notice to residents if the sea is not safe to swim in.

Full Council also calls on the Cabinet to engage with the Environment Agency to explore any additional enforcement action which can be taken in order to try and resolve these continuing issues.

Full Council asks all council group leaders to write to the Prime Minister, Lord Goldsmith, The Rt Hon George Eustice MP (the Secretary of State

for DEFRA) and Parliamentary Under-Secretary of State Rebecca Pow MP to outline our concerns and condemn the practices of Southern Water and other water companies in the strongest terms and ask those ministers to outline a clear and meaningful timescale to end the discharging of sewage into our harbours and coastal waters here in and around Portsmouth and The Solent.

81. Southern Water

The Lord Mayor advised that as a motion on the same subject had been considered at this meeting this motion had consequently been caught by the 6 month rule detailed in Standing Order 32 (e) so could not be put.

82. County Lines

It was

Proposed by Councillor Terry Norton
Seconded by Councillor Ryan Brent

That notice of motion (c) as set out on the agenda be adopted.

Following a vote, the motion was declared **CARRIED**.

RESOLVED that Council notes that vulnerable children and adults are being recruited as drug runners to move drugs and cash all over the country. This is serious organised crime, and often connected to sexual exploitation, violence, gun & knife crimes and human trafficking.

Portsmouth is not free from county lines. As city leaders we must play our part in improving essential early intervention through schools, our Community Safety Partnership & YOT. By raising public awareness, and encouraging people to step forward and report these serious crimes, we can challenge the increasing social acceptance of drug use across the city.

Council recognises:

- 1. That County lines drug dealing & the supply of drugs affects children across the city.**

Council Notes:

- 1. The Council is committed to building on the multi-agency relationships and increasing the partnership working that supports the most vulnerable children in the City.**
- 2. The excellent work that has already taken place by Police forces including Hampshire Constabulary and dedicated multi-agency teams around the signs of criminal exploitation and County Lines.**

Requests that:

1. **The Cabinet Member for Children, Education and Families uses her good offices to agree a cross party approach and by way of letter to be sent to EVERY secondary school in Portsmouth encouraging them to:**
 - a) **Increase the work they are doing to raise awareness of County Lines and the wider criminal activity related to it;**
 - b) **Include County Lines training for ALL staff as part of the compulsory annual Safeguarding training.**
 - c) **Provide County Lines education to ALL students via PSHE and Assemblies to raise awareness amongst children and help them to identify risk factors themselves.**
 - d) **Provide appropriate support to give our children the confidence to ask for help and/or to report any suspicious activity.**

3. **All members are encouraged to make a firm commitment, via this motion, to raise awareness within individual Wards, working with the Police, local schools and community groups.**

83. Levelling up funding

It was

Proposed by Councillor Gerald Vernon-Jackson
 Seconded by Councillor Darren Sanders

That notice of motion (d) as set out on the agenda be adopted.

Under Standing Order 48b eight members of the Council requested a recorded vote on the substantive motion as proposed by Cllr Gerald Vernon-Jackson and seconded by Cllr Darren Sanders.

Council voted on the motion.

The following members voted in favour

Councillor Dave Ashmore	Councillor George Madgwick
Councillor Matthew Atkins	Councillor Hugh Mason
Councillor Chris Attwell	Councillor Lee Mason
Councillor Kimberly Barrett	Councillor Kirsty Mellor
Councillor Simon Boshier	Councillor Gemma New
Councillor Ryan Brent	Councillor Terry Norton
Councillor Stuart Brown	Councillor Scott Payter-Harris
Councillor Tom Coles	Councillor Darren Sanders
Councillor Cal Corkery	Councillor Jeanette Smith
Councillor Ben Dowling	Councillor John Smith

Councillor Jason Fazackarley
Councillor George Fielding
Councillor Charlotte Gerada
Councillor Graham Heaney
Councillor Ian Holder
Councillor Suzy Horton
Councillor Hannah Hockaday
Councillor Lee Hunt
Councillor Frank Jonas BEM
Councillor Leo Madden

Councillor Judith Smyth
Councillor Lynne Stagg
Councillor Luke Stubbs
Councillor Benedict Swann
Councillor Linda Symes
Councillor Claire Udy
Councillor Gerald Vernon-Jackson
Councillor Daniel Wemyss
Councillor Rob Wood

No Councillors voted against.

No Councillors abstained from voting.

The motion was declared **CARRIED**.

RESOLVED that the City Council records its thanks to the Government for the support to Portsmouth from the Levelling Up Fund for Portsmouth North and records its thanks to Penny Mordaunt MP and to the City Council for the joint work on this.

The investment in Hilsea Lido to bring it back to full use.

The creation of a linear park through the north of the City.

The investment in the commercial port to create a new cruise terminal to encourage additional cruise ship visits to the city.

The investment is very welcome. The Council also congratulates Pompey in the Community for its successful bid to the Fund for the John Jenkins Stadium at Moneyfields.

84. Adult Social Care

It was

Proposed by Councillor Kirsty Mellor
Seconded by Councillor George Fielding

That notice of motion (e) as set out on the agenda be adopted.

Following a vote, the motion was declared **CARRIED**.

RESOLVED that:

- 1. Council welcomes the recognition from government that significant additional resources are needed to support the delivery of adult social care services with its Build Back Better plan for health and social care.**

- 2. Council is concerned that the additional resources actually allocated will be insufficient to alleviate the current crisis in social care which can impact severely on older people, working age adults with disabilities, family carers, the social care workforce and social care providers.**
- 3. Council believes that social care has the potential to weave a web of relationships and support in our communities, connecting council services, independent providers, voluntary and community organisations, families and local community networks. The council can play a leading role by providing support to and working alongside local people and organisations to share new ideas and bring new energy to their life by organising and funding social care in a different way.**
- 4. Council agrees to:**
 - Use the Local Government Association and other available channels to bring pressure on central government to agree cross party plans to:**
 - a. increase funding for Adult Social Care**
 - b. improve morale among care workers by increasing resources to alleviate problems of staff shortages and enable them to provide the quality and level of care needed**
 - c. ring-fence social care funding and ensure there are no further cuts to council social care budgets**
 - To request that Cabinet review the implementation of the Ethical Care and Residential Care Charter agreed by the council in 2019.**
 - To request that the Cabinet Member responsible for Adult Social care, namely Health, Wellbeing and Social Care, be tasked with a mandate to send a strong signal of support to older people and those working in the care sector by initiating an update of the Portsmouth Ageing Population Strategy 2010-2021, and further the Council agrees to ask the Cabinet to work towards Portsmouth becoming recognised as an 'age friendly city'**
 - Request that the Cabinet Member for Health, Wellbeing and Social Care takes all practical steps to improve the communication exchange between the council and care providers and further investigate ways of delivering social care in a more collaborative way by involving care service user representatives, carer support and interest groups, voluntary and community organisations, care providers, trade unions and care workers.**

- **Request officers to provide a bi-annual report to councillors on the scope and outcomes from the above or that the relevant Director takes steps to include within any statutory reports to Full Council comment upon the above directives.**

Notes:

Research shows that:

- **1.4 million older people go without the care they need for essential everyday tasks such as getting washed or dressed. Two thirds of the cost of dementia care is paid by people with dementia and their families. The number of people with dementia is projected to rise to 1.6 million by 2040.**
- **14.1 million disabled people live in the UK, including nearly 1 in 5 of working age adults. 33% of those receiving social care support are working age adults with physical and learning disabilities. They account for half the total expenditure on more long-term support.**
- **The Office for National Statistics estimates that disabled people account for 59% of all Covid 19 deaths between March and July 2020 in England and Wales. BBC research shows that millions more have been isolated with deteriorating health and struggle for access to basic supplies and social care support.**
- **Carers UK estimate that unpaid carers save the UK economy £132 billion a year, roughly equivalent to the annual cost of the NHS. An additional 4.5 million individuals have been added to the estimated 9.1 million unpaid carers across the UK since the start of the COVID-19 pandemic.**
- **The Future Social Care Coalition argues that the economic case for social care workforce reform is incontrovertible. The sector is worth £41 billion to the economy annually and employs 6% of the entire workforce - more than the NHS. It is estimated that an additional 520,000 employees will be needed over the next 15 years to meet the increasing demand for social care; there are already an estimated 112,000 vacancies in social care and staff turnover rates are high and increasing.**
- **The Portsmouth Pensioners Association estimate that since 2010, £51m has been removed from Portsmouth's Adult Social Care budget as part of government-imposed austerity measures. The remaining budget is unable to meet the needs of older and disabled citizens requiring help. Since then 1,500 Portsmouth people considered to be in the medium to lower needs group have had their social care removed in order to make budget savings.**
- **The Hampshire Care Association have surveyed their members and concluded that the Covid-19 pandemic has hit adult social**

care providers with a toxic mix of increased costs combined with a reduction in income. Financial support, while welcome, has not always made up the difference. Concerns over the future sustainability of services has skyrocketed and there are growing signs of a drop in lender confidence.

- A recent survey and round table meetings with local care providers, service users and carers, hosted by Stephen Morgan MP, have identified the following key concerns:
 - a. Experience of lack of communication between health and social care services
 - b. Lengthy waiting list for social care assessments
 - c. Reductions in direct payments and increased charges for social care support
 - d. Inadequate funding for 'care businesses', insurance costs rising, lack of support from banks
 - e. Significant impact on staffing levels from low pay, Brexit, Covid, and recent vaccination legislation

85. Royal British Legion

It was

Proposed Councillor Simon Boshier
Seconded Councillor Benedict Swann

That notice of motion (f) as set out on the agenda be adopted.

Following a vote, the motion was declared **CARRIED**.

RESOLVED that:

Over six million men served on the front line during the Great war and of those who came back, 1.75 million suffered some kind of disability and half of these were permanently disabled. We also needed to remember the emotional and financial impact this had on those who were left behind – wives and children, widows and orphans as well as the parents who had lost their sons.

Out of this concern, the Legion was established and they have helped the Armed Forces community and their families ever since. The Legion provided lifelong support to serving members of the Royal Navy, British Army, Royal Air Force, veterans and their families. Their wide ranging activities included support through debt and emergency situations, employment, dementia care, support nearly 36,000 War Disablement Pension cases for war veterans, make around 300,000 welfare and friendship visits every year and support places with Remembrance parades and services

The difference that the Royal British Legion made to people's lives could not be underestimated and as they marked their 100th year in May, This

Council wishes to place on record our sincere thanks to the Royal British Legion for the contribution this organisation made to the people of Portsmouth.

86. Action on Decarbonising Portsmouth

It was

Proposed by Councillor Judith Smyth
Seconded by Councillor Charlotte Gerada

That notice of motion (f) as set out on the agenda be adopted.

Following a vote, the motion was declared **CARRIED**.

RESOLVED that:

On 19 March 2019 Portsmouth City Council agreed to declare a climate emergency for Portsmouth to accelerate our progress to achieving net zero carbon emissions as a city by 2030.

Specifically the following actions were agreed:-

- 1. Declare a 'Climate Emergency' then ask partners to sign up including local business, schools and community groups.**
- 2. Pledge to achieve net zero carbon emissions in Portsmouth by 2030, considering, both production and consumption of emissions according to the Standard provided by the Greenhouse Gas (GHG) Protocol**
- 3. Require the Leader of the Council to report back to the Council within six months with an action plan, detailing how the Council will work with partners across the City and with central government to ensure that Portsmouth's net carbon emissions (Scope 1, Scope 2 and Scope 3 emissions as defined by the GHG Protocol) are reduced to zero by 2030.**
- 4. Provide an annual report on Portsmouth GHG emissions, what is working and what is more challenging and progress towards achieving net zero-carbon emissions.**

Whilst a number of actions have been taken and some work has been done to green the city, particularly to reduce the carbon footprint of the city council itself, it is apparent that far too little has been done to achieve the rapid step changes that are needed in response to the global crisis we all face.

In particular, two years have passed without any progress in establishing the baseline measurement of carbon generation across the city so that the impact of new projects, programmes and developments (positive and negative) can be accurately assessed and so that we can measure the overall progress of the Portsmouth area to zero carbon by

2030. As in all other programmes for change, measurement is of key importance. If we cannot measure we cannot manage.

The enquiries we have made about progress with developing a clear framework for measuring carbon levels across Portsmouth reveal a few obstacles including the Covid pandemic. Whilst the affect of Covid on deployment and workloads is understood surely the urgent nature of the climate crisis should have seen the necessary resources found and deployed.

During November 2021, COP26 is taking place in Glasgow. While global leaders congregate to discuss strategies and plans to achieve a net zero carbon future, the summit presents an opportunity for local authorities and political leaders to reflect on what more can be done on climate change.

Full Council therefore calls upon the Cabinet to take immediate action as follows:

- 1. To identify and allocate the necessary funding for a full carbon audit from an appropriately qualified and experienced external organisation to provide a baseline of carbon emissions across the city to be completed by April 2022.**
- 2. Develop and agree a framework for measuring changes in carbon emissions across the city including full carbon audits of all planned projects, programmes and developments to inform decision making and contribute to forecasting and planning to be completed by February 2022.**
- 3. Agree key indicators to inform regular and formal reporting of changes in carbon emissions after consultation with leading local authorities and other experts by February 2022.**
- 4. Apply the information gathered to provide a detailed action plan showing how Portsmouth will achieve net zero carbon emissions across the city by 2030. To be overseen by the Climate Action Board and the Cabinet with the plan being completed by July 2022 for submission to Full Council by way of update.**

87. Southern Water

The Lord Mayor advised that as a motion on the same subject had been considered at this meeting this motion had consequently been caught by the 6 month rule detailed in Standing Order 32 (e) so could not be put.

88. Questions from Members under Standing Order No 17.

One questions from a member had been received under Standing Order No 17.

The question was from Councillor Scott Payter-Harris

14 9 November 2021

"Can the cabinet member update the council with regards to the usage of bus lanes by private hire vehicles?"

This and supplementary questions were answered by the Cabinet member for Traffic & Transportation, Councillor Lynne Stagg.

The meeting concluded at 6.36 pm.

.....
Lord Mayor

Agenda Item 8

Treasury Management Outturn Report 2020/21

Title of meeting:	Governance and Audit and Standards Committee Cabinet City Council
Date of meeting:	Governance and Audit and Standards Committee 16 th July 2021 Cabinet 27 th July 2021 City Council 12 th October 2021
Subject:	Treasury Management Outturn Report 2020/21
Report by:	Director of Finance and Resources (Section 151 Officer)
Wards affected:	All
Key decision:	No
Full Council decision:	Yes

1. Executive Summary

The Chartered Institute of Public Finance & Accountancy's (CIPFA) Prudential Code of Practice requires local authorities to calculate prudential indicators before the start of and after each financial year. The CIPFA Code of Practice on Treasury Management also requires the Section 151 Officer to prepare an annual report on the outturn of the previous year. This information is shown in Appendix A of the report.

2. Purpose of Report

To inform members and the wider community of the Council's treasury management activities in 2020/21 and of the Council's treasury management position as at 31st March 2021.

3. Recommendations

It is recommended that the actual prudential and treasury management indicators based on the unaudited accounts, as shown in Appendix B, be noted (an explanation of the prudential and treasury management indicators is contained in Appendix C).

4. Background

The Local Government Act 2003 requires local authorities to have regard to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities.

5. Reasons for Recommendations

The net cost of Treasury Management activities and the risks associated with those activities have a significant effect on the Council's overall finances. Consequently, in accordance with good governance, the S.151 Officer is required to report to the Council on those activities.

6. Integrated impact assessment

An integrated impact assessment is not required, as the recommendations do not directly impact on service or policy delivery. Any changes made arising from this report would be subject to investigation in their own right.

7. Legal implications

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2015 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 & Resources (Section 151 Officer) comments

All financial considerations are contained within the body of the report and the attached appendices

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Signed by Director of Finance & Revenues (Section 151 Officer)

Appendices:

Appendix A: Treasury Management Outturn Report

Appendix B: Prudential and Treasury Management Indicators

Appendix C: Explanation of Prudential and Treasury Management Indicators

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:

<u>Title of document</u>	Location
1 Information pertaining to the treasury management outturn	Financial Services
2	

TREASURY MANAGEMENT OUTTURN REPORT**1. GOVERNANCE**

Treasury management activities were performed within the Prudential Indicators approved by the City Council.

Treasury management activities are also governed by the Treasury Management Policy Statement, Annual Minimum Revenue Provision for Debt Repayment Statement and Annual Investment Strategy approved by the City Council.

2. COMBINED BORROWING AND INVESTMENT POSITION (NET DEBT)

On 31 March 2021, the Council had gross debt including finance leases and private finance initiative (PFI) schemes of £778m and gross investments of £403m giving rise to a net debt of £375m. Major components of the Council's gross investments of £403m include the Council's general and earmarked reserves of £281m, and capital grants received but yet to be applied to finance capital expenditure of £113m.

3. BORROWING ACTIVITY

Public Works Loans Board (PWLB) rates are based on, and are determined by, gilt (UK Government bonds) yields through H.M. Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and 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 30 years. We have seen over the last two years, many bond yields up to 10 years in the Eurozone turn negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession.

Gilt yields fell sharply from the start of 2020 and then spiked up during a financial markets melt down in March caused by the pandemic hitting western countries; this was rapidly countered by central banks flooding the markets with liquidity. Once the UK vaccination programme started making rapid progress in the new year of 2021, gilt yields and PWLB rates started rising sharply as confidence in economic recovery rebounded.

At the close of the day on 31 March 2021, all gilt yields from 1 to 5 years were between 0.19 – 0.58% while the 10-year and 25-year yields were at 1.11% and 1.59%.

HM Treasury imposed two changes to the margins over gilt yields for PWLB rates in 2019/20 without any prior warning. The first took place on 9th October 2019, adding an additional 1% margin over gilts to all PWLB period rates. That increase was then reversed for Housing Revenue Account (HRA) borrowing on 11th March 2020, but not for mainstream non-HRA capital schemes. A consultation was then held with local authorities and on 25th November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the margins were reduced by 1% for General Fund borrowing. Following this later change, PWLB rates for both the HRA and the General Fund had a margin of 0.8% over gilts. At the same time, a prohibition was introduced to deny access to borrowing from the PWLB for any local authority that had the purchase of assets for yield in its three-year capital programme.

There is likely to be only a gentle rise in gilt yields and PWLB rates over the next three years. Our treasury management advisors, Link, do not forecast a rise in Bank Rate from 0.10% until March 2024 as the Bank of England has clearly stated that it will not raise rates until inflation is sustainably above its target of 2%; this sets a high bar for Bank Rate to start rising.

£60m was borrowed from the PWLB at the HRA certainty rate in the first quarter of 2020/21 to fund the HRA capital programme. This was because PWLB rates were very low and because the Council may not have been able to access funding from the PWLB in future because of its commercial activities. These loans were all for £20m and are repayable in 50 years at maturity. These loans have an average interest rate of 1.17%.

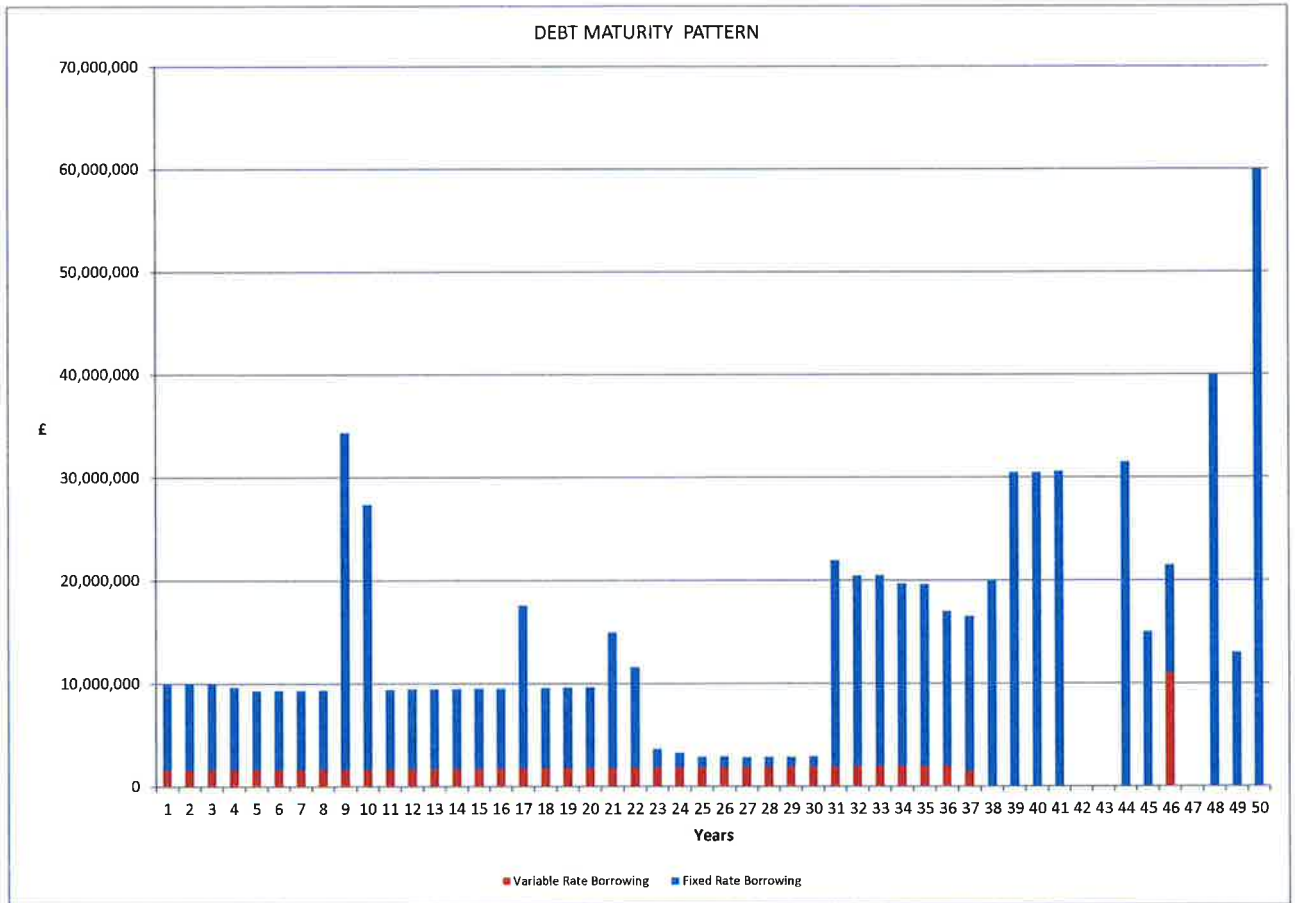
£30m was borrowed in March 2020 for an average of 50 days at 0.84% in order to fund the payment of 3 years of employer's pension contributions in advance in return for a discount. This expenditure was opportunistic (and not known sufficiently in advance) and insufficient investments matured before this large single payment had to be made. This borrowing was repaid in April 2020.

The Council's underlying need to borrow at 31st March 2021 was £825m, £47m in excess of its actual gross debt of £778m. This shortfall of £47m is funded by internal borrowing from the Council's reserves and will need to be borrowed externally at some point in the future.

Debt rescheduling opportunities have been limited in the current economic climate and following the various increases in the margins added to gilt yields, which has affected PWLB new borrowing rates since October 2010. No debt rescheduling was undertaken during 2020/21.

The Council's gross debt at 31st March 2021 of £778m is within the Council's authorised limit (the maximum amount of borrowing permitted by the Council) of £864m and the Council's operational boundary (the maximum amount of borrowing that is expected) of £846m. The Council aims to have a reasonably even maturity profile so that the Council does not have to replace a large amount of borrowing in any particular year when interest rates might be high. The maturity profile of the Council's borrowing (see graph below) is within the limits contained in the Council's Treasury Management Policy.

