



NOTICE OF MEETING

CABINET

TUESDAY, 28 NOVEMBER 2023 AT 2.00 PM

COUNCIL CHAMBER - THE GUILDHALL, PORTSMOUTH

Telephone enquiries to Anna Martyn Tel 023 9283 4870
Email: Democratic@portsmouthcc.gov.uk

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

Membership

Councillor Steve Pitt (Chair)	
Councillor Suzy Horton (Vice-Chair)	
Councillor Dave Ashmore	Councillor Hugh Mason
Councillor Kimberly Barrett	Councillor Darren Sanders
Councillor Ian Holder	Councillor Gerald Vernon-Jackson CBE
Councillor Lee Hunt	Councillor Matthew Winnington

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

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

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

AGENDA

- 1 Apologies for Absence**
- 2 Declarations of Interests**
- 3 Record of Previous Decision Meeting - 31 October 2023 (Pages 9 - 12)**
A copy of the record of the previous decisions taken at Cabinet on 31 October 2023 is attached.
- 4 Appointment to Outside Organisation - Elementary Education Foundation (Pages 13 - 18)**

Purpose

To agree to appoint a member to the current vacancy on the Elementary Education Foundation.

RECOMMENDED that the Cabinet appoint Councillor Darren Sanders as a trustee of the Elementary Education Foundation.

5 Hampshire Minerals and Waste Plan (Pages 19 - 28)

Purpose

To provide an overview of the Hampshire Minerals and Waste Plan: Partial Update – Proposed Submission Plan including what changes have been made following the consultation on the Draft Plan. The Proposed Submission Plan will form the basis of the public consultation which is scheduled for winter 2023.

RECOMMENDED that the Cabinet and Full Council

- 1. Approve the Hampshire Minerals and Waste Plan: Partial Update – Proposed Submission Plan as set out in this report and will be subject to public consultation; and**
- 2. Give delegated authority to the Director of Hampshire 2050 to agree minor amendments to the Proposed Submission Plan prior to consultation.**

6 Portsmouth Port Health Authority at the Portsmouth International Port (Pages 29 - 54)

Purpose

To explore options in respect to a fully funded fit for purpose Portsmouth Port Health Authority (PPHA) function based at the Portsmouth International Port's (PIP) Border Control Post (BCP) in order to meet the deadline for implementation by His Majesty's Government's (HMG) of the 2023 Border Target Operating Model (BTOM).

RECOMMENDED that the Cabinet

- 1. Approves the adoption of proposal Option 1 (Section 5.1) as the preferred method of implementing the PPHA.**
- 2. Acknowledges that HMG has provided assurances of financial support to the delivery of the PPHA during its initial development "only" until April or July 2024.**
- 3. Acknowledges that HMG has "not" provided financial assurances beyond April or July 2024 and that should the PPHA not achieve full financial recovery through the implementation of charges beyond these dates that there is a significant risk of failing to achieve a cost neutral position and that therefore there is the potential for financial risks to the Portsmouth taxpayer.**
- 4. Requests that the Leader, in consultation with the Director of Culture Leisure and Regulatory Services write to HMG that their assurances in terms of delivering the PPHA function are considered unacceptable and are unlikely to meet the requirements of the BTOM in such a manner that the elements within Section 1.2 are met.**

5. Ensures that any such letter confirms that the council needs to be cautious with the use of public funds to press ahead with significant recruitment and cost implications given there have been numerous failed directions imposed this far and which clearly sets out this is an unfair burden being placed on local residents at significant cost and uncertainty, and request again that additional new burdens funding is provided.
6. Ensures any such letter shall continue to seek adequate assurances of support from HMG for the delivery of the PPHA beyond April or July 2023 should this be required.
7. Keeps the implementation and operation of the BTOM under continuous review, ensuring that an unfair financial burden does not fall to the Portsmouth taxpayers.
8. Recognises that this situation has been, and is likely to continue to be, subject to significant change by HMG at short notice, and therefore that further recommendations may be made. These recommendations were correct at the time of writing i.e., 18th November 2023.
9. Further considers the adoption of Option 2 (Section 5.2) or Option 3 (Section 5.3) as the preferred method of implementing the PPHA given "(b.) to (g.)" above and the uncertainty of further assurances being provided.
10. Adopts the suggestions made in Section 7.