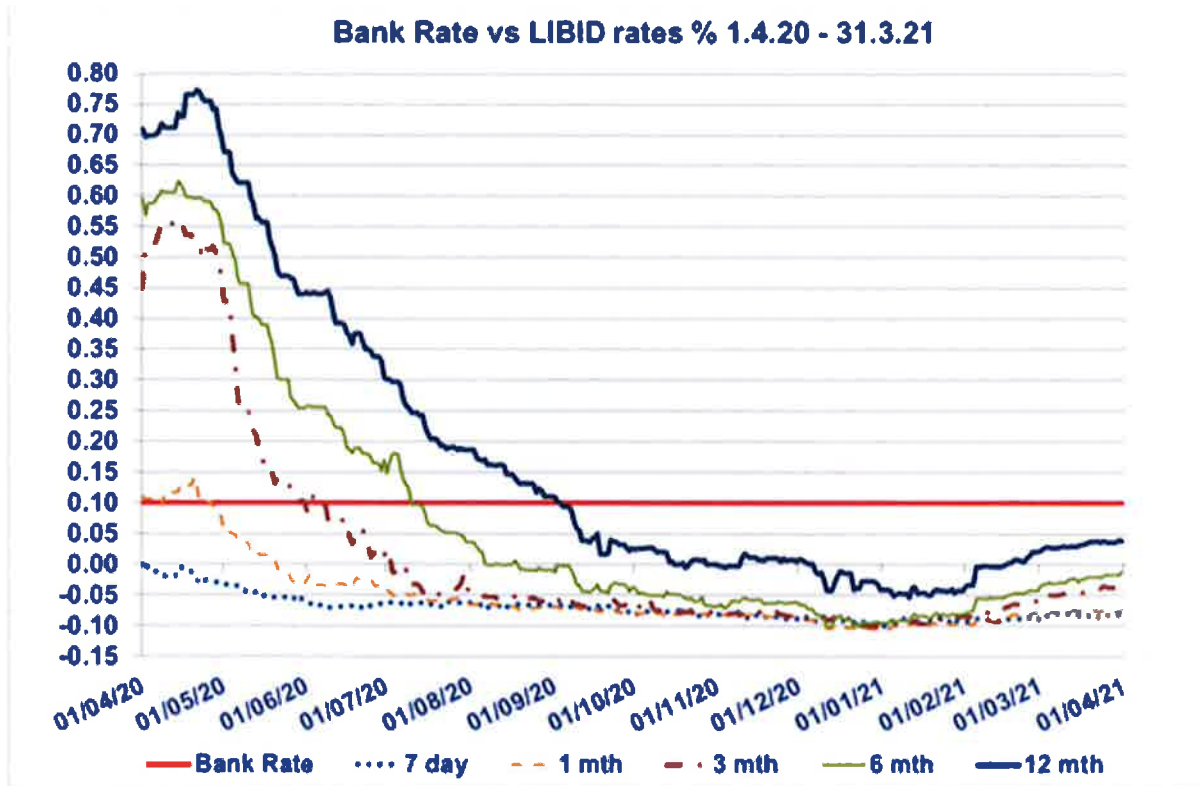
Treasury Management Outturn Report 2020/21



4. INVESTMENT ACTIVITY

When the coronavirus outbreak hit the UK in February/March 2020, rates initially plunged but then rose sharply back up again due to a shortage of liquidity in financial markets.

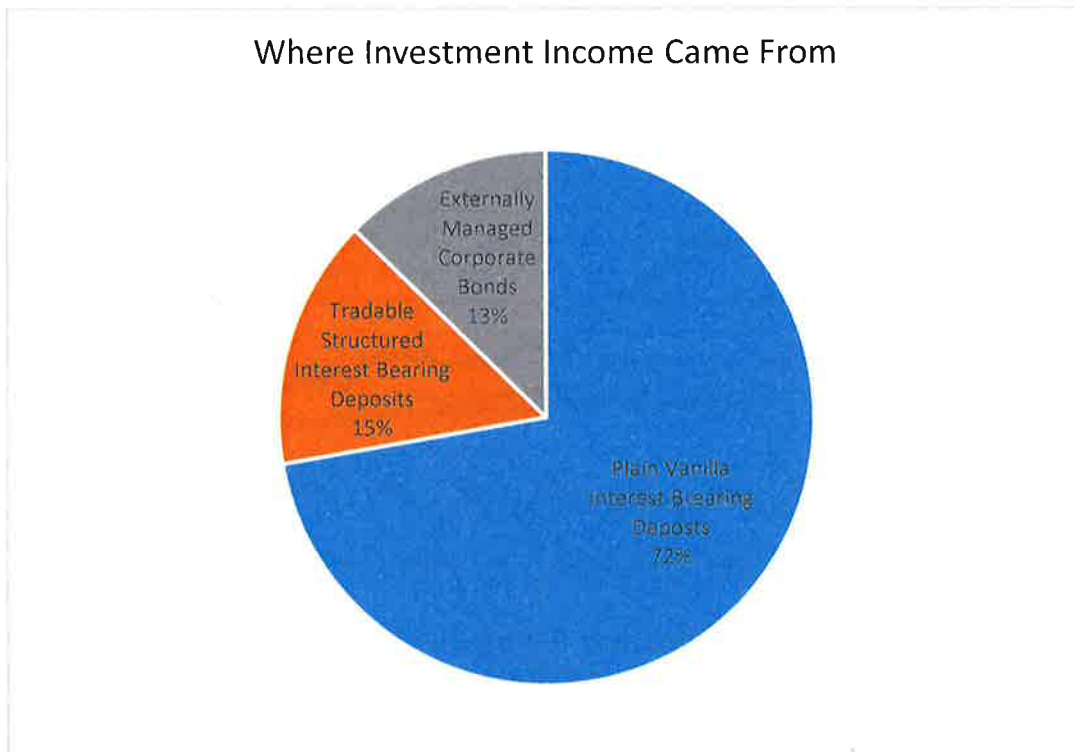
Bank Rate and market investment rates (London Interbank Bid (LIBID)) investment rates for 2020/21 are shown below.



Investment returns, which had been low during 2019/20, fell during 2020/21 to near zero or even below zero. The Council managed to avoid lending at negative rates and one feature of the year was the growth of inter local authority lending. The advent of the Covid-19 pandemic in March 2020 caused the Monetary Policy Committee of the Bank of England to cut Bank Rate in March, first to 0.25% and then to 0.10%, in order to counter the hugely negative impact of the national lockdown on large parts of the economy. The Bank of England and the Government also introduced new programmes of supplying the banking system and the economy with large amounts of cheap credit so that banks could help businesses to get through the lockdown. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates plummeted.

The Council's investments averaged £426.4m during 2020/21. As at 31st March 2021 the Council had, £402.7m invested. 4% of the investment portfolio was invested in tradable structured interest bearing deposits where the interest rate or the maturity date is determined by certain criteria, 2% of the portfolio was invested in externally managed corporate bonds, and the remaining 94% of the portfolio was invested in plain vanilla interest bearing deposits. These made returns of 6.06%, 7.23%, and 0.75% respectively.

The Council made an overall return of 0.99% on its cash investments in 2020/21. The chart below shows the source of the Council's cash investment income.



28% of the Council's investment income came from externally managed corporate bonds and tradable structured interest bearing deposits, despite these investments making up only 6% of the investment portfolio. However, much of these gains result from a bounce back in the market value of these investments from the low point of quarter 4 of 2019/20 when the Covid-19 pandemic struck.

The overall return on the Council's investments of 0.99% is well above the current 3-month London Inter Bank Bid (LIBID) benchmark rate of 0.02%.

5. REVENUE COSTS OF TREASURY MANAGEMENT ACTIVITIES IN 2020/21

Expenditure on treasury management activities in both the General Fund and the HRA against the revised budget is shown below.

	Revised Estimate 2020/21 £000	Actual 2020/21 £000	Variance +/- £000
Interest Payable:			
PWLB	20,043	20,043	-
Other Long Term Loans	1,207	1,192	(15)
Temporary Loans	35	17	(18)
HCC Transferred Debt	295	295	-
Interest on Finance Lease	191	191	-
Interest on Service Concession Arrangements (including PFIs)	5,669	5,669	-
Interest Payable to External Organisations	10	-	(10)
Premiums and Discounts on Early Redemption of Debt	99	53	(46)
	27,549	27,460	(89)
<u>Deduct</u>			
Investment Income:			
Interest on Investments	(4,206)	(4,048)	158
Other interest receivable	(1,386)	(1,374)	12
	21,957	22,038	81
Provision for Repayment of Debt	9,624	9,670	46
Debt Management Costs	375	410	35
	31,956	32,118	162

Net treasury management costs were £162,000, or 0.5% above the revised budget. There were a number of reasons for this, of which by far the largest is a shortfall in interest on investments. This shortfall occurred because a number of existing investments matured, with new replacement investments earning a little less than anticipated.

PRUDENTIAL AND TREASURY MANAGEMENT INDICATORS

1. Capital financing requirement	Original Estimate	Revised Estimate	Actual
	£'000	£'000	£'000
General Fund	678,951	645,232	627,485
Housing Revenue Account (HRA)	189,155	200,286	197,651
Total	868,106	845,518	825,136
2. Authorised Limit	Original Limit	Revised Limit	Actual
	£'000	£'000	£'000
Long Term Borrowing	825,730	806,363	721,303
Other Long Term Liabilities	57,151	57,151	57,159
Total	882,881	863,514	778,462
3. Operational Boundary	Original Limit	Revised Limit	Actual
	£'000	£'000	£'000
Long Term Borrowing	810,955	788,367	721,303
Other Long Term Liabilities	57,151	57,151	57,159
Total	868,106	845,518	778,462
4. Ratio of financing costs to net revenue stream	Original Estimate	Revised Estimate	Actual
General Fund	16.3%	12.2%	13.7%
Housing Revenue Account (HRA)	7.9%	6.6%	6.2%
5. Maturity Structure of Fixed Rate Borrowing	Lower Limit	Upper Limit	Actual
Under 12 months	0%	10%	1%
12 months and within 24 months	0%	10%	1%
24 months and within 5 years	0%	10%	4%
5 years and within 10 years	0%	20%	13%
10 years and within 20 years	0%	30%	13%
20 years and within 30 years	0%	40%	5%
30 years and within 40 years	0%	40%	32%
Over 40 years	0%	50%	31%
6. Maturity Structure of Variable Rate Borrowing	Lower Limit	Upper Limit	Actual
Under 12 months	0%	10%	2%
12 months and within 24 months	0%	10%	2%
24 months and within 5 years	0%	10%	6%
5 years and within 10 years	0%	20%	11%
10 years and within 20 years	0%	30%	23%
20 years and within 30 years	0%	40%	25%
30 years and within 40 years	0%	40%	17%
Over 40 years	0%	40%	14%
7. Principal sums invested over 365 days	Original Limit	Revised Limit	Actual
	£'000	£'000	£'000
Maturing after 31/3/2022	117,000	200,000	45,000
Maturing after 31/3/2023	50,000	134,000	25,000
Maturing after 31/3/2024	-	103,000	-

PRUDENTIAL AND TREASURY MANAGEMENT INDICATORS**1. ACTUAL CAPITAL FINANCING REQUIREMENT**

This represents the underlying requirement to borrow for capital expenditure. It takes the total value of the City Council's fixed assets and determines the amount that has yet to be repaid or provided for within the Council's accounts.

The capital financing requirement is increased each year by any new borrowing and reduced by any provision for the repayment of debt. Broadly, the higher the capital financing requirement, the higher the amount that is required to be set aside for the repayment of debt in the following year.

2. AUTHORISED LIMIT

The authorised limit for external debt 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 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.

3. OPERATIONAL BOUNDARY

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.

4. RATIO OF FINANCING COSTS TO NET REVENUE STREAM 2020/21

This ratio reflects the annual cost of financing net debt as a proportion of the total revenue financing received. It therefore represents the proportion of the City Council's expenditure that is largely fixed and committed to repaying debt. The higher the ratio, the lower the flexibility there is to shift resources to priority areas and/or reduce expenditure to meet funding shortfalls.

For the General Fund, this is the annual cost of financing debt as a proportion of total income received from General Government Grants, Non Domestic Rates and Council Tax.

The ratio of Housing Revenue Account (HRA) financing costs to net revenue stream is the annual cost of financing capital expenditure, as a proportion of total gross income received including housing rents and charges.

5. MATURITY STRUCTURE OF FIXED RATE BORROWING

The Council aims to have a reasonably even debt maturity profile so that it is not unduly exposed to refinancing risk in any particular year when interest rates may be high. The maturity structure of fixed rate borrowing matters less in future years as inflation will reduce the real value of the sums to be repaid.

6. MATURITY STRUCTURE OF VARIABLE RATE BORROWING

Variable rate borrowing could expose the Council to budgetary pressure if the interest rates increase. The maturity structure of variable rate borrowing matters less in future years as inflation will reduce the real value of the liability.

7. PRINCIPAL SUMS INVESTED FOR OVER 365 DAYS

Investing long term at fixed rates provides certainty of income and reduces the risk of interest rates falling.

From CABINET held on 27 July 2021

Council Agenda item 8 (Cabinet minute 65)

Treasury Management Outturn Report 2020/21

RECOMMENDED that the actual prudential and treasury management indicators based on the unaudited accounts, as shown in Appendix B of the report, be noted (an explanation of the prudential and treasury management indicators is contained in Appendix C of the report).

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Agenda Item 9

Treasury Management Mid-Year Review 2021/22

Title of meeting:	Governance and Audit and Standards Committee Cabinet City Council
Date of meeting:	Governance and Audit and Standards Committee 05 November 2021 Cabinet 30 November 2021 City Council 07 December 2021
Subject:	Treasury Management Mid-Year Review 2021/22
Report by:	Chris Ward, Director of Finance and Resources (Section 151 Officer)
Wards affected:	All
Key decision:	No
Full Council decision:	Yes

1. Executive Summary

This report outlines the Council's performance against the treasury management indicators approved by the City Council on 16 March 2021.

No borrowing has been undertaken in the first half of 2021/22.

Investment returns have continued to be on a downward trend as maturing investments have been replaced with new investments with lower interest rates in line with the likelihood that any increases in Bank Rate are likely to be modest.

2. Purpose of report

The purpose of the report is to inform members and the wider community of the Council's Treasury Management position, i.e. its borrowing and cash investments at 30 September 2021 and of the risks attached to that position.

Whilst the Council has a portfolio of investment properties and some equity shares which were acquired through the capital programme; these do not in themselves form part of the treasury management function.

3. Recommendations

It is recommended that the following be noted:

- 3.1 That the Council's Treasury Management activities have remained within the Treasury Management Policy 2021/22 in the period up to 30 September 2021.
- 3.2 That the actual Treasury Management indicators as at 30 September 2021 set out in Appendix A be noted.

4. Background

The Council's treasury management operations encompass the following:

- Cash flow forecasting (both daily balances and longer term forecasting)
- Investing surplus funds in approved cash investments
- Borrowing to finance short term cash deficits and capital payments
- Management of debt (including rescheduling and ensuring an even maturity profile)

The key risks associated with the Council's treasury management operations are:

- Credit risk - i.e. that the Council is not repaid, with due interest in full, on the day repayment is due
- Liquidity risk - i.e. 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
- 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 or error

The treasury management budget accounts for a significant proportion of the Council's overall budget.

The Council's Treasury Management Policy aims to manage risk whilst optimising costs and returns. The Council monitors and measures its treasury management position against the indicators described in this report. Treasury management monitoring reports are brought to the Governance and Audit and Standards Committee for scrutiny.

The Governance and Audit and Standards Committee noted the recommendations to Council contained within the Treasury Management Policy 2021/22 on 05 March 2021. The City Council approved the Treasury Management Policy 2020/21 on 16 March 2021.

5. Reasons for Recommendations

To highlight any variance from the approved Treasury Management Policy and to note any subsequent actions.

To provide assurance that the Council's treasury management activities are effectively managed.

6. Integrated impact assessment

An integrated impact assessment is not required as the recommendations do not directly impact on service or policy delivery. Any changes made arising from this report would be subject to investigation in their own right.

7. Legal Implications

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2015 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 appendices.

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Signed by Director of Finance and Resources (Section 151 Officer)

Appendices:

Appendix A: Treasury Management Mid-Year Review 2020/21

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:

<u>Title of document</u>	Location
1 Treasury Management Records	Financial Services

APPENDIX A**TREASURY MANAGEMENT MID YEAR REVIEW 2021/22****A1. SUMMARY OF TREASURY MANAGEMENT INDICATORS**

The City Council approved the authorised limit (the maximum amount of borrowing permitted by the Council) and the operational boundary (the maximum amount of borrowing that is expected) on 9th February 2021. The Council's debt at 30th September was as follows:

Prudential Indicator	Limit £m	Actual £m
Authorised Limit - the maximum amount of borrowing permitted by the Council	963	768
Operational Boundary - the maximum amount of borrowing that is expected	945	768

The maturity structure of the Council's fixed rate borrowing was:

	Under 1 Year	1 to 2 Years	3 to 5 Years	6 to 10 Years	11 to 20 Years	21 to 30 Years	31 to 40 Years	41 to 50 Years
Minimum proportion of loans maturing	0%	0%	0%	0%	0%	0%	0%	0%
Maximum proportion of loans maturing	10%	10%	10%	20%	30%	40%	40%	50%
Actual proportion of loans maturing	1%	1%	4%	13%	13%	5%	32%	31%

The maturity structure of the Council's variable rate borrowing was:

	Under 1 Year	1 to 2 Years	3 to 5 Years	6 to 10 Years	11 to 20 Years	21 to 30 Years	31 to 40 Years	41 to 50 Years
Minimum proportion of loans maturing	0%	0%	0%	0%	0%	0%	0%	0%
Maximum proportion of loans maturing	10%	10%	10%	20%	30%	40%	40%	40%
Actual proportion of loans maturing	2%	2%	6%	11%	23%	25%	17%	14%

Surplus cash invested for periods longer than 365 days at 30th September 2021 was:

	Limit	Quarter 1 Actual
	£m	£m
Maturing after 31/3/2022	200	82
Maturing after 31/3/2023	134	41
Maturing after 31/3/2024	103	4

A2. GOVERNANCE

The Treasury Management Policy approved by the City Council on 16th March 2021 provides the framework within which treasury management activities are undertaken.

There have been no breaches of these policies during 2021/22 up to the period ending 30th September 2021.

A3. INTEREST RATE FORECASTS

When the Bank of England's Monetary Policy Committee (MPC) met on 24th September there was a major shift in the tone of the MPC's minutes at this meeting from the previous meeting in August which had majored on indicating that some tightening in monetary policy was now on the horizon, but also not wanting to stifle economic recovery by too early an increase in Bank Rate. However, this time the MPC's words indicated there had been a marked increase in concern that more recent increases in prices, particularly the increases in gas and electricity prices in October and due again next April, are, indeed, likely to lead to faster and higher inflation expectations and underlying wage growth, which would in turn increase the risk that price pressures would prove more persistent next year than previously expected. Indeed, to emphasise its concern about inflationary pressures, the MPC pointedly chose to reaffirm its commitment to the 2% inflation target in its statement; this suggested that it was now willing to look through the flagging economic recovery during the summer to prioritise bringing inflation down next year. This is a reversal of its priorities in August and a long way from words at earlier MPC meetings which indicated a willingness to look through inflation overshooting the target for limited periods to ensure that inflation was 'sustainably over 2%'. Indeed, whereas in August the MPC's focus was on getting through a winter of temporarily high energy prices and supply shortages, believing that inflation would return to just under the 2% target after reaching a high around 4% in late 2021, now its primary concern is that underlying price pressures in the economy are likely to get embedded over the next year and elevate future inflation to stay significantly above its 2% target and for longer.

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates.

The latest forecasts are shown below.

Link Group Interest Rate View		29.9.21								
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.75
3 month ave eamings	0.10	0.10	0.20	0.20	0.30	0.40	0.50	0.50	0.60	0.70
6 month ave eamings	0.20	0.20	0.30	0.30	0.40	0.50	0.60	0.60	0.70	0.80
12 month ave eamings	0.30	0.40	0.50	0.50	0.50	0.60	0.70	0.80	0.90	1.00
5 yr PWLB	1.40	1.40	1.50	1.50	1.60	1.60	1.60	1.70	1.70	1.70
10 yr PWLB	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10
25 yr PWLB	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.60
50 yr PWLB	2.00	2.00	2.10	2.20	2.20	2.20	2.20	2.30	2.30	2.40

PWLB is the Public Works Loans Board

Bank Rate is not expected to go up fast after the initial rate rise as the supply potential of the economy has not generally taken a major hit during the pandemic, so should be able to cope well with meeting demand without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the Bank of England's Monetary Policy Committee's (MPC's) 2% target after a surge to around 4% towards the end of 2021. Three increases in Bank rate are forecast in the period to March 2024, ending at 0.75%. However, these forecasts may well need changing within a relatively short time frame for the following reasons: -

- There are increasing grounds for viewing the economic recovery as running out of steam during the summer and now into the autumn. This could lead to a stagnant economy with inflation, known as stagflation, which would create a dilemma for the MPC as to which way to face.
- Current key supply shortages e.g., petrol and diesel, could spill over into causing economic activity in some sectors to take a significant hit.
- Rising gas and electricity prices in October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation.
- On the other hand, consumers are sitting on around £200bn of excess savings left over from the pandemic and it is uncertain when will they spend this sum.
- 1.6 million people came off furlough at the end of September, and be available to fill labour shortages in many sectors of the economy. So, supply shortages which have been driving up both wages and costs, could reduce significantly within the next six months or so and alleviate the MPC's current concerns.
- There could be further negative developments with Covid, on top of the flu season this winter, which could depress economic activity.

In summary, with the high level of uncertainty prevailing on several different fronts, these forecasts may need to be revised again in line with developments.

It also needs to be borne in mind that Bank Rate being cut to 0.10% was an emergency measure to deal with the Covid crisis hitting the UK in March 2020. At any time, the MPC could decide to simply take away that final emergency cut from 0.25% to 0.10% on the grounds of it no longer being warranted and as a step forward in the return to normalisation. In addition, any Bank Rate under 1% is both highly unusual and highly supportive of economic growth.

A4. BORROWING ACTIVITY

No borrowing was undertaken during the first half of 2020/21.

The Council's gross borrowing at 30th September 2021 of £768m is within the Council's Authorised Limit (the maximum amount of borrowing approved by City Council) of £963m and also within the Council's Operational Boundary (the limit beyond which borrowing is not expected to exceed) of £945m.

The Council plans for gross borrowing to have a reasonably even maturity profile. This is to ensure that the Council does not need to replace large amounts of maturing borrowing when interest rates could be unfavourable.

The actual maturity profile of the Council's borrowing is within the limits contained within the Council's Treasury Management Policy (see paragraph A1).

Early Redemption of Borrowing

Debt rescheduling opportunities have been limited in the current economic climate and following the various increases in the margins added to gilt yields which has impacted PWLB new borrowing rates since October 2010. During the quarter ended 30th September 2021 no debt rescheduling was undertaken.

With the exception of two loans all the Council's borrowings to finance capital expenditure are fixed rate and fixed term loans. This reduces interest rate risk and provides a high degree of budget certainty.

The Council's borrowing portfolio is kept under review to identify if and when it would be financially beneficial to repay any specific loans early. Repaying borrowing early invariably results in a premium (early repayment charges) by the PWLB that are sufficiently large to make early repayment of borrowing financially unattractive to the Council.

No debt rescheduling or early repayment of debt has been undertaken during the first half of 2021/22 as it has not been financially advantageous for the Council to do so.

A5. INVESTMENT ACTIVITY

The Council's investments averaged £409m during the first half of 2021/22 and made an average annualised return of 0.29%.

As shown by the interest rate forecasts in section A2, it is now impossible to earn the level of interest rates commonly seen in previous decades as all short-term money market investment rates have only risen weakly since Bank Rate was cut to 0.10% in March 2020. Given this environment and the fact that Bank Rate may only rise marginally, or not at all, before the second half of 2023, investment returns are expected to remain low.

Significant levels of downgrades to short and long term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to outlooks. However, as economies are beginning to reopen, there have been some instances of previous lowering of outlooks being reversed.

Although CDS prices (these are market indicators of credit risk) for banks (including those from the UK) spiked at the outset of the pandemic in 2020, they have subsequently returned to near pre-pandemic levels.