7 **Unauthorised Encampments** (Pages 55 - 68)

Purpose

1. Following a notice of motion at Full Council on the 18 July 2023 this report updates Cabinet on the location and duration of all PCC (Portsmouth City Council) land unauthorised encampments within the last 7 years with the following information:
 - i. To provide a breakdown of the costs associated to council services within each event, including clean-up thereafter.
 - ii. To provide an update on preventative measures put in place as a response to encampments.
 - iii. To highlight consultation and support conducted with residents in the locality and timeframe of both.'
2. For Cabinet to note, for onward submission to Full Council as requested in the Notice of Motion agreed on 18 July 2023.

8 **Exclusion of Press and Public**

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

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

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

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

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

Item	Paragraph
Housing Revenue Account Residential Stock Portfolio Acquisition	Appendices 1, 4 and 7

**9 Housing Revenue Account Residential Stock Portfolio Acquisition
(Pages 69 - 108)**

Purpose

1. To inform Cabinet and Full Council of the intention for Clarion Housing Group (Clarion) to transfer housing stock to a new registered social provider, being Portsmouth City Council, in line with Clarion's long-term asset and footprint strategy; and
2. To outline details of the opportunity for Portsmouth City Council (PCC), as a Registered Provider of Social Housing to acquire from Clarion Housing Group the transferring housing stock, referred to as Lot 1a. The acquisition has been known as Project Wren; and
3. To note that the proposed acquisition, like many commercially sensitive transactions, is subject to a Non-Disclosure Agreement (NDA) between the parties. Consequently, limited financial information is presented in this public report; the financial information prepared to support this proposal is an exempt paper and has been made available and presented to all Members separately.

RECOMMENDED that the Cabinet

1. Cabinet endorses the contents of this report.

2. Full Council Recommendations:

2.1 Subject to the approval of the recommendations below, delegate authority to the Director for Housing, Neighbourhood and Building Services; Director of Finance & Resources and Section 151 Officer, taking advice from the Council's externally appointed legal advisors, and in consultation with the Leader of the City Council and Cabinet Member for Housing and Tackling Homelessness, to acquire Lot 1a; and

2.2 To approve that the 'Residential Stock Portfolio Acquisition' scheme be added to the Housing Revenue Account (HRA) section of the Council's Capital Programme with a budget set out in Appendix One to cover the purchase of the housing portfolio, associated fees and planned refurbishment works, and financed by borrowing, subject to the satisfactory completion of:

- i. The outstanding due diligence; and**
- ii. A financial appraisal, approved by the Director of Finance & Resources and S.151 Officer that demonstrates (based on the completed due diligence) that the financial impact and risks are affordable and manageable by the Council; and**

2.3 To approve the following amendments to the Treasury Management Limits, to facilitate the additional capital expenditure for this acquisition:

- i. To increase the authorised limit for external borrowing to £1,176m; and**
- ii. To increase the operational boundary to £1,143m; and**

2.4 That in order that advance treasury management preparations can be made for the transaction should the acquisition proceed:

- i. The sector limit for investments in money market funds is temporarily increased to £105m.**

2.5 Note that in approving the temporary changes to the treasury management limits, no obligation to acquire the housing portfolio Lot 1a has been entered into and no long-term financial liabilities have been incurred. The changes simply enable the Council to accumulate the necessary funding in a risk managed and cost-efficient manner and have funds available should the transaction be completed; the risks are considered negligible; and

2.6 Note that the acquisition is subject to Clarion completing a successful formal stock transfer consultation of Clarion residents and Clarion Housing Group Board approval.

10 Revenue Budget Monitoring 2023/24 (Second Quarter) to end September 2023 (Pages 109 - 118)

Purpose

To update members on the current Revenue Budget position of the Council as at the end of the second quarter for 2023/24, in accordance with the proposals set out in the "Portsmouth City Council - Budget & Council Tax 2023/24 & Medium Term Budget Forecast 2024/25 to 2026/27" report approved by the City Council on 28th February 2023.

RECOMMENDED that the Cabinet

1. The General Fund Forecast Outturn for 2023/24 (as at 30th September 2023) be noted:

The underspend is analysed as follows:

FORECAST OUTTURN 2023/24	£000
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Forecast Net Overspend (before transfers to/from Reserves)		2,034
Less Transfers From Portfolio / Cabinet Reserve:		
	Overspendings (in accordance with approved Council resolutions)	(1,190)
Add Transfers to Portfolio and Other Reserves:		
	Underspendings (in accordance with approved Council resolutions)	612
Forecast Net Overspend 2023/24 (before Windfall Costs)		1,456
Less Expenditure funded from Corporate Contingency:		
	Windfall Costs	(1,251)
Forecast Net Overspend 2023/24		205

2. Note that the pay award for 2023/24 has been agreed at a level which is £1.8m greater than the budget provision. Whilst this can be funded from the Council's Corporate Contingency in the current financial year, it will have a negative impact on the Council's overall financial position for future years.
3. Note that in accordance with approved policy as described in Section 6 any actual overspend at year end will in the first instance be deducted from any Portfolio Reserve balance and once depleted then be deducted from the 2024/25 Cash Limit.
4. Agree that Directors, in consultation with the appropriate Cabinet Member, consider options that seek to minimise any forecast overspending presently being reported and prepare strategies outlining how any consequent reduction to the 2024/25 Portfolio cash limit will be managed to avoid further overspending during 2024/25.

11 Treasury Management Mid-Year Review 2023/24 (Pages 119 - 130)

Purpose

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 2023 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.

RECOMMENDED that the Cabinet notes that:

1. The Council's Treasury Management activities have remained within the Treasury Management Policy 2023/24 in the period up to 30 September 2023.
2. The actual Treasury Management indicators at 30 September 2023 set out in Appendix A be noted.
3. The report goes to Full Council on 12 December 2023.

12 Exclusion of Press and Public

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Item	Paragraph
Application for research funding	Appendix A

13 Forward Plan Omission Notice - Application for research funding (Pages 131 - 132)

The Application for research funding by the Assistant Director, Strategic Intelligence & Research, was omitted from the Forward Plan covering 30 October 2023 to 30 January 2024. The Chair of the City Council's Scrutiny Management Panel has been notified and a public notice published.

14 Application for research funding (Pages 133 - 134)

Purpose

To seek Cabinet approval for a proposal in relation an application for research

funding.

RECOMMENDED that the Cabinet consider the contents of the exempt appendix and agree to proceed with the proposal.

Agenda Item 3

RECORD OF DECISIONS of the meeting of the Cabinet held on Tuesday, 31 October 2023 at 2 pm at the Guildhall, Portsmouth

Present

Councillor Steve Pitt (in the Chair)

Suzy Horton
Dave Ashmore
Kimberly Barrett
Lee Hunt
Darren Sanders
Matthew Winnington

85. Apologies for Absence (AI 1)

Apologies for absence were received from Councillors Ian Holder, Hugh Mason and Gerald Vernon-Jackson.

86. Declarations of Interests (AI 2)

There were no declarations of interest.

87. Record of previous decision meeting - 3 October 2023 (AI 3)

The record of decisions from the meeting held on 3 October 2023 was approved as a correct record.

88. Update on cost of living and Household Support Fund provision (AI 4)

Mark Sage, Tackling Poverty Co-ordinator, introduced the report, noting that funding had been granted for 12 months rather than six, and the DWP's requirement that a significant amount had to be applied for by residents.

Councillor Pitt requested that thanks were placed on record from the Cabinet to Mr Sage and his new team for all the work they have done and for getting support to people who needed it.

In discussion, members made the following points:

The funding was not enough to deal with the cost of living crisis. The future of funding was a serious matter as the crisis was not abating. The council was constantly having to battle against central government and wait for the next allocation to protect those in poverty or at risk of falling into it.