A6. COMBINED BORROWING AND INVESTMENT POSITION (NET DEBT)

The Councils net debt position at 30th September 2021 is summarised in the table below.

	Principal	Average Interest Rate	Interest to 30th September 2021
Borrowing (including finance leases & private finance initiative (PFI) schemes)	£768m	3.28%	£12.6m
Investments	(426m)	(0.29%)	(£0.6m)
Net Debt	£342m		£12.0m

*Although the Council's investments were £426m at 30th September 2021, the average sum invested over this period was £409m.

Agenda Item 10

Decision to Opt into the National Scheme for Auditor Appointments Managed by Public Sector Audit Appointments (PSAA) as the Appointing Person

Title of meeting:	Governance and Audit and Standards Committee Cabinet City Council
Date of meeting:	Governance and Audit and Standards Committee 05 November 2021 Cabinet 30 November 2021 City Council 07 December 2021
Subject:	Decision to Opt into the National Scheme for Auditor Appointments Managed by Public Sector Audit Appointments (PSAA) as the Appointing Person
Report by:	Chris Ward, Director of Finance and Resources (Section 151 Officer)
Wards affected:	All
Key decision:	No
Full Council decision:	Yes

1. Purpose of report

This report sets out proposals for appointing the external auditor to the Council/Authority for the accounts for the five-year period from 2023/24.

2. Recommendations

That the Council accepts Public Sector Audit Appointments' (PSAA) invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 01 April 2023.

3. Background

The Council opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the periods covering the accounts for 2012/13 to 2017/18 and 2018/19 to 2022/23. PSAA's auditor appointment arrangements have resulted in a reduction in fees for external audit services from £330,000 in respect of the audit for the 2011/12 accounts, which was the last audit undertaken by the Audit Commission, to £145,000 in respect of the 2019/20 audit.

Decision to Opt into the National Scheme for Auditor Appointments Managed by Public Sector Audit Appointments (PSAA) as the Appointing Person

PSAA is now undertaking a procurement for the next appointing period, covering audits for 2023/24 to 2027/28. During Autumn 2021 all local government bodies need to make important decisions about their external audit arrangements from 2023/24. They have options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they can join and take advantage of the national collective scheme administered by PSAA.

If the Council wishes to take advantage of the national auditor appointment arrangements, it is required under the local audit regulations to make the decision at full Council. The opt-in period starts on 22 September 2021 and closes on 11 March 2022. To opt into the national scheme from 2023/24, the Council/Authority needs to return completed opt-in documents to PSAA by 11 March 2022.

4. Reasons for Recommendations

The sector-wide procurement conducted by PSAA will produce better outcomes and will be less burdensome for the Council than a procurement undertaken locally because:

- collective procurement reduces costs for the sector and for individual authorities compared to a multiplicity of smaller local procurements;
- if it does not use the national appointment arrangements, the Council will need to establish its own auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract;
- it is the best opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement; and
- supporting the sector-led body offers the best way of ensuring there is a continuing and sustainable public audit market into the medium and long term.

5. Integrated impact assessment

An integrated impact assessment is not required as the recommendations do not directly impact on service or policy delivery. Any changes made arising from this report would be subject to investigation in their own right.

6. Legal Implications

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2015 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.

7. Director of Finance and Resources (Section 151 Officer) comments

All financial considerations are contained within the body of the report.

.....
Signed by Director of Finance and Resources (Section 151 Officer)

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:

<u>Title of document</u>	Location
1 Correspondence from PSAA	Financial Services

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Agenda Item 11



Portsmouth
CITY COUNCIL

Title of meeting:	Cabinet
Subject:	Tipner West - Full Council update
Date of meeting:	6 th December 2021
Report by:	Tristan Samuels - Director of Regeneration
Wards affected:	All

1. Purpose

- 1.1 This report was requested by Full Council at the meeting of 13th October 2021. Motion 12b of that meeting, as amended, called on the Cabinet to "*bring a report on the Tipner West project to the December Full Council meeting as a matter of urgency. This report should update councillors and members of the public on the current status of the project, including total spend to date. This report must also include consideration of viable alternative options for the site and set out a timeline for further decisions to be made.*"

<https://democracy.portsmouth.gov.uk/ieListDocuments.aspx?CId=146&MId=4630>

2 Recommendation

- 2.1 That Cabinet notes the content of the report including the appendices.
- 2.2 That Cabinet agree that the report and appendices should be forwarded onto Full Council in response to Motion 12b of the 13th October 2021.

3 Background

- 3.1 The intention to bring forward the regeneration of Tipner West for housing and employment was endorsed by Full Council alongside a decision to include the site in the 2012 Local Plan and again on the 4th January 2014 when Cabinet resolved to implement and accept the City Deal contract.
- 3.2 Following full evaluation by central government, the £48.75m City Deal grant was awarded to the Council in November 2013 in recognition that despite the opportunities the site offered for regeneration, the challenges were so great and costly that the private market would not resolve them.

- 3.3 The blight of the land that had lain derelict for over 50 years and the prospect of bringing this site into productive economic use was a compelling proposition for government and became the cornerstone of the City Deal. The deal presented an opportunity drive the regeneration of Tipner West forward.
- 3.4 The Council and Government in agreeing the City Deal recognised that the site was constrained by issues including flood risk, contamination, multiple ownerships and access. These issues together with the protected characteristics of the environment, all deter market-led development. As a result, and in order to seek to maximise the benefits of the site for the city, the Council in Q2 2019 proactively decided to adopt the role of 'promoter' of the development of the site and created a team to pursue that opportunity and undertake the necessary investigations, master-planning and evaluation. This was a conscious choice by the Council to operate as both 'promoter' and 'regulator' as the Local Planning Authority (LPA) under the Town Planning Acts.
- 3.5 The promoter, using City Deal investment was to coordinate the land assembly, planning and upfront infrastructure works to de-risk the sites and make the sites attractive for sale to the private sector for development. The transfer of the MoD firing range land to the Council, in November 2020, was the first phase of the land assembly, other land parcels continue to be progressed as a necessary pre-cursor to unlocking some of the complexities that have delayed past decision making and deterred private sector investment.
- 3.6 On the 5th February 2019 Cabinet approved that the Local Planning Authority (LPA), as regulator and in preparing the revision of the City Local Plan, could conduct a Regulation 18 consultation for the expanded development of the City Deal site to include reclamation of land to support the viability of the development. The consultation received 344 responses and these showed broad support for the expanded option. These results were reported to the Cabinet on the 24th July 2019.
- 3.7 In October 2020, Cabinet reviewed the work undertaken by the Council's promoter team which put forward a proposal (Lennox Point) that delivered a greater level of positive social, economic and environmental outcomes than all of the alternatives it had considered. It was agreed by the Cabinet that this proposal provided the greatest future opportunities for the city's needs, as well as being the most financially viable scheme.
- 3.8 Cabinet and the Council have noted that for this proposal to be successful it would be subject to the scrutiny of the Secretary of State (SOS) who would be independently advised by Natural England, the Environment Agency and the Marine Maritime Organisation as part of a case required to demonstrate an Imperative Reasons of Overriding Public Interest (IROPI).



- 3.9 The design principles adopted for the Lennox Point proposal seek to achieve the highest possible environmental standards within the objectives of the project as well as going beyond the requirements for mitigation and compensation by exceeding the statutory levels proposed. However, some of the net environmental gain will fall outside of the Portsmouth boundary and the acceptability of this will need to be judged both by the Council as regulator and by the various statutory agencies advising the Secretary of State.
- 3.10 It has been made clear by Natural England that any option proposed for Tipner West, including 'do nothing', would have significant effects on the Special Protection Area (SPA) and require a Habitat Regulations Assessment (HRA) and potentially an IROPI case to be made to the Secretary of State.
- 3.11 The Leader has asked the LPA as regulator to confirm with the Secretary of State, under Regulation 107 of the Habitats Regulations, to provide an early view on whether an IROPI case for Lennox Point should be considered.
- 3.12 Should the Secretary of State indicate that an IROPI case could be considered, any proposal for the site must be agreed by Full Council as part of its Regulation 19 submission.
- 3.13 Tipner West represents a unique opportunity to shape the future of Portsmouth. High quality jobs and new homes are vital for the economic vibrancy and sustainability of the city. Coastal regions can be uniquely challenged and there are many examples across the UK of places that have seen significant decline with a corresponding fall in prosperity and living standards.
- 3.14 Successful coastal regions have been able to capitalise on their natural assets. Portsmouth has enviable geographic advantages with its proximity to the world's busiest shipping route and more connections to Europe than any other UK port. Complimented by a deep-water harbour, Portsmouth is well placed to exploit the opportunities that this competitive advantage provides.
- 3.15 The development of Tipner West, with an emphasis on marine and maritime employment, creates an opportunity to meet the sector demand, help secure Portsmouth's economic future, and be a natural complement to the Solent Freeport area that is being established.
- 3.16 It is acknowledged that a scheme of this scale and ambition and at this early stage is not without risk. As the scheme progresses through its further regulatory, planning and viability processes it may need to be adapted and adjusted.

4 Reason for the recommendation

- 4.1 The report requested by the Full Council motion contains two significant information requests from the Cabinet concerned with different portfolio responsibilities:
- The report is asked to update members on the *current status* of the project at Tipner West, including the *total spend* on this to date. The project, at the sites of Tipner West and Horsea Island East is a council-initiated development that has the potential to have a significant impact for the city as a whole.
 - The report is also asked to include *consideration of viable alternative options* for the site and *set out a timeline* for further decisions to be made. The consideration of alternative development options and timeline for doing so is the responsibility of the Local Planning Authority team following the Local Plan Regulation 18 consultation.
- 4.2 There is an important distinction between the Council's role as the 'promoter' of a specific project and 'regulator' under the Town Planning Acts.
- 4.3 As promoter, in accordance with past Full Council and Cabinet decisions, the Council decided to bring forward strategic development on the site as landowner and steward of the land.
- 4.4 As 'regulator', under the Town and Country Planning Act, the Council's role is to assess the strategic needs of the city and put in place a Local Plan to meet those needs, and to assess individual applications for planning permission, including those that may be made by the Council itself as a promoter.
- 4.5 These two functions are distinct in law and in practice to ensure the council is able to make the necessary decisions about development of land it owns within the framework of the relevant legislation and regulations that govern those decisions.
- 4.6 The first request of the report is therefore one to the promoter of the specific project. The promoter is able to provide details of the current status of the project, and the steps that have been taken to reach that position and provide details of the funds that have been spent to date to achieve this. This is set out in full at Appendix A and summarised below in sections 5 and 6, below.
- 4.7 The second request, relating to the consideration and viability of different options in addition to the promoter's proposal, and how and when decisions on those options will be made, is the role of the regulator, the Local Planning Authority, as it forms part of the Council's spatial forward plan. This is set out in section 6, below.

5 Summary of the Promoter's Report (Appendix A)

Current status of the project and total spend

5.1 The report provided in Appendix A, is an update for the Council prepared by the Council's team as promoter of the project at Tipner West and Horsea Island. Within that report are detailed:

- the current status of the project, including total spend to date
- the alternative options for Tipner West that have been explored and evaluated by the promoter in selecting the Lennox Point scheme as its preferred option
- the council's obligations under the City Deal, signed with central government, which relate specifically to the wider Tipner West site including the transfer of the MOD firing range
- the promoter's summary of the overall economic and environmental considerations that the council must give due consideration to in the wider public interest of residents.

It also outlines:

- the economic benefits that the preferred option (Lennox Point) could provide and the wider impact it could have for the economic sustainability of the city for current and future generations
- the work that led to the Council's October 2020 decision to progress a planning application for the preferred option (Lennox Point)
- the promoter's assessment of the opportunities and constraints of the site at Tipner West and Horsea Island East (HIE)
- the promoter's summary of the environmental considerations and associated necessary assessments by independent inspectors and statutory stakeholders on issues, such as reclamation, wildlife and habitat impact, mitigation and compensatory measures
- further details of the breadth of research, surveys and reports that have led to the recommendation to progress Lennox Point - supporting reports will be provided alongside the update for Members to review.

5.2 It is considered that the appended report compiled by the project team, acting on behalf of the Council as promoter, provides a full update on the current status of its preferred option and associated details to explain the journey the project has taken to date and the funds that have been spent to realise that work.

Consideration of alternative options and timeline for future decisions

5.3 The following section provides a response to the second request, embodied in the Motion, identifying alternative options and the decision-making process and timeline looking forward from the current position. As it details the future decisions of the Council it has been prepared by the planning service, as the LPA and regulator.

Alternative options – the Council’s role as LPA

- 5.4 The Council has recently completed a consultation on its emerging Local Plan under Regulation 18. This is the final consultation to identify all strategic options and issues before it must prepare its final Draft Plan for consultation and submission to the Secretary of State. This Regulation 18 consultation document contained three alternative development options for the Tipner strategic area, but also asked a specific consultation question seeking from consultees whether there are any other options for development at Tipner that the Council should consider.
- 5.5 The three options contained within the consultation document provided for the same development at Tipner East in each case but described alternative proposals at Tipner West and Horsea Island East. These were:

Option 1: Innovative sustainable community (inc. land reclamation)

This option reflects the scale of proposal described in the Lennox Point project, providing for around 3,500 dwellings, 58,000sqm of marine employment and 19,000sqm of other commercial, retail and community floorspace. It also incorporated the masterplanning principles and aspirations described in the Lennox Point project and allowed for land reclamation to increase the developable area.

Option 2A: Regeneration of existing area

This option reflects an alternative to bringing forward the current Local Plan policy from 2012, into a new Local Plan allocation, updating it to reflect current information. It therefore seeks to provide around 800 dwellings and 25,000sqm of employment land. The masterplanning principles are similarly less ambitious, but this scale of development would not seek to allow for land reclamation.

Option 2B: Re-development of the existing land mass

During the consultation, as part of the continuous assessment of sustainable options for development, the Administration asked the Planning Service to consider an alternative to option 2 to increase the scale of development beyond that described in the 2012 Local Plan and to be more reflective of the 2013 City Deal. This option is described as option 2B and would propose the redevelopment of the existing land mass for 1,250 homes, and 58,000sqm of marine employment on Tipner West and Horsea Island East, served by a new linking bridge. This further alternative option will be considered alongside the three published options in the Regulation 18 consultation document and the other options for redevelopment that were raised for consideration by third parties during that consultation.

Option 3: Maintain (no strategic scale development at Tipner West)

This option reflects the 'do nothing' principle. No allocation is made to encourage development at Tipner West or Horsea Island East and any development of those sites would be assessed as windfall development under the wider, general development management policies of the Local Plan.

- 5.6 During the Regulation 18 consultation, which closed on the 31st October, three further alternative options for development at Tipner West were raised for the Council's consideration:

Option 4: Container Park for Port use

Portsmouth International Port has raised a suggestion that the existing land at Tipner West could be developed to provide commercial facilities in support of the port's operations. This would include a logistics park for vehicle parking, container storage and a pre-gate facility where certain preparatory works to support international shipping and border control can be carried out. The port's submission suggests up to 6ha over the existing firing range land could be allocated for this purpose.

Option 5: Resident proposal

Two residents have submitted a scheme relating to the potential of Tipner East and West and the downgrading of the M275 to an A-road. This proposal does not include any detailed appraisal of the number of homes, or floorspace of commercial development that could be provided, but focusses on describing areas of land that would be released for development by the road proposal. The areas of land released at Tipner are the same as those considered in Option 2, being the existing land mass. The submission suggests further land elsewhere would also be released for use through the reclassification of the M275.

Option 6: Nature reserve

A number of individuals, mostly utilising a largely proforma response email published by the Hampshire and Isle of Wight Wildlife Trust and the RSPB, have suggested that the land at Tipner West could be converted to be a nature reserve.

- 5.7 These seven options are considered to represent the full range and breadth of alternatives for development at the strategic site at Tipner. The council motion asked for a report including consideration of viable alternative options for the site.
- 5.8 While this report, to meet the requirement to provide an update to the December Full Council meeting, has described those further options that have been identified, it is not able at this stage to provide detailed consideration on all those options, nor to provide a robust commentary on whether all of these options are viable at this time.

- 5.9 The robust appraisal of the alternative options identified at and through the recent Regulation 18 consultation of the Local Plan will be a key part of the evidence base Members will have to consider in drafting the final Local Plan for Regulation 19 and submission to the Secretary of State.
- 5.10 This appraisal will be informed by both a Strategic Environmental Appraisal (SEA) of options and a Sustainability Appraisal (SA) of the emerging policies and reasonable alternatives. The SA is an assessment of each of the proposals in the Local Plan to ensure they are contributing to the achievement of sustainable development as defined in the National Planning Policy Framework ('NPPF') and required by s39 of the Planning Compulsory Purchase Act 2004.
- 5.11 This SA considers the wider environmental, economic and social effects of each proposal within the emerging Local Plan, allowing the Council to compare these implications to ensure the plan, as a whole is contributing to sustainable development and the likely effects of the plan can be judged against any reasonable alternatives.
- 5.12 In doing so the SA incorporates the requirement to undertake SEA, a process that ensures all environmental effects are given full consideration, as required by the guiding Regulations, alongside the social and economic issues.
- 5.13 The SA and SEA processes are carried out in consultation with relevant national bodies and in parallel with the Local Plan preparation starting from the evidence gathering and engagement stage and continuing until the plan is submitted to the Secretary of State. The evaluation of the likely effects of the plan and the alternatives to prepare a final sustainability appraisal report is now being undertaken by the Council's Planning Service in order that recommendations can be made for consideration by Members as part of the process of progressing the strategic policies of the Local Plan during its preparation.
- 5.14 In addition to the assessment of alternatives through the sustainability appraisal process, officers are also undertaking an assessment of the deliverability of the alternatives. For the Local Plan to be found 'sound' it must be effective and deliverable over the plan period. For a site option to be include in the Local Plan, it would need robust evidence to demonstrate that it would be capable of being developed during the plan period (with evidenced phasing) and viable for the proposed quantum(s) of development, taking into account all constraints and requirements. For larger scale developments (potential significant urban extensions such as Tipner) proposals must also be set within a vision that looks further ahead (at least 30 years) to take into account the likely timescale for delivery.

5.15 The recent Inspector's Interim Report¹ on Havant Borough Council's submitted Local Plan, following their examination hearings over the summer, illustrates the deliverability evidence required and level of scrutiny that proposed site allocations would undergo at examination. The main points are as follows:

- The inspector challenged the level of delivery from the Havant and Waterlooville centre redevelopments (Policies KP1 & KP2 of the submitted Havant Local Plan) on the individual plots that assumed release/ redevelopment of land outside the Council's control and/or relocation of existing uses. The implications of this for the Portsmouth Plan are that where any alternative options would rely on the use of non-PCC land and/ or land with existing use there would need to be evidence that this land/ use can be made available and would no longer be required for its current use (or that timely alternative provision can be made).
- For a 2,100 dwelling allocation (Policy KP5), which relied on the delivery of a new link to the A27, the inspector concluded that due to the further assessments on the impact of the scheme on the highway network (and any subsequent mitigation requirements) that would be needed ahead of a planning application, the scheme was therefore unlikely to deliver the stated number of homes during the plan period at the given trajectory. The implication for the Portsmouth Plan would be that the allocation of any alternative options for Tipner would need to be supported by a credible trajectory that takes account of any major enabling infrastructure required (e.g. new access roads, other major transport infrastructure, flood defences) and that the necessary funding would be able to be secured to enable the delivery during the plan period.
- For a number of other proposed housing allocations (Policies KP3, H27, H40) where there were known on-site constraints (heritage, flood risk and ecology in this instance) that the inspector deemed required further evidence to understand the possible impact on potential site capacity and overall deliverability. Alternative options for Tipner will therefore need to be assessed to determine if they could deliver the level of development proposed with the various known site constraints that would need to be overcome, as well as considering the impact on financial viability of the scheme.
- The conclusion of Interim Report on Havant Local Plan directed those aspects of the proposed site allocations with insufficient delivery evidence should be removed from the Havant Local Plan's housing supply, thereby significantly reducing the overall proposed supply to a level where it is recommended that the current draft of the Plan is withdrawn and further evidence/ housing supply is sought.

¹ Examination of the Havant Borough Local Plan: Inspector's Interim Findings Report.

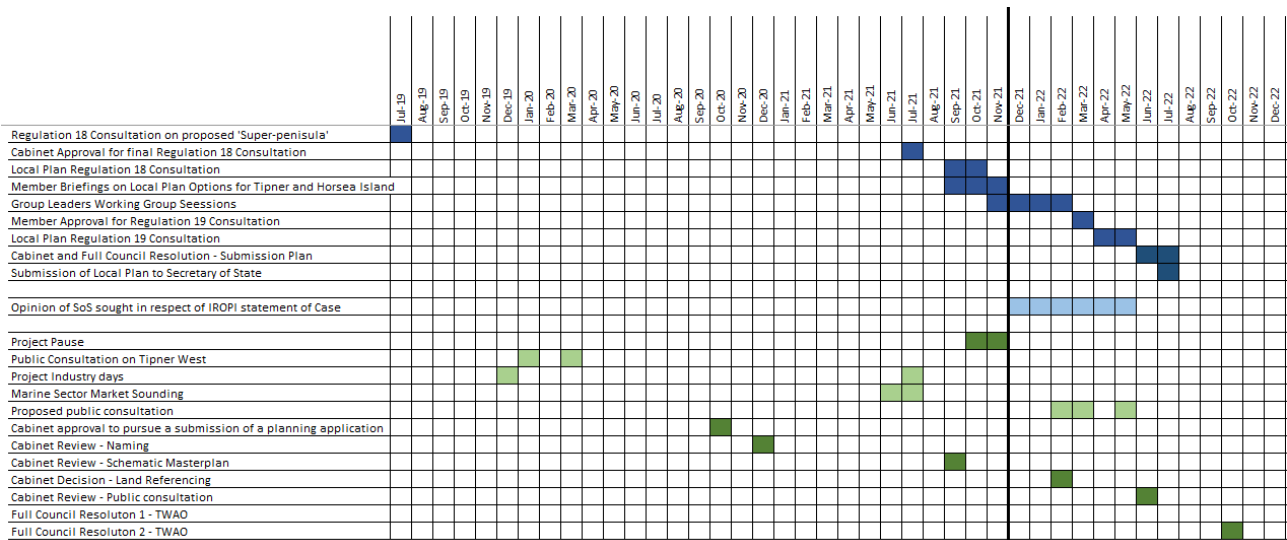
<https://cdn.havant.gov.uk/public/documents/CR18%20The%20Inspector's%20Interim%20Findings%20Report.pdf>

- A strategic policy for development at Tipner will therefore need robust evidence that it can be delivered, including that the number of homes proposed within the 15 years of the plan have a reasonable prospect that they can be viably developed and delivered. The assessment of the deliverability of the alternatives, including their financial viability, will be undertaken to be presented to Members to inform their decision making as the plan preparation is finalised.

Timeline for further decisions

5.16 Members will be required to determine the content of the final draft Local Plan to be able to undertake the relating consultation in accordance with Regulation 19 and consequently submit it to the Secretary of State for examination. It is this determination of strategic policy which is the key further decision in respect of development at Tipner. The timeline for that work is defined in the Local Development Scheme (LDS) approved by the Council's Cabinet, most recently in July 2021. The current LDS anticipates the completion of the final draft Local Plan for a consultation in winter 2021.

5.17 To meet this timeline, the leaders of the political groups have agreed to set up a working group, consisting of two members of each group, to discuss the strategic outcomes required in the Local Plan, focussed on the intended approach for Tipner. These meetings will occur throughout late autumn and into the winter to seek to finalise the key strategic decisions of the Local Plan. Updates on the progress of this working group and any likely implications for the timetable of the LDS will be regularly made to the portfolio holder for planning policy and city development and any necessary revisions to the LDS arising from this will be brought before Cabinet for approval. Current key steps associated with the matter that Council has asked for updates on are included in the illustrative timeline below:



5.16 Ultimately the decision on alternative(s) for development at Tipner will be for Full Council when it approves its submission Local Plan for consultation under Regulation 19.

6 Financial implications

- 6.1 In response to Members requests for details of project expenditure, details of the costs covering the period from the project inception in 2013/14 to date are set out below. The funding is met from the City Deal grant of £48.75m and is contained within the Tipner Regeneration Scheme within the approved Capital Programme. Total expenditure incurred to date (27.10.21) amounts to £18.6m as follows:

Description	Cost £m	Explanation
Master planning and consultant fees	£9.5	Work undertaken to inform the planning application by a multidisciplinary team including consultant planners, architects, structural and civil engineers, cost consultants, ecologists and marine consultants.
Land acquisition (incl. associated Legal Fees)	£3.8	Purchase of MOD Land at Tipner West (firing range) and Horsea Island East as part of City Deal agreement
Survey costs	£2.4	Specialist ground marine investigation works within Tipner Lake / Porchester Lake, Tipner West and Horsea Island. Ecological and topographical surveys
Internal fees	£2.3	Charges from internal council services since 2013/14 (i.e. project management, regeneration, finance, legal, property, communications, highways, procurement)
Legal fees	£0.2	Pre-submission external legal advice
Local planning fees	£0.2	Planning performance agreement (PPA) with local planning authority and all LPA governance since this commenced in 2021
Site management	£0.1	Security and land management of firing range and Horsea Island East sites.
Statutory fees	£0.1	Discretionary advice from national bodies (i.e., Natural England, Environment Agency, Marine Maritime Organisation, Crown Estate), licencing
Total	18.6	

- 6.1 Whilst this is a substantial sum, it is not disproportionate for a site of this complexity. Costs of this order were reflected in the overall financial evaluation of the City Deal bid supported by the Government. By comparison, it is estimated that the development of the site for something akin to the Lennox Point proposal would cost in the region of £1.4bn. Therefore, current fees represent 1.3% of overall gross development cost.

6.2 As described earlier in the report, the Council is contracted to deliver the following by 2030 in return for the £48.75m City Deal grant:

- 2,370 homes
- 58,000 sqm of employment space
- 3,742 new permanent jobs by 2025
- 1,300 temporary construction jobs
- £640m of private sector investment

6.3 At this stage, the immediate maximum financial exposure of the Council amounts to £67.35m in the event that a scheme is not delivered that meets the contracted outputs in terms of jobs and homes of the City Deal. The £67.35m is comprised as follows:

- £18.6m to fund the expenditure incurred which does not meet the contracted outputs of the City Deal funding
- The return of City Deal grant funding received of £48.75m

6.4 In the medium to longer term, the financial exposure to the Council in terms of lost investment (£48.75m), abortive costs (£18.6m) plus costs associated with 'do nothing' (£32.1m - see analysis below) is £99.45m. Whilst the £99.45m is described as "financial exposure" it represents foregone investment of the City Deal grant of £48.75m and real costs of £50.7m.

Financial appraisals - the Council's role as developer

6.5 The Council in its role as developer, supported by expert consultants, has carried out financial appraisals of the following options which span a range of development scales.

- Option 1: Do nothing: No intervention on Tipner West and the related flood risk
- Option 2: Extend existing uses
- Option 3: Defend existing land mass - this is akin to the LPA's option 3 (maintain no strategic scale development at Tipner West)
- Option 4: Developing the existing land mass as explored from 2016
- Option 5: Developing the existing land mass in line with the Local Plan 2012
- Option 6: Developing the existing land mass in line with the City Deal 2013 - this is akin to the LPA's option 2B (re-development of existing land mass)
- Option 7: Developing the existing land plus land reclamation (Lennox Point) - this is akin to the LPA's option 1 (innovative sustainable community inc. land reclamation)

- 6.6 A summary of the financial appraisals undertaken by the Council as developer is tabulated below. A clear observation is that the larger the scale the greater the likelihood of financial viability. The reasons for the financial viability challenge relate to a number of unavoidable costs, such as sea defences, land remediation and relocations costs. Only a development of larger scale, delivering more homes and employment space and still providing community infrastructure, can reduce the overall viability gap.

Scheme outcomes	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7
Number of homes	0	0	0	821	1,270	1,250	3,500
Marine employment space	N/A	N/A	N/A	58,000 sqm	N/A	58,000 sqm	58,000sqm
Number of jobs	0	0	0	2,550	810	2,640	5,530
Total viability gap / costs to be funded	£18.6m	£33.4m	£50.7m	£126.4m	£129.3m	£182.5m	£158.9m
Viability gap (subsidy required) per dwelling	N/A - No dwellings	N/A - No dwellings	N/A - No dwellings	£153,984	£101,803	£146,002	£45,373

- 6.7 In terms of the options evaluated by the Council as developer, at this stage none of the appraised options are financially viable without further government subsidy and value engineering. This was highlighted in the October 2020 report that requested authorisation to continue to deliver a planning permission on the site. Whilst value engineering that seeks to reduce costs can continue, any further government funding will only be confirmed once Planning Permission has been achieved.
- 6.8 Whilst the Lennox Point scheme (Option 7) is estimated to require the second largest public subsidy at £158.9m, this option is much closer to overall viability than the other options since it requires the lowest subsidy per home at £45,373. The nature of the development with its environmental design principles alongside the significant scale of housing and employment space has the greatest scope for adjustment to improve the overall cost position as well as the greatest opportunities to attract further government funding due to the scale and breadth of its economic outputs (i.e. across multiple government departments).
- 6.9 Due to the other outputs of the scheme relating to employment, transport and environmental factors, the business case for the development has the potential to attract funding from other government departments such as BEIS, DfT and DEFRA.



- 6.10 In contrast, all of the other options deliver significantly lower jobs, homes and transport benefits and coupled with the very high subsidy per dwelling required make their investment cases weak and any further funding to help bridge any viability gap remote.
- 6.11 In summary, the Lennox Point scheme (Option 7) is:
- 6.11.1 The only scheme that meets the criteria for the City Deal and therefore the £48.75m of grant funding
- 6.11.2 Has the greatest opportunity to meet financial viability through:
- Value engineering
 - Grant funding from Homes England
 - Grant funding from other government departments
- 6.12 By way of context, Homes England has previously provided funding in an upper range between £30,000 to £35,000 per unit. Should Homes England provide funding at a similar level, this would leave circa. £10,000 to £15,000 per unit to be funded through value engineering and / or grant funding from other government departments.
- 6.13 Finally, even a 'do nothing' option for Tipner West (this is likely to be Option 3 due to the Council's obligation to "hold the line") would have a substantive cost of £50.7m to the Council as landowner of much of the land. This cost would include funding the current costs already incurred of £18.6m plus a further £32.1m as the minimum necessary investment in flood defence and marine abnormal costs on this site to protect existing land uses such as the Harbour School and meet the Council's obligations under the Solent Shoreline Management Plan. This option could also result in the return of the £48.75m City Deal Grant
- 6.14 In summary, at this early stage it is acknowledged that there is a risk that overall financial viability may not be achieved. However, only a scheme of significant scale with substantial economic and environmental benefits (in terms of jobs, homes and other wider economic and environmental benefits) is capable of being financially viable. Schemes of smaller scale and fewer economic benefits will not be capable of providing both sufficient income returns and attracting the required government funding to meet the scale of the significant infrastructure / remediation costs necessary for this site.
- 6.15 A risk managed approach to spending has been employed by the council ensuring, as far as possible, that spend incurred would be required for any development of the site. Much of the spend for the regeneration of Tipner West is front loaded to support the necessary enabling works for a number of alternative development options for the site.
- 6.16 Other alternative options that have recently been submitted as part of the Regulation 18 consultation process have not been fully evaluated at this stage and therefore are not included in the options presented.

7 Legal implications

- 7.1 The report sets out the current position and the basis upon which the Council engages and in what capacity (see paragraphs 4.2 - 4.6). Additionally, the references to the current Local Plan process as distinct from the position of the council as promoter are correct and should not be conflated.
- 7.2 The report is for information and sets out to engage in responding to the motion upon a purposive basis enabling members to have a range of options to consider.
- 7.3 The current expenditure is within the scope of competency within the Localism Act 2011 and is likely to be necessary and required as part of the cost of delivering any scheme/option moving forward.
- 7.4 On the use of external consultants, it is worth noting that this work could not have been undertaken by council officers in the planning and economic growth function, as they form part of the regulatory role of the Council. The application promotional work must be seen as independent and without prejudice to the regulatory function of the Council. In addition, the Council does not have sufficient resources, skills, expertise and experience to deliver projects of this scale, nature and complexity without consultant support.

Tristan Samuels

.....
Signed by Tristan Samuels, Director of Regeneration

Appendices:

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

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

Title of document	Location
LXP- FC Pause- Update - Full Report & associated appendices	Appendix A

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APPENDIX A

Tipner West Regeneration Update Report

About this document

This report has been prepared in response to the resolution of Full Council on the 13th October 2021 to update councillors and members of the public on the current status of the Tipner West project, including total spend to date.

While this report does include consideration of the viability of alternative options for the site, this has been undertaken by the Council's team as promoter of the Lennox Point scheme. A broader review of the options following the Regulation 18 consultation will be carried out by the Local Planning Authority as regulator, as explained in the covering report.

The covering report also sets out a timeline for further decisions to be made, including on options, by the LPA as regulator.

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N	Transport strategy
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P CONFIDENTIAL	Stakeholders
Q CONFIDENTIAL	Developer full structure
R	Lennox Point FAQs for Members

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1.0 Executive summary

- 1.0.1 This report is in response to the motion passed by members of Portsmouth City Council on 13th October 2021 to pause and rethink the Tipner West project to ensure value for money is achieved, the environment is protected, and the maximum levels of affordable housing are delivered.
- 1.0.2 As described in the covering report, it sets out the approach taken by the team working on behalf of the Council to explore the most beneficial and viable approach to addressing the constraints and opportunities of the Tipner West site. These steps have been taken in response to the various decisions of the Cabinet and Council since the City Deal in 2013. These decisions have been guided by the consultation undertaken both by the Council as LPA and by the Council as promoter seeking the most environmentally, economically and socially advantageous development of the site.
- 1.0.3 The report sets out the drivers of the Tipner West regeneration; the impact of the £48.75m 2013 City Deal; the structure of the project; its governance and total spend to date; and the detailed work that led to the October 2020 Cabinet decision to progress a planning application for the Lennox Point masterplan. It also includes a suggested timeline for further decisions to be made with members of the Council.
- 1.0.4 Tipner West and the area of Portsmouth Harbour that has been identified to be part of Option 1 in the draft Local Plan is part of an environmentally protected site. However, without adequate planning all of these protected spaces will be lost as sea levels rise. If the Council is to pursue any development on Tipner West, defend the existing land mass or do nothing, a Habitat Regulations Assessment will be required as habitats will be lost.
- 1.0.5 Given the unique features of this site, and as recognised through the award of the City Deal grant, development of this site cannot be done in a traditional 'market led' way. If Tipner West is developed it needs to be done responsibly and sustainably, with significant public subsidy.
- 1.0.6 This report is intended to inform the 'pause' requested by Council and assist Council in determining its next steps. It concludes that developing the existing land mass plus land reclamation (represented by the Lennox Point proposal) is the strongest option for Tipner West in order to deliver the most financially viable scheme and a scheme that also:
- Protects Tipner from flooding
 - Delivers against the City Deal agreement
 - Delivers a world-class marine and maritime employment hub
 - Delivers the new homes in answer to Portsmouth's housing need
 - Delivers a critical infrastructure bridge link and better city-wide connectivity
 - Delivers an opportunity to redefine the gateway to the city

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- Presents an opportunity to create an exemplar net zero carbon development that sets the standard for Portsmouth and the wider UK
- Delivers a net habitat gain.

This will be subject to rigorous testing by the Local Planning Authority and the various statutory agencies for and on behalf of the Secretary of State, both in terms of inclusion within the final Portsmouth Local Plan and any future planning applications and associated licence applications.

2.0 Prologue

- 2.0.1 The Tipner West site has long been recognised by the city as both a regeneration opportunity and complex challenge.
- 2.0.2 The £48.75m 2013 City Deal and the transfer of the MOD firing range land to the Council unlocked some of the complexities that have delayed past decision making and deterred private sector investment. The City Deal presented an opportunity to drive the regeneration of Tipner West forward.
- 2.0.3 By promoting the exploration of one of the largest regeneration projects in the UK, the Council has the opportunity to shape the development, ensuring it attracts the right investment and partners who share the Council's values and ambitions for Portsmouth.
- 2.0.4 High quality jobs and new homes are vital for the economic vibrancy and sustainability of Portsmouth. Coastal regions can be uniquely challenged and there are many examples across the UK of places that have seen significant decline with a corresponding fall in prosperity and living standards.
- 2.0.5 Successful coastal regions have been able to capitalise on their natural assets. Portsmouth has enviable geographic advantages with its proximity to the world's busiest shipping route and more connections to Europe than any other UK port.
- 2.0.6 The development of Tipner West, with an emphasis on marine and maritime employment, creates an opportunity to meet the sector demand, help secure Portsmouth's economic future, and be a natural complement to the Solent Freeport area that is being established.

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3.0 Drivers of the project

- The 2013 City Deal agreement unlocked Tipner West with the transfer of the MOD firing range
- There is a need for maritime employment in the Solent
- Portsmouth needs to deliver good quality homes for residents
- The site will flood unless sea defences are created
- The Council must give due consideration to the overall economic and environmental considerations of redeveloping the site

3.1 The 2013 City Deal opportunity

3.1.1 The City Deal bid (**Appendix A**) recognised the potential for Tipner West to stimulate the local economy in response to the economic shock of shipbuilding at the dockyard coming to an end. Portsmouth's bid spoke to a region struggling to move forward economically. It saw Tipner West as a catalyst for regional change and identified an ambition to grow the marine and maritime sector in the Solent.

3.1.2 The bid also recognised the region's challenges and the complexities that have delayed past decision making and deterred private sector investment, such as:

- multi-agency engagement blocking site assembly and remediation
- uncertainty linked to the delivery of infrastructure to release development
- the unique location and the habitat directives that protect it.

The private sector could not take this project forward until these hurdles had been cleared.

3.1.3 The City Deal presented an opportunity to bring together government organisations, coordinated by the Council, address these challenges and drive the regeneration of Tipner West forward.

3.1.4 In January 2013, Portsmouth was awarded a £48.75m City Deal grant from central government to invest in growth, critical infrastructure, skills and jobs, and specifically explore opportunities at Tipner West and Horsea Island East. Under this contract there was an agreement to transfer the firing range land from the Ministry of Defence to the Council and a promise to deliver:

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- 2,370 homes
- 58,000 sqm of employment space
- 3,742 new permanent jobs
- 1,300 temporary construction jobs
- £640m of private sector investment

3.1.5 The City Deal's key aims are to:

- deliver the core strategy (Portsmouth Plan) for the Tipner and Horsea area
- make a positive contribution to the other corporate strategies including the regeneration strategy and the Solent Local Enterprise Partnership (LEP) strategy for growth (marine and maritime employment)
- maximise the impact of marine and maritime assets by unlocking critical employment and housing sites.

3.1.6 **This has formed the baseline for any development at Tipner West as failure to deliver could result in Portsmouth returning the £48.75m grant to central government.**

3.2 The marine and maritime sector

3.2.1 The marine and maritime sector (**Appendix B**) provides almost one fifth of the UK's GVA.

3.2.2 The Solent is the highest ranked and most diverse marine cluster in England and Wales.

3.2.3 The marine and maritime sector is the largest sector in the Solent region.

3.2.4 However, the Solent LEP identified a regional need that only the site at Tipner West can fulfil in the marine and maritime provision within the Solent maritime cluster in order to support the UK's marine and maritime sector.

3.2.5 Waterfront employment sites compete with other uses, creating difficulty in meeting growth capabilities for the marine and maritime sector.

3.2.6 A minimum land area of nine hectares and provision of 58,000sqm of marine and maritime employment floorspace is required to deliver the necessary sector support, creating the opportunity for 1,900 maritime manual and skilled jobs (**Appendix C**), apprenticeships and training opportunities across ship building, engineering, maritime research and green technology.

3.2.7 Lennox Point has been designed to address these fundamental needs and will have a leading marine employment and green marine technology hub that will reinforce Portsmouth's place in the heart of the Solent maritime economy, enabling Portsmouth and its residents to be the focus for growth in skills and innovation in the marine economy.

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- 3.2.8 A marine sector market sounding exercise was undertaken in summer 2021 to understand interest from the specific sectors within the marine and advanced manufacturing market and test market appetite for the commercial delivery options. 46 marine sector organisations across the breadth of the marine sector, both UK based and international, responded positively, with new-build, marine leisure, repair and refit, and commercial vessel sectors most highly represented.
- 3.2.9 Commercially sensitive conversations have been had following the completion of the survey with larger marine and maritime companies.
- 3.2.10 **Tipner West has unique attributes and is a prime location to deliver strategic marine employment provision in the Solent area. Work by the Solent LEP supports the assertion that there are no suitable alternatives to deliver this scale of economic support to the sector.**

3.3 Housing

- 3.3.1 Portsmouth has an unmet housing¹ need of 17,701 homes in the period up to 2038.
- 3.3.2 The Lennox Point proposals would deliver circa 20% of that total.
- 3.3.3 Neighbouring authorities are unable to meet that need in addition to their own requirements.
- 3.3.4 In preparatory work for the Local Plan review, the Local Planning Authority (LPA) has already fully explored all potential options for the city.
- 3.3.5 Alternative locations for the 3,500 homes proposed at Tipner West cannot be found within Portsmouth's administrative boundaries. Without the 3,500 homes proposed at Tipner West, the development team estimates that the Council will have to look to use between 27 to 33.5 hectares of existing open space within the city to accommodate homes, or substantially increase density in an already densely populated city.
- 3.3.6 The development at Tipner West is fundamental to meeting Portsmouth's unmet housing need and meeting the housing demand to support and sustain the marine and maritime sector within the Solent and UK.
- 3.3.7 There is a historic undersupply of homes in Portsmouth and very few new affordable homes built in Portsmouth over the last few years. Under central government's rules, without finding alternative locations for the allocation of the 3,500 homes proposed on previously developed brownfield land at Tipner West, Portsmouth will not be able to meet its five-year housing land supply or Local Plan target. The city could therefore lose planning appeals by developers on unplanned sites if the Council does not manage delivery of the housing need.

¹ Housing need as defined and calculated by UK government

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- 3.3.8 The 2019 Housing Needs Study² identified that there are 6,419 households in Portsmouth unable to rent or buy across the Local Plan period. This underpins the affordable housing policy of the Council.
- 3.3.9 The current council housing register (waiting list) for affordable accommodation has 2,238 households on it waiting to be housed, many of whom will wait more than two years.
- 3.3.10 There is also a shortage of housing suitable for households earning between £15,000 and £30,000 in Portsmouth, this is affecting approximately 11,500 households in the city. Lennox Point looks to help reduce waiting for these households and those on the register, by specifically targeting these affected groups. Lennox Point would deliver 1,050 new affordable homes in line with adopted policy and local need, currently 30%.

Travel and jobs

- 3.3.11 Over 13,000 more people travel into the city each day to work than those who travel out. In total 41,000 people travel into the city each day to work. It is anticipated that additional housing provision could capture some of these in-commuters as residents.
- 3.3.12 28,000 residents travel out of Portsmouth each day. Delivery of additional employment activity could capture some of these out-commuters as resident workers, resulting in greater capture of economic benefits and reducing unsustainable commuting patterns.
- 3.3.13 Creating an additional bridge³ route between the mainland and Portsea Island, represents a valuable critical infrastructure link for the city. It will make it easier to travel between the north and south of the city by sustainable modes of transport, like bike and bus, avoiding the motorway. It would better link regional workers with their place of work, provide better connection with communities in Stamshaw and Port Solent and provide a route to the proposed country park at Horsea Island East that is accessible on foot, by bike and bus, rather than by car via the motorway.

² <https://www.portsmouth.gov.uk/services/development-and-planning/planning-policy/new-local-plan-evidence/>

³ Local plan 2012 and transport strategy, SEHRT etc

<https://www.portsmouth.gov.uk/services/development-and-planning/planning-policy/the-local-plan/>

<https://www.portsmouth.gov.uk/services/parking-roads-and-travel/travel/local-transport-plan-4-ltp4/>

<https://www.portsmouth.gov.uk/2021/08/12/see-the-latest-plans-for-improving-bus-journeys-and-have-your-say/>

<https://www.sehrt.org.uk/>

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3.3.14 Delivery of homes closely linked to jobs will provide Portsmouth with the opportunity to:

- increase its share of the economic growth potential
- address the imbalance between jobs and workers by increasing the supply of homes at the right tenure and price
- capture the benefits of economic activity and improve competitiveness
- attract current and future in-commuters as residents and create more employment opportunities for out-commuters - reducing the city's commuting levels and as a result reducing associated carbon emissions, air pollution and traffic congestion
- capture more employee expenditure within Portsmouth.

Case study - Poundbury, Dorset

The benefits of providing integrated homes and job opportunities

Typically, 22% of workers live in the immediate area of their employment. If suitable housing is provided with a wide range of employment opportunities integrated into the development, this figure can increase to 50% or more.

At Poundbury, the innovative urban extension to Dorchester, 56% of workers in the immediate area also live in the immediate area. This is thanks to a number of factors, such as:

- employment space being integrated across the development
- a diverse mix of employment space resulting in a diverse range of occupations and skills need
- a focus on providing the right type of housing for the jobs created
- a sustainable mix of homes, and jobs, with associated services to reduce commuting and support future growth
- an out-of-town location with cheaper rents than in-town locations where premiums might be required.

Action: The Tipner West project team to work with councillors on a Portsmouth version of the Poundbury model, to ensure homes are reserved for local workers.