Portsmouth was proud that right from the start it was mindful of those were "not quite poor enough." The last iteration of funding has acknowledged this but the council had already done groundwork, for example, in Adult Services, Children's Services and Housing, such as outreach work in adventure playgrounds. There was a good network of understanding residents' needs though the council needed to remain vigilant to stop people falling through the net. Its approach was holistic rather than piecemeal but there was always room for improvement.

Members were glad the cost of living crisis was so prominent in strategic work, for example, the Director of Public Health's annual report and the Health

& Wellbeing Strategy focused on poverty. The latter focused on the "causes of the causes" which was unusual for a strategy.

The report showed how the Health & Wellbeing Board (HWB) worked across portfolios and with external organisations. The HWB incorporated the Children's Trust Board and the Safer Portsmouth Partnership so could work holistically.

Government policies had plunged more people into poverty, for example, the £20 cut to Universal Credit. The amount should have been left alone rather than making people jump through hoops. One third of council tenants were in work but also on benefits. The government could do simple things to change this, for example, each new council home saved £780 in housing benefit or raising the Local Housing Allowance to the 30th percentile would save money. The Household Support Fund was spreading support wisely but fewer resources had to go further.

Mr Sage confirmed the amount of food allocated to food banks and pantries was sufficient so far as not all the supplies had been allocated yet. Food banks and pantries did a lot of fundraising and Portsmouth was lucky to have support from the voluntary and community sector (VCS) to supplement the Household Support Fund but the situation had to be kept under review. Councillor Pitt said this was a timely reminder of the value of the VCS and extended thanks to them for all they did. The Cabinet would receive updates on support in due course.

DECISIONS

The Cabinet noted the report.

89. Water Safety Management Policy (AI 5)

Mark Collings, Seafront Operations Officer, and Claire Looney, Commissioning & Partnership Manager, introduced the report. Mr Collings was keen for the RNLI "Meet the lifeguard" educational programme in primary schools to be extended to secondary schools.

Members said the policy was important, particularly as Portsmouth was unique in being surrounded by water, and in view of tragedies such as the drowning of two young people in Bournemouth in the summer. It could help save lives as children and young people in particular needed to understand how dangerous water could be. Councillors Pitt and Horton had recently met the University's Vice-Chancellor who was happy to collaborate on encouraging awareness of water safety amongst students, many of whom may be from inland areas and unaware of the dangers of rip tides. Members noted that the council paid for the summer lifeguard service and provided free swimming for the under 12s.

DECISIONS

The Cabinet

- 1. Approved the wider distribution of the draft Water Safety Management Policy for consultation.**

- 2. Agreed that following consultation, the strategy will be reviewed following receipt of any responses and brought back to Cabinet at a future date for adoption.**

The meeting concluded at 2.28 pm.

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Councillor Steve Pitt
Leader of the Council

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Agenda Item 4



Portsmouth
CITY COUNCIL

Title of meeting:	Cabinet
Date of meeting:	28 November 2023
Subject:	Appointment to Outside Organisation - Elementary Education Foundation
Report by:	James Harris, Senior Local Democracy Officer
Wards affected:	N/A
Key decision:	No
Full Council decision:	No

1. Purpose of report

- 1.1. To agree to appoint a member to the current vacancy on the Elementary Education Foundation.

2. Recommendation

- 2.1 **RECOMMENDED that Councillor Darren Sanders be appointed as a trustee of the Elementary Education Foundation.**

3. Background

- 3.1. The Elementary Education Foundation is a charity which originated out of the Elementary Education Act 1870. Prior to then, there were various organisations in the city that provided education to the children of Portsmouth but after the 1870 Act the responsibility for education passed to the local authority.
- 3.2. The trust was established to hold the land of the education providers that existed prior to the 1870 Act and the Council acts as trustee for the foundation.
- 3.3. Appointees to the EEF will act as trustee and will need to devote sufficient time to discharge their legal obligations as trustees.
- 3.4. Due to the potential for conflicts of interest between the activities of the EEF and the City Council, careful consideration should be given when appointing cabinet members, to ensure that there will be a cabinet member available to take decisions on behalf of the council when a conflict arises. It would therefore be advisable to not appoint one of the Leader or the Deputy Leader of the Council to this board.