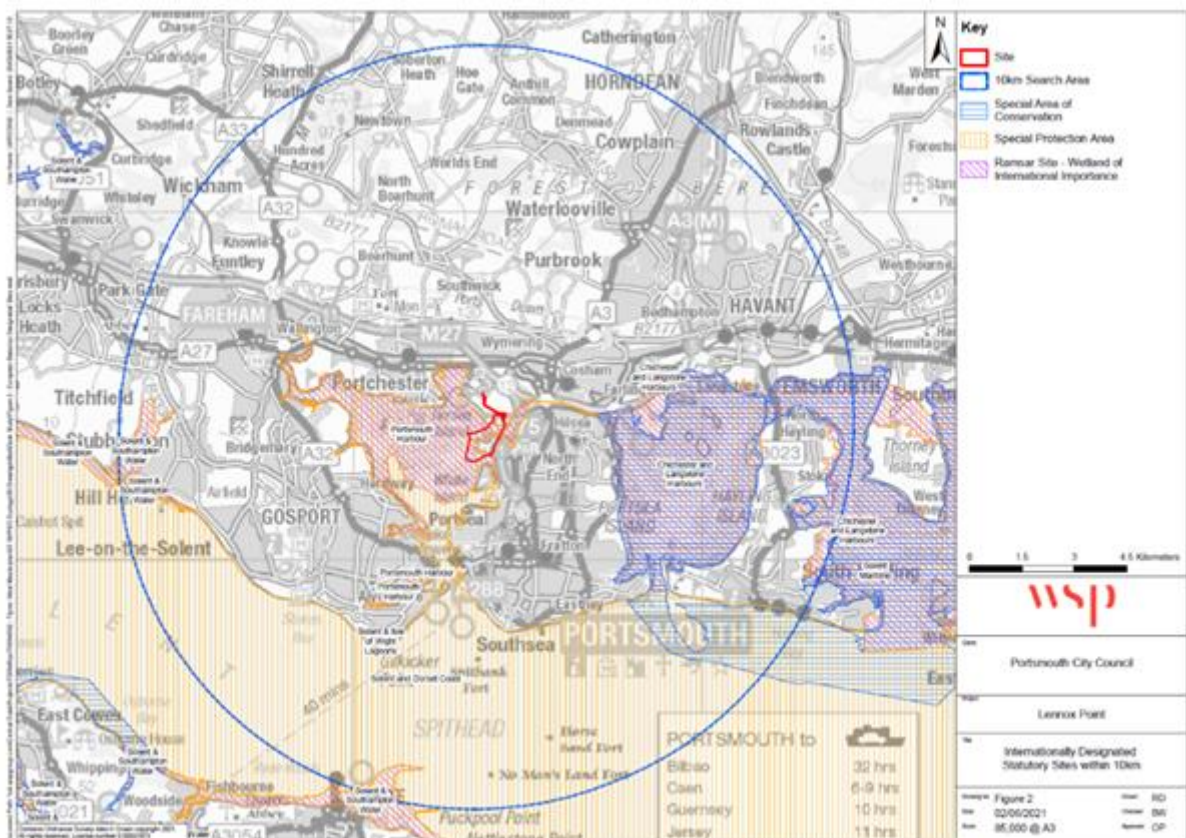
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4.0 Environmental considerations

Appendix D and Appendix E

- It is vital that stringent ecological and environmental regulations are adhered to
- Development will only go ahead if statutory stakeholders - including Natural England and the Environment Agency - are satisfied with the proposal and the ways it positively offsets impact
- The climate crisis and subsequent rising sea levels will cause Tipner West and the protected intertidal mudflats and coastal meadow to flood
- All the options reviewed will have an environmental impact and all options will be subject to a Habitat Regulations Assessment⁴

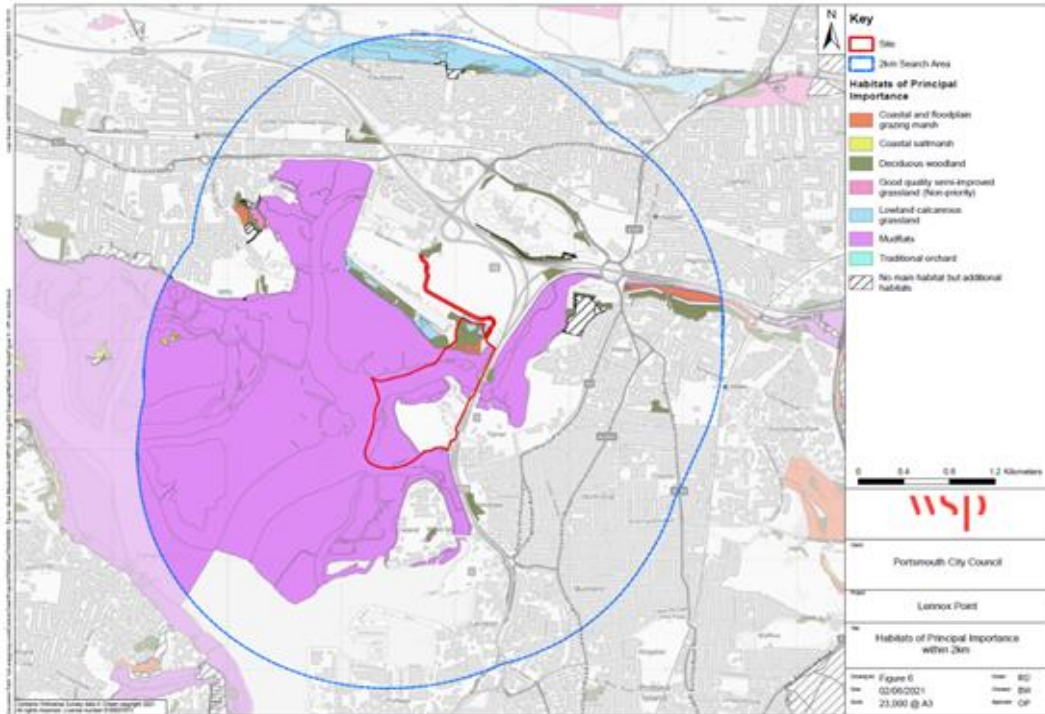
4.0.1 Internationally designated statutory sites within 10km of Tipner West (Figure 1)



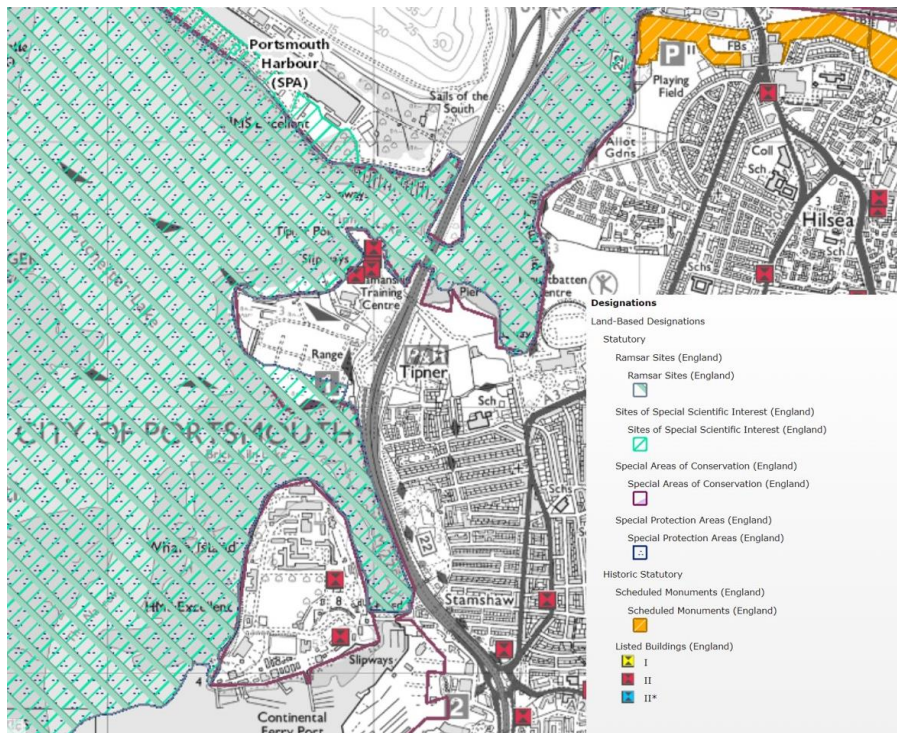
⁴ <https://www.gov.uk/guidance/habitats-regulations-assessments-protecting-a-european-site>

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4.0.2 Habitats of principle importance within 2km of Tipner West (Figure 2)



4.0.3 Land-based designations - environmental and historic (Figure 3)



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- 4.0.4 The site, which includes the land at Tipner West and the surrounding harbour, is subject to environmental protections and the Habitat Regulations Assessment (HRA) processes. There are a series of sequential tests to go through before consent to reclaim any land and develop the site can be granted. It is critical that these processes are adhered to and the site is treated with respect.
- 4.0.5 The climate crisis and rising sea levels are expected to see Tipner West to flood unless defended. This would cause the protected intertidal mudflats and coastal meadow to flood. It is anticipated that intertidal habitats are likely to see a 40% reduction by 2120.
- 4.0.6 In addition, flooding would leak through to Tipner East and Stamshaw. The Council has a mandate to hold the line from rising sea levels. As there are no homes currently on the Tipner West site sea defences cannot be funded by the Environment Agency and must therefore be funded by the Council. See section 7.1 for more detail on flood risk and associated costs of flood defences.
- 4.0.7 Any development, or no action, at Tipner West will have an impact on existing habitats, so it is vital that any proposals for the site:
- enhance and, where necessary, re-create areas of the most valuable habitats, such as intertidal mudflats and coastal grasslands, within Portsmouth Harbour and at compensatory sites
 - create new green spaces and habitats where species can thrive
 - design out conflicts between people's interaction with coast and the habitats species rely on
 - measure and prove an increase in biodiversity as a result of the development, using DEFRA's biodiversity metric
 - provide local enhancements and integration of ecological features into the development.
- 4.0.8 The project team is liaising closely with statutory stakeholders - including Natural England and the Environment Agency - and other key stakeholders, including the Royal Society for the Protection of Birds (RSPB) and the Hampshire and Isle of Wight Wildlife Trust (HIWWT) to keep these groups informed and up to date with the proposals. Development will only happen if the consenting body is satisfied that the rigorous tests and procedures are met and that the impact is suitably mitigated or compensated.
- 4.0.9 **All of the options will have an environmental impact and any option including homes will be subject to a Habitat Regulations Assessment.**

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4.1 Government environmental requirements

- 4.1.1 In order to gain consent for all options considered, including developing the existing land mass, the promotor team needs to prepare documentation to support any applications including an Environmental Impact Assessment and a Habitat Regulations Assessment. These are objective and detailed assessments.
- 4.1.2 The Environmental Impact Assessment is a process for evaluating the likely environmental impacts of a proposed project or development (both adverse and beneficial), taking into account inter-relationships between these impacts. The assessment sets out and recommends mitigation measures either through the design, or secured by planning condition, or obligation to mitigate those impacts to acceptable levels.
- 4.1.3 The Habitat Regulations Assessment refers to the several distinct stages of assessment which must be undertaken in accordance with the Conservation of Habitats and Species Regulations 2017 (as amended) and the Conservation of Offshore Marine Habitats and Species Regulations 2017 (as amended) to determine if a plan or project may affect the protected features of a habitats site before deciding whether to undertake, permit or authorise it.
- 4.1.4 **The plan or project can only be agreed to once adverse effects on the integrity of the habitat site have been ruled out or no alternative solutions exists and there are imperative reasons of overriding public interest for undertaking the plan or project. Without this, the plan or project does not proceed in order to avoid the impact occurring.**

4.2 Habitat Regulations Assessment (HRA)

- 4.2.1 The HRA is a multi-stage process which helps determine Likely Significant Effects (LSE). Where LSE cannot be excluded, an assessment must be made of the implications of the plan or project on that site in view of the site's conservation objectives. That assessment (known as a derogation) follows a sequential process commencing with an examination to confirm that:
- there are no feasible alternative solutions that are less damaging to the habitat site
 - there are Imperative Reasons of Overriding Public Interest (IROPI) for the project; and
 - all necessary compensatory measures must be secured to ensure that the overall coherence of the habitat site is protected.

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<p>Stage 1 Screening</p>	<p>Screening is the process of identifying potentially relevant European Designated Sites and whether the proposed plan or project is likely to have a significant effect on the interest features of the site either alone or in combination with other plans and projects.</p>
<p>Stage 2 Appropriate Assessment (AA)</p>	<p>Where there are potential adverse effects, an assessment of mitigation options is carried out and mitigation measures are proposed to address the effects. Should a likely significant residual adverse impact remain, the HRA must progress to Stages 3 and 4.</p>
<p>Stage 3 Assessment of alternatives</p>	<p>Identification and examination of alternative ways of achieving the objectives of the project to establish whether there are solutions that would avoid or have a lesser effect on the site(s).</p>
<p>Stage 4 Imperative reasons of overriding public interest (IROPI)</p>	<p>Where it can be demonstrated that there are no alternative solutions that would have a lesser effect or avoid an adverse effect on the integrity of a designated site, a project may still be allowed to proceed if there are 'Imperative Reasons of Overriding Public Interest' upon which it may be justified.</p>
<p>Stage 4b Compensation</p>	<p>In the instance of having to provide IROPI, compensation land must be provided in order to permit the plan or project to proceed. Such compensation land does not need to be within the administrative boundary of the development site. The key issue is the quality and appropriateness of the compensatory habitat, not the council boundary.</p>

4.3 Compensatory land

- **Any compensation provided will be designed and implemented to provide high quality habitat (the habitat being lost is not all high quality despite being designated)**
- **The compensation land proposed is on the south coast and within the boundary set by Natural England based on the need of those species**
- **The compensation land should be in place before any impact is caused**
- **All options will require compensation land**

4.3.1 The requirement to consider the potential need for compensation sites is due to the likely impact on the Portsmouth Harbour protected site, through the land reclamation works, dredging and the loss of the Tipner firing range, which is also designated as part of the National Site Network. Securing compensation is the last stage of the HRA process. However, due to the lead in times to find, secure and establish compensation land, this has been addressed early in the process.

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- 4.3.2 A robust methodology has been adopted for the site search utilising a comprehensive metric approach to establish the habitat requirements (**Appendix F**). Spatial analysis using GIS and ecologically focused search criteria were applied.
- 4.3.3 The overarching objective is to identify sites that can ensure the integrity of the UK National Site Network and integrity of the European sites are maintained.
- 4.3.4 To establish the amount of land and habitat type required, a robust and quantifiable approach has been adopted through discussion with Natural England and the Environment Agency by which to measure and assess the impact any proposal might have and provide the quantum and type of compensation required. This is known as an adapted version of the DEFRA Metric.
- 4.3.5 Traditionally, developers have used hectare ratios to determine compensation requirements (e.g. compensate for direct impacts at a 2:1 scale). The team conducted early consultation with Natural England and the Environment Agency on this approach in 2016/17 and as a result has prepared an adapted metric that will deliver a higher ratio of compensation. Discussions have been undertaken with non-statutory consultees in recent months to set out the purpose, role and formulation of the adapted metric.
- 4.3.6 There is a risk that with no intervention at Tipner West, there would be a loss and impact to the National Site Network due to sea level rise and climate change. Therefore, this not only provides a greater amount of habitat within the National Site Network, but also one that is more robust.

4.4 Environmental Impact Assessment⁵

- 4.4.1 Any of the proposed options at Tipner West are likely to require an Environmental Impact Assessment (EIA). The scope of the Environmental Assessment has been agreed by all statutory parties through a consultation process at the start of 2021. The Environmental Statement (ES) will report on the results of the assessment and will consider the following topics:

- Human health
- Greenhouse gases and climate change
- Socio-economics
- Ground conditions and hydrogeology
- Hydrology and flood risk
- Navigation
- Traffic and transport
- Air quality
- Biodiversity (ecology)
- Landscape and visual impact
- Microclimate (wind, sun and overshadowing)
- Archaeology
- Heritage
- Soils and agricultural land
- Marine hydrodynamics

⁵<https://www.gov.uk/guidance/environmental-impact-assessment>

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4.4.2 The Environmental Assessment will be based on a set of agreed high-level parameters that will be taken from the wider masterplan proposals, and are likely to include:

- Bridge design
- Design and method of reclamation
- Dredging
- Method of remediation
- Drainage arrangements
- Extent and design of land raising
- Extent of reclamation and other works in the harbour
- Access design
- Phasing
- Land use layout
- Heights
- Numbers of units
- Open space layout, including occupation activity with regard to access to or restriction on activity in proximity to the coastal frontage with the SPA

4.4.3 The Environmental Statements have been prepared during 2021 and will be finalised in early 2022 to be submitted alongside and covering all the applications being submitted to secure the necessary approvals/consents for the proposed development.

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5.0 Portsmouth: an ambitious coastal city

5.0.1 Portsmouth is city rich in history and rightfully proud of its achievements (figure 5). The harbour has been a strategic position since the Middle Ages, home to the Royal Navy for five centuries and now a growing, international commercial port and part of the Solent Freeport proposals. The city and harbour have continued to evolve and develop, with each generation making significant interventions to support the growth and prosperity of Portsmouth and address the needs of the day.

5.0.2 The timeline below shows key development milestones in Portsmouth over the past 50 years. The Council has been instrumental in driving forward a number of largescale, complex and long-term projects, by unlocking sites, coordinating partners and statutory stakeholders, and leading projects where hesitation from the private sector or central government has slowed progress.

5.0.3 Timeline of development milestones in Portsmouth (Figure 4)

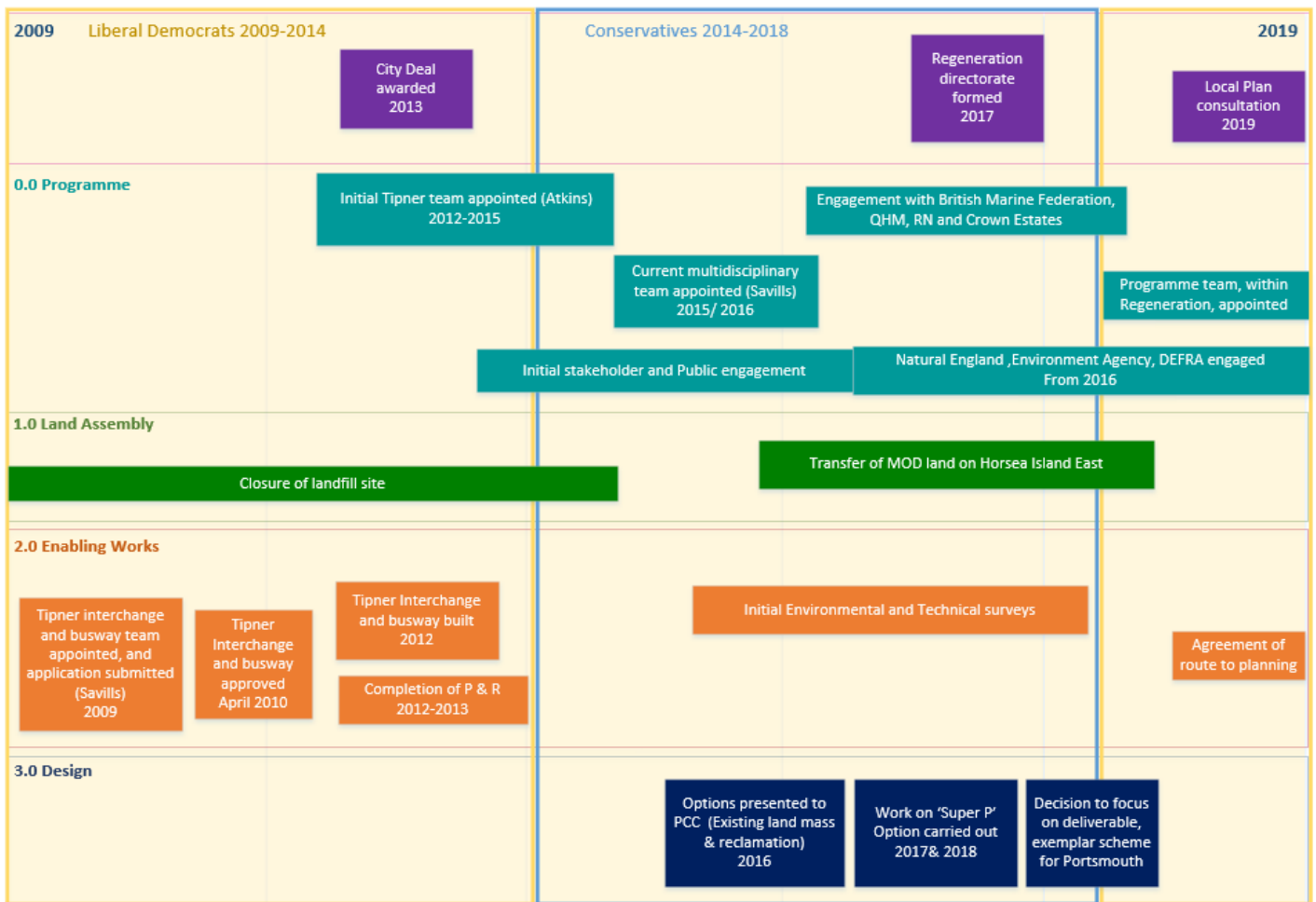


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6.0 The regeneration of Tipner West: work to date

- The Lennox Point project has moved further than any other proposal since 1953
- There is a multi-disciplinary team involved with robust governance in place
- All political parties have been involved in the development of proposals for Tipner West
- The project team has engaged with statutory and non-statutory consultees since 2015

Historic progress of the Tipner West regeneration project 2009-2019 (Figure 5)

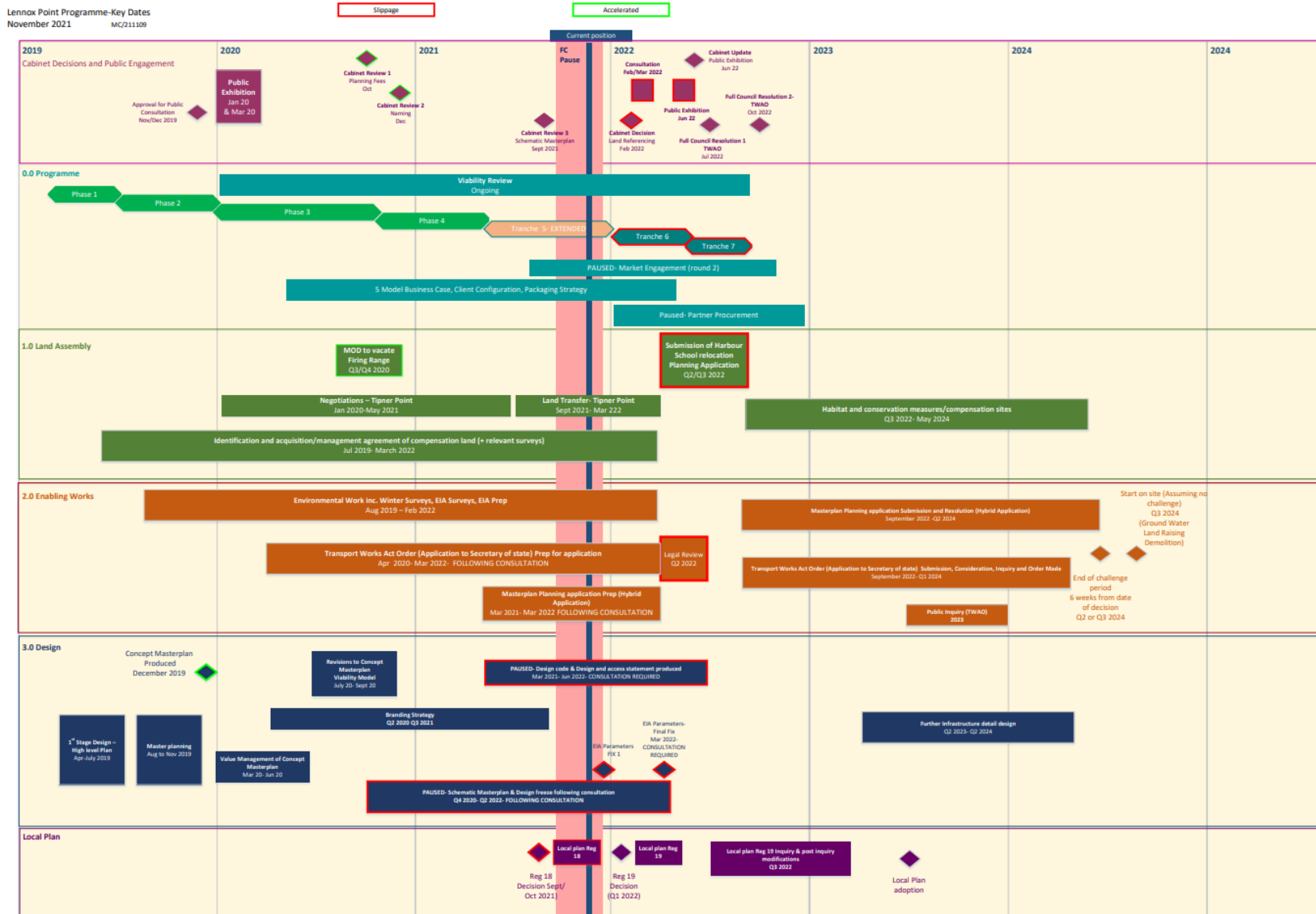


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- 6.0.1 Proposals for development at Tipner West and Horsea Island East have been referenced within Portsmouth City Council archives since 1953 with little or no progress seen until the City Deal funding was secured in 2013.
- 6.0.2 Following the successful City Deal bid, an initial multi-disciplinary team was appointed to scope the work. In 2016 a new multi-disciplinary team, led by Savills supported by WSP, Gensler and Marina Projects was appointed to carry forward the proposals.
- 6.0.3 In terms of governance, the City Deal project board was established in 2015, which included political members and involvement from the Local Planning Authority.
- 6.0.4 Engagement with British Marine Federation, Queen's Harbour Master, The Royal Navy, The Crown Estates, Natural England, the Environment Agency, and DEFRA began in 2016. Environmental surveys also commenced.
- 6.0.5 The land acquisition of the MOD firing range and Horsea Island East was also agreed. Land acquisition for this site has complicated delivery for a significant number of years on Tipner West and is integral to unlocking the site.
- 6.0.6 In 2017 the regeneration directorate was formed, along with the strategic developments team who took up the project, establishing a clear distinction between the Local Planning Authority (LPA) role and the Council's role as development promoter.
- 6.0.7 The separation of roles allowed the project to connect with the private sector and other public sector bodies and adopt a more commercial approach, while still maintaining a close link to the LPA and the needs of the city. This move has meant that the project has been able to define its vision within the framework set by the Local Plan and move forward to design a specific project that meets Portsmouth's needs.
- 6.0.8 The diagram below illustrates key dates and programme activity across different project workstreams, including land assembly, enabling works and design. The diagram highlights the current status and proposed next steps from 2022 to 2024.

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6.0.9 Lennox Point high level programme (Figure 6) (Appendix G)



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7.0 Consideration and evaluation of Tipner West options

- Various options for Tipner West and Horsea Island East, ranging in scale and outcomes, have been explored
- Each option has been assessed against the City Deal, national government housing targets, the local transport plan critical infrastructure, the Council's commitment to a sustainability agenda, and the emerging Local Plan
- If the Council is to pursue any development on Tipner West, new flood defences and a Habitat Regulation Assessment are required
- The options and costs are evaluated on the creation of serviced plots that are ready for private sector developers to build on

7.0.1 In order to begin the evaluation of different options for Tipner West, throughout 2016/17 the strategic developments team, with support from expert consultants, considered the 'do nothing', 'do minimum' and 'do something' options for the site. These options are outlined in more detail below (sections 7.1 to 7.5).

7.0.2 The remit was to:

Explore options to maximise the opportunities of the City Deal sites (Tipner West and Horsea Island East) to deliver sustainable development that creates a new community. The Council will look for innovation and imagination in the masterplan and supporting application to ensure that the future development is of high quality and sustainable in all elements. In developing the masterplan the Council needs to work with the team to explore all alternatives and evidence why options have been discounted. Consideration must be given to options such as land reclamation, alternative energy sources and the potential to create further deep-water frontage and habitat mitigation.

7.0.3 Sections 7.1-7.5 below present a detailed view of what development can be delivered across five distinct options, the related environmental impact and financial analysis:

- No nothing - no intervention on Tipner West and the related flood risk (7.1)
- Developing the existing land mass - in line with the Local Plan 2012 (7.2)
- Developing the existing land mass - in line with the City Deal 2013 (7.3)
- Developing the existing land mass - as explored from 2016 (7.4)
- Developing the existing land plus land reclamation (Lennox Point) (7.5)

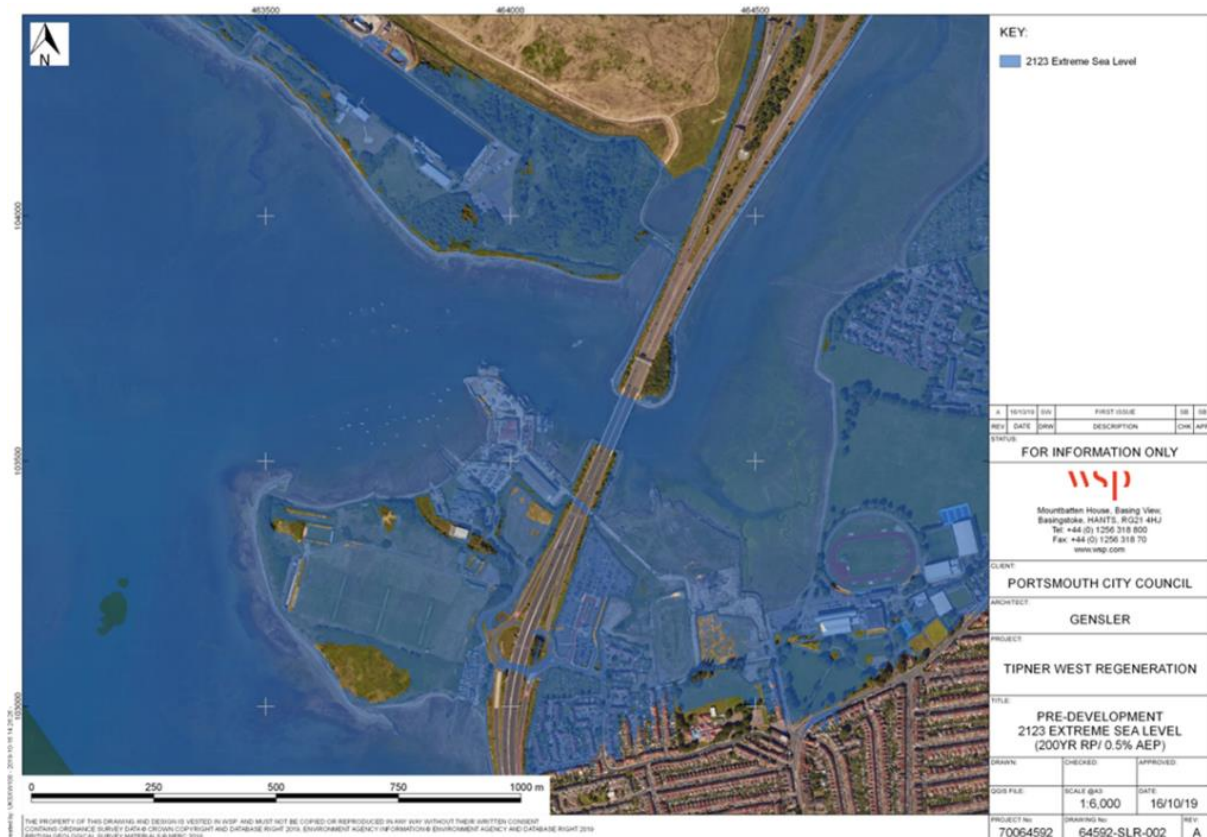
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7.1 Do nothing and the related flood risk

What does this option deliver and cost? (Reference section 8.2)	
Number of homes	0
Does the option meet the Solent maritime need? <i>Reference section 3.2</i>	No
How many net additional operational jobs?	0
What % of government housing target for Portsmouth does this meet? <i>Reference section 3.3</i>	0%
What % of affordable homes requirement (set by government) will this deliver? <i>Reference section 3.3.7</i>	0%
Will this option have a mix that developers will want to deliver (e.g. % split of apartments to houses)?	N/A
Will this option have a likely impact resulting in a Habitat Regulations Assessment? <i>Reference section 4.2</i>	Yes
Are there imperative Reasons of Overriding Public Interest to develop this site? <i>Reference section 4.2.1</i>	N/A
Overall uninflated infrastructure costs	£0
What would the cost be for flood defences and working quays?	£-
What would the cost of raising the land, including any reclamation, be?	N/A
What would the cost be for flood defences per unit?	No dwellings
Combined cost per dwelling of land raising, reclamation and flood defences	No dwellings
What is the overall infrastructure cost per dwelling?	No dwellings
Total uninflated residential and employment land value, including parking income, ground rent and City Deal funding. <i>Reference section 3.1</i>	-£48.75m (City Deal repayment)
Uninflated viability gap/subsidy required	-£48.75m
Inflated viability gap/subsidy required to effect a zero overall NPV (includes costs of borrowing)	N/A
Additional subsidy required per dwelling	No dwellings

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- 7.1.1 Portsmouth's sea-levels are due to rise by around 70cm over the next 70 years.
- 7.1.2 The existing coastal defences at Tipner West are in poor condition. The 2011 Portsea Island Coastal Strategy Study⁶ estimated that defences on Horsea Island East may fail within 5-10 years, and within 10-15 years on Tipner West. Due to lack of maintenance over recent years, there is an increasingly high risk that these defences could fail sooner.
- 7.1.3 As there are no homes on the Tipner West site it is extremely unlikely that flood defences would be funded by the Environment Agency and must therefore be funded by the Council.
- 7.1.4 The do-nothing option will mean the loss of the existing land mass to flooding. This will result in the loss of the existing land uses on the site, including the Harbour School, as well as the loss of the inter-tidal and terrestrial habitats that form part of the designated nature conservation sites. It is anticipated that intertidal habitats are likely to see a 40% reduction by 2120.
- 7.1.5 In addition, flooding would leak through to Tipner East and Stamshaw, as shown in the image below. The image shows the estimated extent of flooding by 2123 – accounting for 100 years climate change and assuming that nothing is done to protect Tipner West.
- 7.1.6 Figure 7:2123 Extreme Sea Level (0.5% Annual Exceedance Probability) – Pre-Development Scenario



⁶ <https://coastalpartners.org.uk/static/media/resources/2011-04-14-portsea-star2-11-final-revc-blanked-signs.pdf>

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- 7.1.7 Should the defences fail, there is a risk of releasing contaminants present in the ground into Portsmouth Harbour and polluting designated nature conservation sites. The site currently represents a weak-spot in island-wide defences, particularly in comparison to the recent/current North Portsea and Southsea coastal defence schemes.
- 7.1.8 Under this option the Council may be required to return the £48.75m City Deal grant to central government, of which £18.6m (as at 27/10/21) has been spent and would need to be identified from within the council's resources. No provision has been made for this so approved capital schemes of equivalent value may be impacted.

Conclusion:

- **Sea levels are rising and habitats will be affected as they are not protected as this work is unfunded**
- **doing nothing to the existing land mass is, at best, a short-term position as flood defences will be required at significant cost**
- **installing flood defences will result in environmental damage**
- **without sea defences there would be a contamination risk to the harbour**
- **the Council may be required to return the £48.75m City Deal funding to central government.**

The viability of this option is explored further in Section 8.0.

- 7.1.9 Flood defence costs have been explored in partnership with the Southsea Coastal Scheme, already in construction. The exact nature and costs for sea defences at Tipner West will depend on which option is selected for the site. However flood defences are likely to cost between £4,000 and £16,500 per linear metre and are projected to be on average £7,750 per linear metre. This is in line with current flood defence work in the city. For example, flood defence work in North Portsea cost £7,800 per linear metre in 2018 (£9,700 per linear metre in 2021). Please note the costs of construction and materials continues to rise at pace which will impact the future cost of flood defence work.

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7.2 The existing land mass - Local Plan 2012

Figure 8

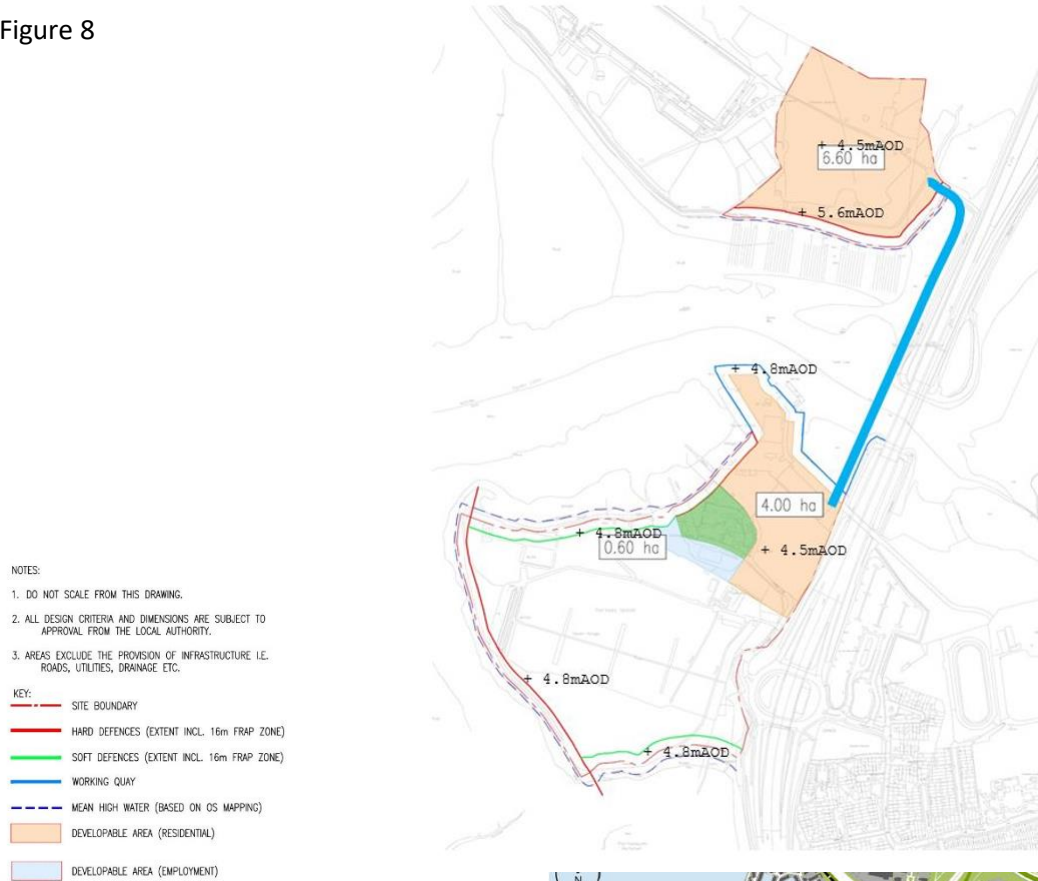
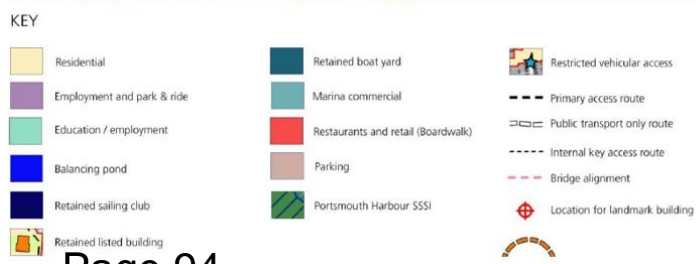


Figure 9



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What does this option deliver and cost? (Reference section 8.2)	
Number of homes	1270
Does the option meet the Solent maritime need? <i>Reference section 3.2</i>	No
How many net additional operational jobs?	810 0 marine related
What % of government housing target for Portsmouth does this meet? <i>Reference section 3.3</i>	7%
What % of affordable homes requirement (set by government) will this deliver? <i>Reference section 3.3.7</i>	5.9% circa 381 homes (based on 30% of homes on site)
Will this option have a mix that developers will want to deliver (e.g. % split of apartments to houses)? <i>Reference section 7.2.5</i>	Yes
Will this option have a likely impact resulting in a Habitat Regulations Assessment? <i>Reference section 4.2</i>	Yes
Are there imperative Reasons of Overriding Public Interest to develop this site? <i>Reference section 4.2.1</i>	Likely
Overall uninflated infrastructure costs	-£209.69m
What would the cost be for flood defences and working quays?	-£34.44m
What would the cost of raising the land, including any reclamation, be?	-£3.02m (no reclamation)
What would the cost be for flood defences per unit?	-£27,114
Combined cost per dwelling of land raising, reclamation and flood defences	-£29,634
What is the overall infrastructure cost per dwelling?	-£165,113
Total uninflated residential and employment land value, including parking income, ground rent and City Deal funding	£98.44m (possible partial repayment of City Deal)
Uninflated viability gap/subsidy required	-£111.25m
Inflated viability gap/subsidy required to effect a zero overall NPV (includes costs of borrowing)	-£129.29m
Additional subsidy required per dwelling	-£101,803

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- 7.2.1 In order to protect this landmass with flood defences, options to do something were considered that looked at delivering the anticipated development set out in the 2012 Local Plan, including the bridge link to Horsea Island East and development at Horsea Island East.
- 7.2.2 In this option, the terrestrial designated conservation sites are retained and not impacted, but defended through flood defences and land raising, although there would be impact to the harbour designated conservation sites through delivery of the bridge link.
- 7.2.3 The Harbour School could remain, but it is understood that this is not the school's preference given that it would be surrounded by construction in the short term and then residential and employment development.
- 7.2.4 The employment development proposed on Tipner West was not marine employment. Marine employment would require water access, large open yard areas and high single storey space, necessitating a larger land take than set out in the Local Plan. This option does not meet the marine employment needs and is not compliant with the City Deal aspirations.
- 7.2.5 Theoretically, housing can be accommodated on Horsea Island East and Tipner West in a market facing mix of 45% homes and 55% apartments to meet the proposed allocation of 1,270 homes but cost to defend, cap and raise the land would be prohibitive.
- 7.2.6 However, housing on Horsea Island East is not an option the MOD would support. If the employment land at Tipner West were to move to Horsea Island and the Harbour School were relocated, this would still not provide sufficient land to deliver the full 1,270 homes as set out in the 2012 Local Plan.
- 7.2.7 Under this option the Council may be required to return the £48.75m City Deal grant to central government, of which £18.6m (as at 27/10/21) has been spent and would need to be identified from within the council's resources. No provision has been made for this so approved capital schemes of equivalent value may be impacted.

Conclusion:

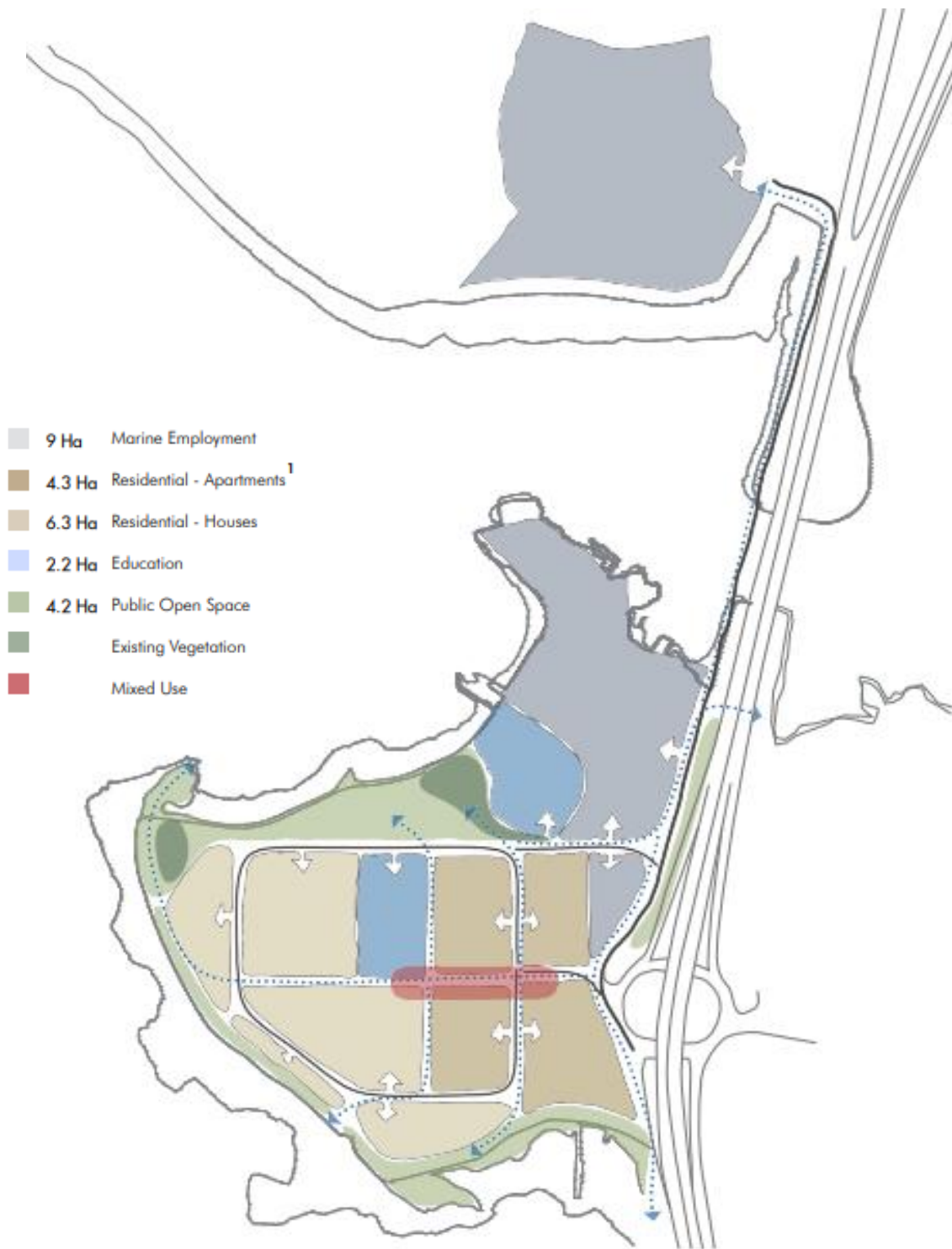
- **this option would not meet the marine employment need**
- **this option would not meet the housing numbers suggested, and certainly not the city's overall need**
- **the Council may be required to return the £48.75m City Deal grant to central government**
- **as such, the 2012 Local Plan option was discounted and has not been progressed any further.**

The viability of this option is explored further in Section 8.0.

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7.3 The existing land mass - City Deal 2013

Figure 10 (Appendix H)



THIS ITEM IS FOR INFORMATION ONLY

What does this option deliver and cost? (Reference section 8.2)	
Number of homes	1250
Does the option meet the Solent maritime need? <i>Reference section 3.2</i>	Yes 58,000sqm
What is the gross number of on-site operational jobs created?	2640 1900 marine related
What % of government housing target for Portsmouth does this meet? <i>Reference section 3.3</i>	7%
What % of affordable homes requirement (set by government) will this deliver? <i>Reference section 3.3.7</i>	5.8% circa 375 homes (based on 30% of homes on site)
Will this option have a mix that developers will want to deliver (e.g. % split of apartments to houses)? <i>Reference section 7.3.3</i>	No Higher number of apartments required 68% apartments
Will this option have a likely impact resulting in a Habitat Regulations Assessment? <i>Reference section 4.2</i>	Yes
Are there imperative Reasons of Overriding Public Interest to develop this site? <i>Reference section 4.2.1</i>	Likely
Overall uninflated infrastructure costs	-£235.05m
What would the cost be for flood defences and working quays?	-£34.44m
What would the cost of raising the land, including any reclamation, be?	-£5.47m (no reclamation)
What would the cost be for flood defences per unit?	-£27,548
Combined cost per dwelling of land raising, reclamation and flood defences	-£31,925
What is the overall infrastructure cost per dwelling?	-£188,037
Total uninflated residential and employment land value, including parking income, ground rent and City Deal funding	£74.63m
Uninflated viability gap/subsidy required	-£160.42m
Inflated viability gap/subsidy required to effect a zero overall NPV (includes costs of borrowing)	-£182.50m
Additional subsidy required per dwelling	-£146,002

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- 7.3.1 The City Deal was signed in 2013 and was the benchmark for what the consultant team was appointed to deliver.
- 7.3.2 The City Deal reflected that residential development was not suitable for Horsea Island East and placed employment across Horsea Island East and Tipner West, along with development of the former firing range. While the former firing range is part of the terrestrial designated conservation site, this land was transferred to the Council as part of the City Deal so it could be developed.
- 7.3.3 In order to deliver the City Deal aspirations of 1,250 homes at Tipner West, along with the marine and maritime employment of 58,000sqm at Tipner West and Horsea Island East, the development would need to maximise densities and apartment living. This would require a mix that would not be market facing, comprising only 32% housing and 68% apartments with reduced income and marketability.

Conclusion:

The City Deal option would:

- **leave Portsmouth with a considerable housing shortfall**
- **provide little sustainable infrastructure**
- **have an adverse impact on the land-based protected conservation sites**
- **have an adverse marine nature conservation impact through dredging and bridge works**
- **be unable to deliver its own requirements due to the quantum of development proposed on a small land mass**
- **as a result of the above, be difficult to deliver financially.**

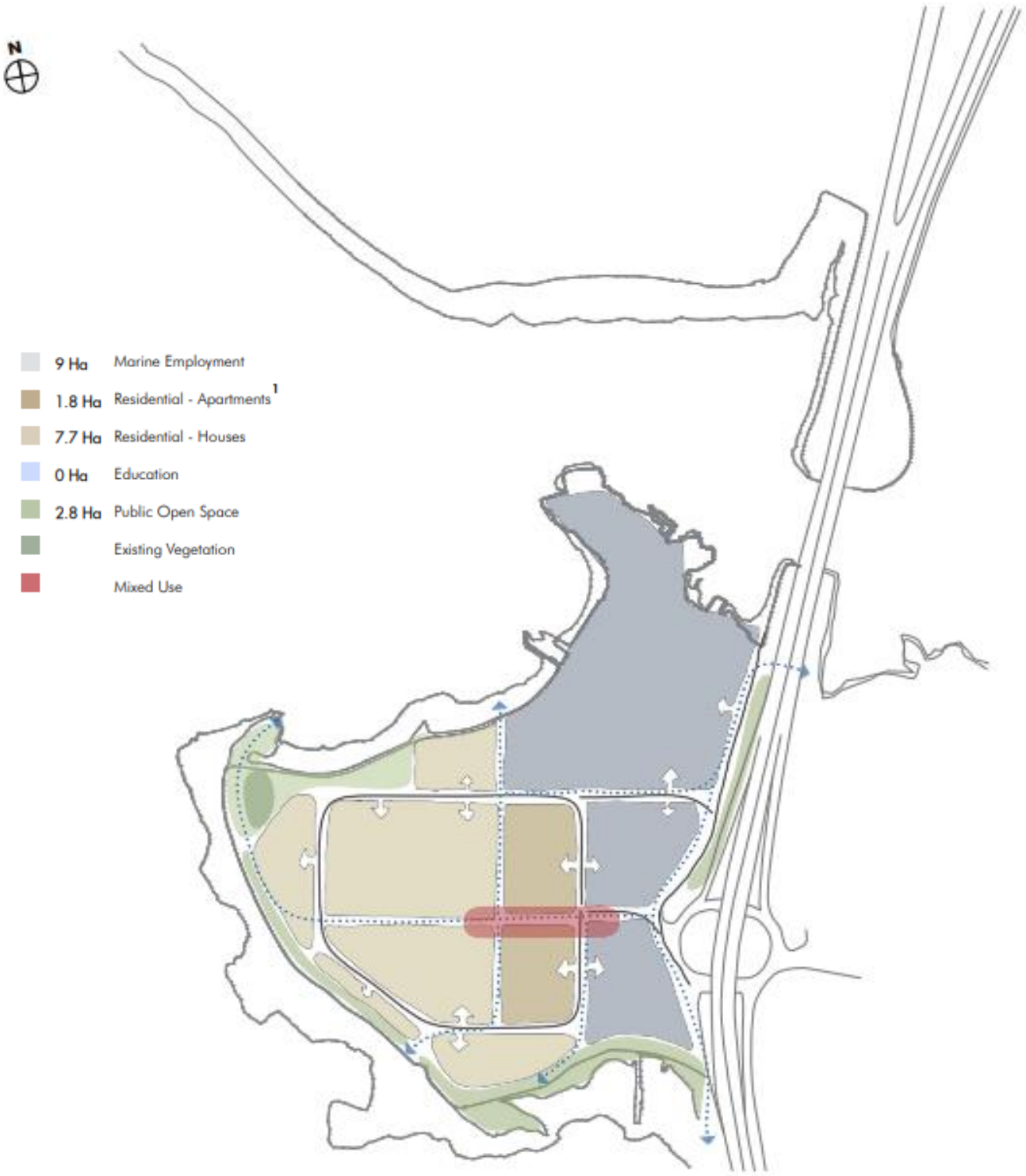
The 2013 City Deal option was discounted and other options were considered.

The viability of this option is explored further in Section 8.0.

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7.4 The existing land mass - explored from 2016

Figure 11 (Appendix I)



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What does this option deliver and cost? (Reference section 8.2)	
Number of homes	821
Does the option meet the Solent maritime need? <i>Reference section 3.2</i>	Yes 58,000sqm
How many net additional operational jobs?	2550 1900 marine related
What % of government housing target for Portsmouth does this meet? <i>Reference section 3.3</i>	5%
What % of affordable homes requirement (set by government) will this deliver? <i>Reference section 3.3.7</i>	3.8% circa 246 homes (based on 30% of homes on site)
Will this option have a mix that developers will want to deliver (e.g. % split of apartments to houses)? <i>Reference section 7.4.2</i>	Yes
Will this option have a likely impact resulting in a Habitat Regulations Assessment? <i>Reference section 4.2</i>	Yes
Are there imperative Reasons of Overriding Public Interest to develop this site? <i>Reference section 4.2.1</i>	Likely
Overall uninflated infrastructure costs	-£194.55m
What would the cost be for flood defences and working quays?	-£32.06m
What would the cost of raising the land, including any reclamation, be?	-£4.73m (no reclamation)
What would the cost be for flood defences per unit?	-£39,053
Combined cost per dwelling of land raising, reclamation and flood defences	-£44,810
What is the overall infrastructure cost per dwelling?	-£236,970
Total uninflated residential and employment land value, including parking income, ground rent and City Deal funding	£81.88m (Possible partial repayment of City Deal Grant)
Uninflated viability gap/subsidy required	-£112.67m
Inflated viability gap/subsidy required to effect a zero overall NPV (includes costs of borrowing)	-£126.42m
Additional subsidy required per dwelling	-£153,984

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- 7.4.1 The third option considered developing the existing land mass only at Tipner West to provide for the marine and maritime employment needs but using the remaining land for housing in a market-facing approach to assist its deliverability. No bridge link to Horsea Island East was included due to the expense and also the impact that it would have on the sub-tidal habitat due to the footings.
- 7.4.2 In this option, in order to deliver a market facing mix of 45% houses and 55% apartments it is anticipated that only just over 800 homes could fit on the existing land mass, which results in a substantial shortfall of supply for the emerging Local Plan, delivering only 5% of the housing target and only 3.8% of Portsmouth's affordable housing need.
- 7.4.3 This number of homes will not deliver a sustainable community nor the infrastructure to support those homes. This would become a dormitory commuter development on the edge of the motorway. Values would reflect this and therefore would not gain any premium from place-making initiatives.
- 7.4.4 This option would also still require the loss of the terrestrial conservation designation at the firing range and there would be some loss of sub-tidal through dredging to enable the marine employment facility.

Conclusion:

This proposal was not carried forward by the council due to:

- **the limited delivery of homes**
- **lack of support for the costs of the development**
- **loss of the important terrestrial habitat requiring compensation**
- **not being City Deal compliant.**

The viability of this option is explored in Section 8.0.

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7.5 Existing land mass plus land reclamation (Lennox Point)

Figure 12



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What does this option deliver and cost? (Reference section 8.2)	
Number of homes	3500
Does the option meet the Solent maritime need? <i>Reference section 3.2</i>	Yes 58,000sqm
How many net additional operational jobs?	5530 1900 marine related
What % of government housing target for Portsmouth does this meet? <i>Reference section 3.3</i>	20%
What % of affordable homes requirement (set by government) will this deliver? <i>Reference section 3.3.7</i>	16.4% circa 1050 homes (based on 30% of homes on site)
Will this option have a mix that developers will want to deliver (e.g. % split of apartments to houses)? <i>Reference section 7.5.3</i>	Yes
Will this option have a likely impact resulting in a Habitat Regulations Assessment? <i>Reference section 4.2</i>	Yes
Are there imperative Reasons of Overriding Public Interest to develop this site? <i>Reference section 4.2.1</i>	Likely
Overall uninflated infrastructure costs	-£497.21m
What would the cost be for flood defences and working quays?	-£40.81m
What would the cost of raising the land, including any reclamation, be?	-£43.41m
What would the cost be for flood defences per unit?	-£11,651
Combined cost per dwelling of land raising, reclamation and flood defences	-£24,044
What is the overall infrastructure cost per dwelling?	-£141,937
Total uninflated residential and employment land value, including parking income, ground rent and City Deal funding	£378.48m
Uninflated viability gap/subsidy required	-£118.72m
Inflated viability gap/subsidy required to effect a zero overall NPV (includes costs of borrowing)	-£158.94m
Additional subsidy required per dwelling	-£45,373

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- 7.5.1 As per the Council remit (7.0.2) to help deliver a sustainable community and support the marine and maritime employment development, land reclamation was explored as a last option to deliver the ambitions of the Council for more homes, marine employment jobs, the critical infrastructure to reconnect the city and protection from sea level rise, in a financially and sustainably robust way.
- 7.5.2 This option must have a mix of houses to apartments that would be marketable in Portsmouth and a quantum that, due to its unique geography, must allow for a sustainable community to be delivered and seek to reduce commuting.
- 7.5.3 The mix, heights and densities would be retained as optimal for the market and local needs, to ensure attractiveness to deliver.
- 7.5.4 In order to reduce the amount of reclamation required to a minimum, the scheme would be designed to incorporate place making in order to increase value and therefore help keep the additional number of homes needed and land-take minimised.
- 7.5.5 At the same time, the property values need to remain affordable to the local population and proposed employees at Tipner West, and therefore any increased value needs careful balancing to ensure these aspirations are still met.
- 7.5.6 In order to deliver the optimum number of homes, at suitable densities, deliverable heights, at suitable cost/value, with the ability to underpin the infrastructure costs of its delivery, the proposed land take must be only what is required and minimised where possible to reduce the impacts from reclamation.
- 7.5.7 The proposed land reclamation will be phased across the delivery of Lennox Point. It is intended to utilise local materials as part of the land mass creation which could include routinely dredged material from within Portsmouth Harbour.
- 7.5.8 It is intended for the land reclamation engineering works to be undertaken without releasing the carbon already stored within the existing mudflats. New natural carbon stores will also be created in new areas of mudflat and saltmarsh, as part of the compensatory habitats.
- 7.5.9 **In order to deliver a robust level of capital contribution to the programme to enable a viable delivery of the proposals, including the housing and marine employment, and to deliver a self-sustaining neighbourhood, it was identified that a figure of circa 3,500 homes should be targeted for the site, requiring land reclamation of circa 27 hectares. The area is calculated using average densities across all options plus the requisite amount of open space.**
- 7.5.10 This scheme is represented by the Lennox Point proposals.

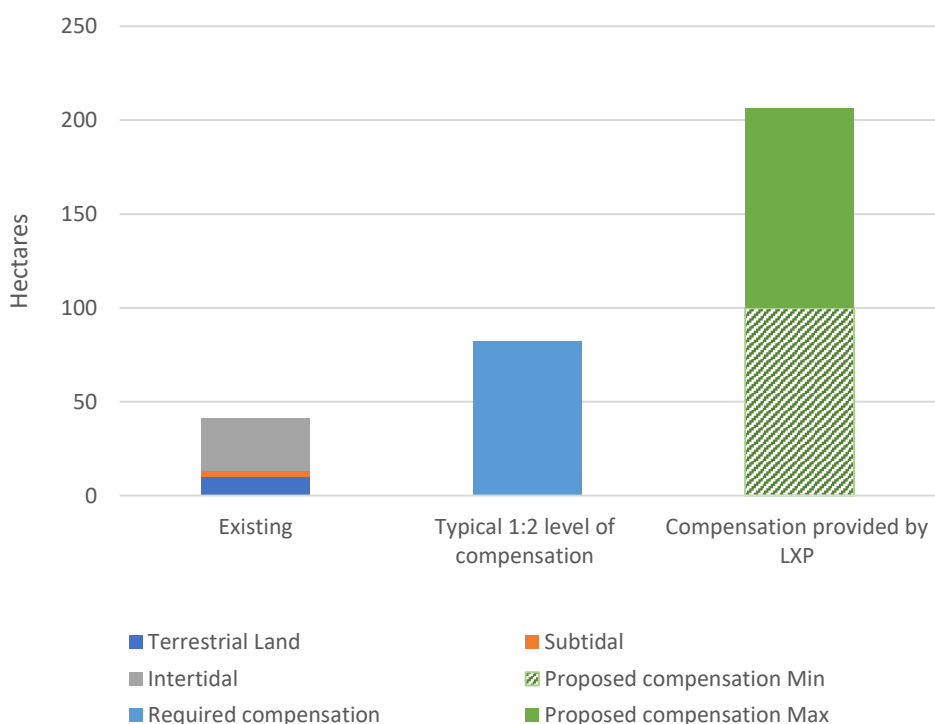
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7.5.11 There are environmental concerns about development on a Site of Special Scientific Interest (SSSI), a Special Protection Area (SPA) and a Ramsar site. The Tipner West project team is following stringent processes to ensure environmental impacts can be mitigated and compensated for appropriately and is looking to provide an overall net environmental and biodiversity gain.

7.5.12 **Although it is common to use a ratio of 1:2 (habitat loss to compensation), Lennox Point is likely to provide a ratio between 1:3 - 1:5. This is a more robust approach that will deliver greater environmental net gain.**

7.5.13 In addition, the proposed compensation will be designed to be futureproof for climate change and sea level rise.

7.5.14 Figure 13: Graph showing approximate area of habitat loss against a 1:2 standard ratio, alongside the proposed compensation land provision from the Lennox Point proposals (minimum and maximum).



7.5.15 **Intertidal habitat (IT) - Between 93 and 170 ha would be gained** through proposed compensation. The direct impact from the scheme on marine habitat including intertidal habitat and roost sites would be 35.43ha (2.84% of the 1,247ha Portsmouth Harbour SPA).

7.5.16 **Supporting (Brent Geese (BG) habitat – Between 10 and 36 ha would be gained** through proposed compensation. The direct impact from the scheme to terrestrial habitat including supporting Brent Geese habitat and roost sites would be 5.51ha.

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7.5.17 It is important to note that the metric work has been an iterative process. As new survey data has become available, and the masterplan is revised, the outputs have been updated. Metric calculations will be carried out on the final selected sites to ensure they meet the requirements.

Conclusion:

The project team concluded that due to the unique situation of this site, requiring land raising and no existing infrastructure, there was no excuse not to look at an exemplar scheme.

- **The scale of this option can fund and support a self-sustaining community**
- **it will reinforce the principles of Portsmouth's Regeneration Strategy**
- **while this option does incorporate land reclamation, the amount of reclamation has been kept to a minimum within the scope of viability**
- **if there is going to be an impact on the environment, the Council has a duty to secure a high level of compensation, explore a development option that could re-define sustainable development and the way people could live, and address the need to deliver better, affordable homes for the people of Portsmouth.**

The viability of this option is explored in Section 8.0.

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8.0 Options appraisal and financial implications

- The site will flood unless defended and cost between £14 million and £34 million to protect (depending on the level of protection) plus the potential repayment of the City Deal grant £48.75m
- All options, bar protection of the exiting land mass, have an environmental impact
- Lennox Point can meet the housing and marine employment need and requires less subsidy per home than any other option considered
- The City Deal funding may be required to be fully or partially repaid to the government if Portsmouth is unable to deliver against its targets
- Lennox Point is the only proposal that meets Portsmouth's needs, the City Deal aims and is most financially viable

8.0.1 The table below (8.2 and 8.3) shows the options appraisal for the proposed schemes outlined in section 7.0-7.5. This also details the viability for each option and associated costs, which remain under constant review.

8.1 Financial analysis








8.1.1 The Council, along with its consultants, has carried out financial appraisals of various options (**Appendix J**) that could see a development come forward. The site is challenging given its coastal location, previous use and the fact that not all of the site is in the Council's ownership.

8.1.2 With any development that could be brought forward at Tipner West there are a number of unavoidable costs, such as sea defences, land remediation and relocations costs, to name a few. By expanding the site, it is possible to deliver more homes, employment space and community infrastructure, thus making the scheme more financially viable.

8.1.3 The table below sets out the four options with residential development that have been considered. It shows that none of the options are financially viable without further government subsidy. This was highlighted in the October 2020 report to Cabinet that requested authorisation to continue to secure a planning permission on the site. The Lennox Point option would require less subsidy per home than the other options because the number of homes that could be built is far greater and each unit would contribute to the infrastructure costs of the development.

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8.2 Options appraisal

Option	Do nothing	Defend existing users	Defend existing land mass	Develop existing land mass	2012 Local Plan	City Deal	Lennox Point
Details							
Number of homes	0	0	0	821	1270	1250	3500
Does the option meet the Solent maritime need? <i>Reference section 3.2</i>	No	No	No	Yes 58,000sqm	No	Yes 58,000sqm	Yes 58,000sqm
How many net additional operational jobs?	0	(45 jobs held - 4 marine related)	(45 jobs held - 4 marine related)	2550 (1900 marine related)	810 (0 marine related)	2640 (1900 marine related)	5530 (1900 marine related)

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<p>What % of government housing target for Portsmouth does this meet? <i>Reference section 3.3</i></p>	0%	0%	0%	5%	7%	7%	20%
<p>What % of affordable homes requirement (set by government) will this deliver? <i>Reference section 3.3</i></p>	0%	0%	0%	3.8% circa 246 homes (based on 30% of homes on site)	5.9% circa 381 homes (based on 30% of homes on site)	5.8% circa 375 homes (based on 30% of homes on site)	16.4% circa 1,050 homes (based on 30% of homes on site)
<p>Will this option have a mix that developers will want to deliver (e.g. % split of apartments to houses)?</p>	N/A	N/A	N/A	Yes	Yes	No Higher number of apartments required 68% apartments	Yes
<p>Will this option have a likely impact resulting in a Habitat Regulations Assessment? <i>Reference section 4.2</i></p>	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<p>Are there imperative Reasons of Overriding Public Interest to develop this site? <i>Reference section 4.2.1</i></p>	Unlikely	Likely	Likely	Likely	Unlikely as there is not sufficient marine employment	Likely	Likely

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8.3 Options appraisal - costs

Appendix J Appendix K	Do Nothing	Defend Existing Users	Defend Existing Land Mass	Develop Existing Land Mass	2012 Local Plan	City Deal	Lennox Point
Overall uninflated infrastructure costs	£0	-£14.76m	-£32.06m	-£194.55m	-£209.69m	-£235.05m	-£497.21m
What would the cost be for flood defences and working quays? ⁷	£-	-£14.76m	-£32.06m	-£32.06m	-£34.44m	-£34.44m	-£40.81m
What would the cost of raising the land, including any reclamation, be?	N/A	N/A	N/A	-£4.73m (no reclamation)	-£3.20m (no reclamation)	-£5.47m (no reclamation)	-£43.41m
What would the cost be for flood defences per unit?	No dwellings	No dwellings	No dwellings	-£39,053	-£27,114	-£27,548	-£11,651
Combined cost per dwelling of land raising, reclamation and flood defences	No dwellings	No dwellings	No dwellings	-£44,810	-£29,634	-£31,925	-£24,044

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⁷ Additional information section 7.1.9

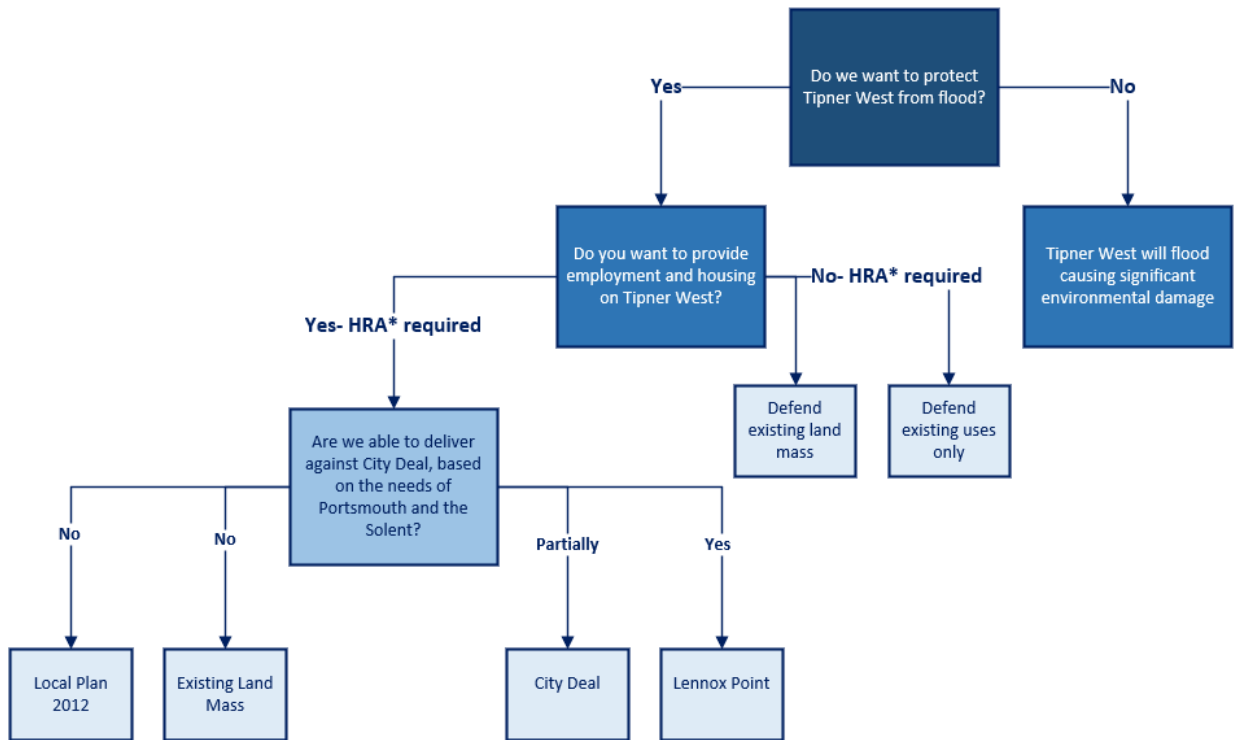
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What is the overall infrastructure cost per dwelling?	No dwellings	No dwellings	No dwellings	-£236,970	-£165,113	-£188,037	-£141,937
Total uninflated residential and employment land value, including parking income, ground rent and City Deal funding	-£48.75m (City Deal Grant repayment)	-£48.75m (City Deal Grant repayment)	-£48.75m (City Deal Grant repayment)	£81.88m (Possible partial repayment of City Deal Grant)	£98.44m (Possible partial repayment of City Deal Grant)	£74.63m	£378.48m
Uninflated viability gap/subsidy required	-£48.75m	-£63.51m	-£80.81m	-£112.67m	-£111.25m	-£160.42m	-£118.72m
Inflated viability gap/subsidy required to effect a zero overall NPV (includes costs of borrowing)	N/A	N/A	N/A	-£126.42m	-£129.29m	-£182.50m	-£158.94m
Additional subsidy required per dwelling	No dwellings	No dwellings	No dwellings	-£153,984	-£101,803	-£146,002	-£45,373

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8.4 Options appraisal - summary

The diagram below (Figure 14) sets out key questions to determine the scale and focus of development on Tipner West and offers a broad overview of possible outcomes.



* Habitat Regulations Assessment

9.0 Strengths, Weaknesses, Opportunities, and Constraints (SWOT) of three options

9.0.1 Based on the conclusions reached from the consideration of different options (section 7.0-7.5) and the option appraisal and financial implications (section 8.2), please see below a SWOT analysis (Appendix L) of the three following options:

- developing the existing land mass as explored from 2016 (Section 7.4)
- developing the existing land mass - City Deal (Section 7.3)
- developing the existing land mass plus land reclamation (Lennox Point) (Section 7.5)

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9.1 Existing land mass - as explored from 2016

Strengths

- Mixed development (employment and residential)
- Some residential revenue uses help fund site infrastructure
- **Minimise environmental impact – limited impact on intertidal**
- Reduced risk profile (due to infrastructure investment) appealing to wider development market
- **Planning consenting process simpler**
- Less new infrastructure required e.g., power, drainage, water etc.
- All maritime employment within the same area.

Weaknesses

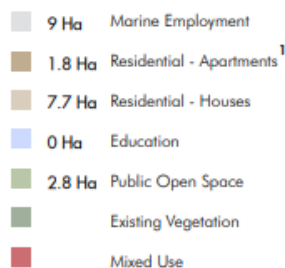
- The amount of housing is not likely to enable a self-sustaining community
- **Contribution to PCC housing need is significantly reduced from Lennox Point and City Deal, requiring houses elsewhere in the city**
- Requires a significant amount of initial infrastructure investment
- Excludes HIE, connection of city north and south and no bridge
- **Loss of protected terrestrial habitat**
- Smaller community does not support a new primary school on site (including limited community infrastructure/retail)
- Lack of ability to support Tipner East
- Will potentially require repayment of part of the City Deal funding.

Opportunities

- Mixed use helps placemaking (**Appendix M**)
- Provides some homes for marine employment
- **Meets marine employment need**
- Potential to meet environmental bodies mid-way
- Minimise cost and interface with MOD.

Constraints

- Lack of significant income producing uses (marine employment has limited financial profitability)
- Site area constrained by existing land mass with limited flexibility
- **Still need to provide compensation land**
- Placemaking uplift is limited by site setting (mudflats and highways)
- **Less ability to explore sustainability initiatives due to scale.**



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9.2 City Deal

Strengths

- Mixed development (employment and residential)
- Some residential revenue uses help fund site infrastructure
- Reduced environmental impact – limited impact on intertidal, but more than existing land mass option
- Reduced risk profile (due to infrastructure investment) appealing to wider development market
- Planning consenting process simpler
- **Less new infrastructure required e.g., power, drainage, water etc.**
- **Retains Harbour School.**

Weaknesses

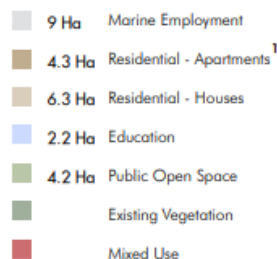
- The amount of housing is not likely to enable a self-sustaining community
- **Contribution to PCC housing need is significantly reduced from Lennox Point, requiring houses elsewhere in the city**
- Requires a significant amount of initial infrastructure investment
- **Loss of protected terrestrial habitat**
- Limited support to Tipner East in terms of facilities.

Opportunities

- Mixed use helps placemaking
- Provides some homes for marine employment
- Meets marine employment need
- **Potential to meet environmental bodies mid-way**
- Maximises the opportunity to connect to the wider city, HIE and Tipner East
- **Can support some limited community facilities**
- Has the ability to meet City Deal funding requirements.

Constraints

- Lack of significant income producing uses (marine employment has limited financial profitability)
- Site area constrained by existing land mass with limited flexibility
- Still need to provide compensation land
- Placemaking uplift is limited by site setting (mudflats and highways)
- Less ability to explore sustainability initiatives due to scale
- Works to HIE to be controlled/measured to limit impact to habitat
- **To achieve a deliverable scheme the housing mix is adjusted to include significantly more apartments making the mix less attractive to the market. Developers will only want to build something people want to buy**
- Complex consenting process as would require Transport Works Act Order.



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9.3 Lennox Point

Strengths

- Extensive mixed development
- Additional residential revenue uses help fund infrastructure
- **Market facing scheme with ability to phase development to help fund infrastructure costs**
- Diverse housing mix (45% homes and 55% apartments)
- Development scale can deliver a significant regeneration factor
- **Scale of opportunity makes for an attractive pipeline for the development market**
- Makes a significant contribution to the Portsmouth housing need figures
- Less subsidy per home than any other option.

Weaknesses

- Requires substantial capital investment initially
- Scale of the project may only appeal to a section of the development market
- **Will present environmental challenges, over and above the existing land mass and city deal, through planning process with a case to be made and strong evidence base required**
- Potential ongoing concern over land reclamation could impact deliverability.

Opportunities

- Mixed use helps create a balanced community and quality of place
- Ability to phase land mass/reclaimed area to suit development needs
- Character area brings variation of design and uses to the masterplan
- **Maximises the opportunity to connect to the wider city, HIE and Tipner East**
- **Sustainability opportunities are wide and varied – due to scale and mass**
- Has the ability to meet City Deal funding requirements
- **Additional opportunities across Portsmouth for investment, jobs and economic prosperity.**

Constraints

- Lack of significant income producing uses, aside from residential (marine employment has limited financial profitability)
- **Infrastructure and engineering requirements over and above land reclamation and sea defences which impacts amount of developable land available**
- Complex consenting process as would require Transport Works Act Order.



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9.4 Cabinet approval to proceed

10.0.1 As a result of the assessment of these alternatives (sections 7, 8 and 9) it was agreed by Cabinet in October 2020 that the project board should continue to pursue a submission of a planning application.⁸

10.0.2 As the scheme was likely to have an impact on the nature conservation designations (as would most of the other schemes), the initial work was to understand if and how that impact could be overcome. Through liaison with Natural England during 2016-2018 positive progress was made, so that by 2019, when the strategic developments team had been set up, the concept master-planning for the site at Tipner West and Horsea Island East could continue. The resulting scheme became known as Lennox Point.

10.0.3 The site promotion report (**Appendix D**) was submitted to the Local Planning Authority in August 2021 to set out the rationale, the need, and the justification for the Lennox Point proposals.

10.0 The development of the Lennox Point proposals⁹

10.0.1 The City Deal investment unlocked the regeneration potential of Tipner West and the opportunity to create an ambitious and viable plan that celebrates Portsmouth's skills, location and ambitions for the future.

10.0.2 It is a complex and challenging site, but a unique opportunity to do development differently and deliver on the aspirations set out by residents in Portsmouth's City Vision:

- to have a thriving economy that attracts investment and creates brilliant career opportunities
- to encourage high, positive aspirations for our young people
- to be a green city that enables people to live healthier and more active lives and travel more easily on foot, by bike or public transport
- to provide good homes for all residents - homes where they feel safe, feel like they belong, and can thrive.

10.0.3 The proposed masterplan for Lennox Point has been shaped by five design principles, all rooted in creating a sustainable neighbourhood that supports the aspirations outlined in Portsmouth's City Vision.

10.0.4 While the overall design principles have been adopted, detailed designs are still to be considered and will be informed by the outcomes of environmental assessments and surveys, consultation with stakeholders and members of the public, and the finalised Local Plan.

⁸ [Agenda for Cabinet on Tuesday, 6th October, 2020, 12.00 pm Portsmouth City Council](#)

⁹ www.lennoxpoint.com

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10.0.5 The five design principles are:

- **Pedestrian first** - a network of paths, parks, squares, and cycle routes will create a walkable neighbourhood at Lennox Point, offering universal accessibility and encouraging people to walk, wheel and cycle. The streets will prioritise people over vehicles, allowing residents to move, exercise, sit and play safely (**Appendix N**).
- **Strong and healthy communities** - Lennox Point will be designed to cater for every stage of life, help foster an inclusive community and help people stay fit and healthy. Community facilities will bring people together - within a 10-minute walk of every home.
- **Closer to nature and the water** - the proposals create new green spaces and parkland and link Lennox Point to the water and beautiful surrounding landscape. A rich mix of natural habitats will be established to improve biodiversity. Recreational amenities will enable people to enjoy the great outdoors.
- **Beacon of innovation Portsmouth** - Lennox Point will show the world what Portsmouth can do, demonstrating new technologies in practice and creating an inspiring entrepreneurial and educational environment for enterprise to thrive.
- **Climate responsive** - the ambition is for Lennox Point to be the south coast's first net zero carbon neighbourhood. As a totally new place, there is the ability and responsibility to build a resilient and adaptable place that will respond to climate change. Lennox Point will benefit from a high specification of building insulation; passive solar design; on-site renewable energy generation; low energy modern methods of construction, such as off-site construction and factory assembly; and using electric power over mains gas throughout the development.

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10.1 Realisation of the design principles

Pedestrian first	Strong and healthy communities	Closer to nature and the water	Beacon of innovation Portsmouth	Climate responsive
Every home will be within a 10-minute walk to the water and everyday amenities and a 5-minute walk to public transport connections.	3,500 new, good quality homes, including 30% affordable homes and the opportunity to incorporate build to rent. <i>N.B. There are no plans to include detached homes.</i>	2.5km of accessible waterfront created.	58,000 sqm sub regional marine and maritime centre of excellence delivering: 1,900 maritime jobs (Appendix C) and apprenticeships, 1,470 jobs in other sectors and 1,500 temporary construction jobs.	All electric site harnessing renewable energy sources.
1:3 ratio of parking provided on site in a secure car store.	All homes have been priced at current Portsmouth market rates.	Community gardens and allotments incorporated.	Training and skills, research and development opportunities.	The land will be raised to accommodate flood risk.
Disabled parking will be provided across the site.	A retirement community will support older residents.	10% biodiversity net gain over and above any compensation.	The south coast's first net carbon zero neighbourhood.	Capture rainwater to prevent waste, use for recreation and improve ecology.
Quick and easy bus connections with the city centre, Park and Ride, Port Solent, railway stations.	At least 25 sqm of green space per person.	Areas of the most valuable native habitats - such as intertidal mudflats and exposed shingle shorelines - enhanced and recreated.	Enterprise Zone status.	Embrace circular economy principles to minimise waste and maximise the long-term value of materials.
M275 junction remodelled and improvements made for pedestrians and cyclists.	A two-form entry primary schools will support families in Lennox Point and neighbouring areas.	Development designed for and around biodiversity.	Excellent digital connectivity for every home and workplace.	Design for the climate - green roofs, solar panels, tree canopies.
Lennox Point linked to Portsmouth's cycle network and new routes provided.	GP surgery to support health and wellbeing.	All homes to have a view of the water or green space.	Every home is a smart home.	Build a smart grid and mobility energy infrastructure.

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10.2 Consultation and feedback to date

- **Engagement activity (Appendix O) has been undertaken with members of the public, stakeholders (Appendix P), the marine and maritime sector, investors, developers and future supply chain**
- **Feedback from the business community and the marine sector has been positive and supportive**
- **Roadshow events have been held across the city for members of the public and a formal public consultation was planned for November 2021 (paused following 13 October meeting)**

10.2.1 The project team has undertaken a number of consultation exercises to engage residents, the marine and maritime sector, investors, developers and future supply chain, including resident roadshows and workshops, two industry days and a marine market sounding research exercise.

10.2.2 Delivering social value has been central to the project from the outset. The development of the balanced scorecard measures for suppliers, the Council's social value policy and the development of an e-brokerage system for the future supply chain, will drive opportunities for local suppliers, particularly SMEs and start-ups.

Marine and maritime sector consultation

10.2.3 A marine sector market sounding exercise was undertaken in June/July 2021 to ascertain the market's appetite for the marine employment hub. 46 marine sector organisations responded positively, the organisations ranged from potential main tenants and marine hub/boatyard operators, to supply chain businesses, developers and investors.

10.2.4 Interested organisations operate across the breadth of the marine sector with new-build, marine leisure, repair and refit, and commercial vessel sectors most highly represented. 19% of responding businesses interested in the marine employment hub are large businesses (over 250 employees) and 7% have a turnover greater than £250m.

10.2.5 This exercise led to serious and constructive conversations with leading names in the sector who see themselves as potential future occupiers and flagship tenants for the scheme.

Investor, developer and supply chain consultation

10.2.6 The project team has hosted two industry days (2019 and 2021) to update businesses in Portsmouth and beyond on the Tipner West project and proposed Lennox Point masterplan. Over 400 delegates, representing local, national and international organisations attended the Lennox Point industry days.

10.2.7 The developer / funders that have engaged with the project have all made it very clear that they will need to see strong cross-party support for the project and support from statutory approval bodies before committing bidding resources.

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10.2.8 Lennox Point has been very positively received in 1-1 confidential meetings with major developer / funders who have expressed confidence regarding the viability of the market mix proposed and in raising the significant financial capital required to deliver the upfront infrastructure works.

Public consultation

10.2.9 Public consultation to date includes roadshow events in autumn 2019 and early 2020. These events at locations across the city gave residents a chance to review the plans for Tipner West, ask questions and share feedback on topics such as transport, the environment, infrastructure, employment and heritage. Residents were invited to share feedback.

10.2.10 The feedback received showed that 42% of comments related to transport and connectivity, 26% the environment, 26% infrastructure, public services and activities, 4% related to the restoration of buildings and 2% employment and economic growth. The feedback has helped shape and inform the evolving masterplan for Lennox Point. Focus groups involving Portsmouth residents were also established to name Lennox Point.

10.2.11 A formal six-week consultation on the Lennox Point masterplan was planned for November and December 2021. This was to include a series of drop in events at locations around the city and an online virtual consultation room. An extensive consultation survey was to be made available for residents to complete online, on a paper form or over the phone and the feedback used to shape the masterplan ahead of the planning application being submitted in 2022. This activity is currently paused.

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Snapshot of feedback from industry day delegates

Amazing idea, very forward thinking & great to see the council pushing this venture. Great to see our local community at the forefront of such an innovative approach to modern society

What an incredible afternoon hearing about Portsmouth City Council's ambitious plans for Tipner West. An event starting a conversation to change the way we live and work in the city. Be ambitious!

Lennox Point is absolutely fascinating, the vision is fantastic. The concept of the scheme, all very innovative - very exciting.

It could be setting the standard for developments elsewhere in the country, so I think to be involved with something at the forefront is fantastic.

Portsmouth is a sea-based economy, it's an island. It's really important that we recognise that and we don't turn ourselves inward facing, that we're still outward facing, we recognise the opportunities for the environment and the coast.

Portsmouth has a very unique challenge in terms of its housing and lack of space, so to be able to utilise space in a very innovative way, if we can get this right, this will be a stunning exemplar to the rest of the world on how to do things.

Car free zones and electric cars are the future without a doubt and to embed that into the design is so paramount.

PLEASE NOTE: Securing a developer / funding partner is likely to fall within the scope of the procurement regulations. Given the complexity of the scheme, a significant procurement process will need to be undertaken requiring a significant time commitment and the allocation of extensive bidding resources from prospective developer / funders.

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10.3 core team at Portsmouth City Council

10.3.1 The Lennox Point programme is governed by a Delivery Board and a Portfolio Board. A Working Group informs decisions and works on the programme detail. Decisions in these forums are taken in line with corporate portfolio and cabinet governance unless delegated authority through the City Deal is applicable (**Appendix Q**).

10.3.2 Since 2016 the Council's project team has grown and now includes officers and members below:

Programme team	Working group - monthly	Board (by invitation/as required) monthly	Board (required attendees) monthly	Portfolio Board
Assistant Director strategic developments	Procurement	Housing, neighbourhoods, building services	Section 151 officer	The Leader / Deputy Leader
Strategic project manager	TRP finance lead	Procurement	Director regeneration	Cabinet Member for Planning Policy & City Development
Project manager	TRP legal lead	Transport	Finance	
Assistant project manager	Civils and infrastructure	Civils and infrastructure	Legal	
Communications lead	Property and investment	Property and investment		
Bid manager				
Programme Management Office				

10.4 The requirement for a consultant team

10.4.1 The Lennox Point project team is supported by expert consultants, including consultant planners, architects, structural and civil engineers, cost consultants, ecologists and marine consultants. They have been appointed for their expertise and understanding of similarly large scale, complex and environmentally important projects.

10.4.2 The Council procured a multi-disciplinary team in 2015 (including architect Gensler, engineering firm WSP and specialist marine experts Marina Projects), led by property and planning experts Savills, on a clear brief to obtain a deliverable consent for development that meets the City Deal requirements. They remain employed, following a review in 2020/21.

10.4.3 The team has evolved since 2016 to meet a more focused project brief in 2019 and to bring in experts as required to deliver emerging requirements.

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10.4.4 This team has only undertaken work necessary to inform the planning application and has employed a risk managed approach to any spending, ensuring as far as possible that any spend incurred would be required for any development of the site.

10.4.5 This focused approach ensures that spending only continues on tasks that are required to support the planning case, where there remains a reasonable expectation that a development can be delivered but recognising that any early-stage large scale development carries risk. This spending includes all information required for the Transport and Works Act Order (TWAO) and the Town and Country Planning Act (TCPA) Planning Application.

10.4.6 On the use of external consultants, it is worth noting that this work could not have been undertaken by Council officers in the planning and economic growth function, as they form part of the regulatory role of the Council. The application promotion work must be independent and without prejudice to the regulatory function of the Council.

10.4.7 In addition, the Council does not have sufficient resources, skills, expertise and experience to deliver projects of this scale, nature and complexity without consultant support.

10.4.8 The consultants were selected through a full OJEU competitive tender process to ensure the Council obtained value for money. The consultants have not increased their rates since tendering for the work in 2015.

10.4.9 In addition to the main consultancy team, consultancy costs have been incurred in relation to cost consultancy; supply chain management; advice for City Deal submission and preparation of business case; and regeneration programme advice.

10.4.10 Breakdown of consultant team:

Consultancy	Number of team members	Expertise
Savills - Lead Consultant	25	Planning advisor, research and economic guidance
Marina Projects	4	Maritime advisor
WSP	60	Engineering, transport planning, environmental and land reclamation expertise
Rosehill Advisors	1	Viability and market engagement
Hoare Lea	10	Sustainability and mechanical, electrical, and plumbing (MEP)
Environment Bank	4	Strategic ecology advisors
Dn & Co.	6	Branding and marketing
Gensler	10	Architect - masterplan
Strategy & Projects	1	Phase 1 delivery
Allies & Morrison	13	Phase 1 architect
Faithful and Gould	15	Cost consultants, project management, principal designer
Gardiner and Theobald	4	Specialist supply chain advisor and market delivery
Pinsent Masons	4	Legal advisors (consenting)

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10.5 Project governance - Local Planning Authority

10.5.1 In addition to the project (developer) team, board and working groups, the Local Planning Authority as regulator has established a series of forums around the project. These include a steering group, regulatory panel, heritage panel and LPA-led working group. These facilitate the sharing of information and liaison with key stakeholders including councillors, environmental groups (including the Environment Agency, Natural England, RSPB and Hampshire and Isle of Wight Wildlife Trust), heritage groups, legal, finance and planning officers.

Forum	Role	Attendees
Steering group - quarterly (LPA led)	<ul style="list-style-type: none"> To provide corporate management support and engagement To ensure liaison with councillors Dispute resolution and guidance To monitor the performance of the planning resource against agreed KPIs To review design information where necessary 	<ul style="list-style-type: none"> The LPA led by the Lennox Point planning case officer PCC legal PCC finance Elected member representatives from Paulsgrove and Nelson wards Cabinet Member for Planning Leader and Deputy Leader
Regulatory panel - bi-monthly (LPA led)	<ul style="list-style-type: none"> Established by the LPA pursuant to Coastal Concordat principles To bring together statutory DEFRA consultees (the Environment Agency, Natural England and the Marine Management Organisation) and non-statutory consultees (RSPB and, shortly, Hampshire and Isle of Wight Wildlife Trust) To provide a regular forum for consideration and assessment of the HRA and EIA work streams 	<ul style="list-style-type: none"> The Environment Agency Natural England Marine Management Organisation RSPB HIWWT
Heritage panel - quarterly (LPA led)	<ul style="list-style-type: none"> To consider, assess and comment upon emerging development proposals with specific regard to potential impacts upon designated and undesignated heritage assets To review potential setting impacts to heritage survey findings To consider mitigation measures are being progressed through a site-wide Environmental Impact Assessment (EIA) 	<ul style="list-style-type: none"> Portsmouth City Council as Local Planning Authority Historic England Hampshire County Council - county archaeologist The Portsmouth Society Hampshire Buildings Preservation Trust Naval Dockyard Society Futures for Defence Heritage Group
Working group - monthly (LPA led)	<ul style="list-style-type: none"> To enable discussions and the sharing of information on specific focus topics 	<ul style="list-style-type: none"> LPA (PCC as regulators) Project team (PCC as developer) Savills WSP Environment Bank

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10.6 Expenditure to date

10.6.1 Since April 2019 the Tipner West project team has only undertaken work necessary to inform the planning application and has employed a risk-managed approach to any spending, ensuring as far as possible that any spend incurred would be required for any development of the site. This approach was detailed in a report to Cabinet in October 2020. This spending includes all information required for the Transport and Works Act Order (TWAO) and the TCPA planning application.

10.6.2 This focused approach ensures that spending is focused on tasks that are required to support the planning case where there remains a reasonable expectation that a development can be delivered, recognising that any early-stage large scale development carries risk.

10.6.3 Breakdown of expenditure to date (as at 27/10/21):

Master planning consultant fees	£9.5m	Discussed in (10.6)
Land acquisition (incl. associated legal fees)	£3.8m	Represents purchase of MOD Land at Tipner West (firing range) and Horsea Island East as part of City Deal agreement
Survey costs	£2.4m	Specialist ground marine investigation works within Tipner Lake / Porchester lake, Tipner West and Horsea Island. Ecological and topographical surveys
Internal fees	£2.3m	Time charges to the capital scheme from various internal council services since 2013/14 (i.e. project management, regeneration, finance, legal, property, communications, highways, procurement)
Legal fees	£0.2m	Pre-submission external legal advice
Local planning fees	£0.2m	Planning performance agreement (PPA) with Local Planning Authority and all LPA governance since this commenced in 2021
Site management	£0.1m	Security and land management of firing range and Horsea Island East sites
Statutory fees	£0.1m	Discretionary advice from national bodies (i.e. Natural England, the Environment Agency, Marine Maritime Organisation, Crown Estate), licencing

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10.7 Recommendations and next steps

10.7.1 Ultimately the decision on alternative(s) for development at Tipner West is one for Full Council when it approves its Submission Local Plan for consultation under Regulation 19. This will follow the deliberations of the cross-party working group that is being established to discuss the strategic outcomes required in the Local Plan, focused in particular on the intended approach for Tipner West.

10.7.2 However, based on the insights and findings shared in this report, it is recommended by the promoter that the proposed Lennox Point option move forward towards public consultation and the submission of a planning application in 2022, as mandated by the cabinet approval on 6 October 2020.

10.7.3 If the Lennox Point proposal is to progress and have a significant positive impact on Portsmouth, there is a need for more engagement with stakeholders, including Members, specialist interest groups and residents, to help shape the future of the regeneration and inform the Council's decisions on this strategic, long-term programme of works.

10.7.4 This would be undertaken by the project team following the submission of the Local Plan for consultation under Regulation 19 and would include:

- engagement activity with Members, environmental groups and heritage stakeholders through the established working groups, boards, ward member briefings and regulatory panels
- monthly project updates to all Members, quarterly all-Member briefings and a cross-party working group that would help shape the regeneration. This would be supported by a strategic reporting platform that is accessible to Members so they can readily monitor progress on the programme
- a revised engagement strategy to include roadshow and consultation events, a people's panel to help shape the project, and regular communication through project and Council-led channels
- a revised market engagement strategy to reengage with potential investors, developers and suppliers, especially those in the marine and maritime sector.

11.0 Gateways and decision points

There are numerous points where this programme will require a decision from Full Council and from the Cabinet (**Appendix C**). These are as follows:

Date	Forum	Requirement
Subject to regulation 19 timetable	Cabinet decision	Land referencing
	Cabinet/Full Council update	Lennox Point applications and masterplan
	Cabinet decision	Relocations
	Full Council update	Following exhibition
	Full Council resolution	Transport Works Act Order - section 239
	Full Council resolution (post submission)	Transport Works Act Order - Section 239

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Agenda Item 13



Portsmouth CITY COUNCIL

QUESTIONS FOR THE CABINET OR CHAIR UNDER STANDING ORDER NO 17.

ORDINARY CITY COUNCIL MEETING – 7 DECEMBER 2021

QUESTION NO 1

FROM: COUNCILLOR SCOTT PAYTER-HARRIS

TO REPLY: CABINET MEMBER FOR HOUSING AND PREVENTING
HOMELESSNESS
COUNCILLOR DARREN SANDERS

Can the cabinet member update the council regarding the usage of temporary accommodation?

QUESTION NO 2

FROM: COUNCILLOR RYAN BRENT

TO REPLY: CABINET MEMBER FOR CLIMATE CHANGE AND THE
GREEN RECOVERY
COUNCILLOR KIMBERLY BARRETT

Can the cabinet member outline the long-term vision for the climate change and the green recovery portfolio?

QUESTION NO 3

FROM: COUNCILLOR SCOTT PAYTER-HARRIS

TO REPLY: LEADER OF THE COUNCIL
COUNCILLOR GERALD VERNON-JACKSON

Can the Leader update the council on his proposal to purchase Southern Water and his discussions with other council leaders within the Hampshire area?

QUESTION NO 4

FROM: COUNCILLOR RYAN BRENT

**TO REPLY: CHAIR OF THE PLANNING COMMITTEE,
COUNCILLOR LEE HUNT**

What is the current expected timeframe for planning applications to be considered?