3.5. The current trustees on the Elementary Education Foundation are:

- Councillor Gerald Vernon-Jackson
- Councillor Ryan Brent
- Terry Norton

4. **Reasons for recommendations**

4.1. Portsmouth City Council's policy is to support and encourage participation by Councillors and Officers in the activities of outside organisations ("**Outside Bodies**") which further PCC's policies and priorities.

5. **Integrated impact assessment**

5.1. An Integrated Impact Assessment is not necessary, as no new policies are proposed.

6. **City Solicitor comments**

6.1. Nominations to Outside Bodies is subject to Part 4E of the constitution which notes that;

"In making appointments to any outside body or organisation, the Executive collectively or an individual Executive member, should act in accordance with the following rules to ensure that, so far as possible, the political proportionality of the council is maintained"

6.2. Notwithstanding Part 4E, some appointments must be limited to members of the Executive for constitutional reasons (i.e. where they sit on bodies discharging functions or making decisions on behalf of the Council) and therefore in those circumstances Part 4E would not apply.

6.3. The Council nominates and is asked to nominate Councillors and Officers to sit on organisations known as Outside Bodies. This is beneficial to the Council and to the organisations involved as a mechanism for community leadership, partnership working, information sharing and support for the Council's and the organisation's priorities.

6.4. The Council's current list of Outside Bodies contains a diverse list of approximately 80 organisations which have various functions, purposes and in some cases statutory obligations.

6.5. The Council's role in relation to the Outside Bodies therefore varies hugely and has legal ramifications to the Council, the Outside Bodies themselves and those Councillors and Officers who are nominated to those organisations.

6.6. There are a number of Outside Bodies to whom the Council appoints, and they can be broadly (although not exclusively) be divided into a number of categories;



Type	Description	Appointments
Council bodies	Not strictly 'Outside Bodies' but a group set up by the Council for various reasons. Examples include; The City of Portsmouth Sports Council; Education Advisory Board; Port Advisory Board; Transport Liaison Group; Standing Advisory Council for Religious Education.	Appointments are in accordance with their own terms of reference.
Statutory appointments	External bodies which the Council is required by statute to appoint to. Examples include; Hampshire Countryside Access Forum; Southern Inshore Fisheries & Conservation Authority; Southern Regional Flood & Coastal Committee.	Appointments to such organisations is ordinarily governed by the relevant statute which established the body.
Joint Committees	Established under the Local Government Act 1972, they ordinarily operate to discharge Council functions. Examples include; Solent Transport Joint Committee, Partnership for South Hampshire; Portchester Crematorium Joint Committee; Project Integra Strategic Board, Building Control Partnership	Appointment to such organisations should be of the executive member with relevant portfolio responsibility, as they are discharging an executive function of the Council
Community Associations	These are organisation usually focused to a particular ward in the city. Examples include; Baffins Community Association; Eastney Area Community Association; Fratton Community Association; Landport Community Association; Milton Village Community Association; Paulsgrove Community Association; Stamshaw & Tipner Community Centre Association; Buckland Community Association.	These are organisations that ordinarily require a link/patronage from the local ward councillor/s. Nominees either observe and represent the Council or can be asked to be a trustee /director of the organisation (which they would undertake in a personal capacity).
Charities/ companies	These are ordinarily local organisations which seek patronage of the Council/Councillors or have a requirement by way of their constitutional documents to invite a nominee from the Council	As separate legal entities, appointments will be governed by the constitution of

	<p>(for example due to historic funding from the Council). Examples include;</p> <p>Aspex Visual Arts Trust; The Lord Mayor of Portsmouth's Coronation Homes; Motiv8; New Theatre Royal Trust; Portsmouth Naval Base Property Trust; Portsmouth Royal Dockyard Historical Trust; Fitzherbert and Moody Charity; Kings Theatre Trust; Mary Rose Trust; Peoples Action Team for Community Harmony Ltd (PATCH); William Shepherd Charity & Elizabeth Mary Claypitt Charity.</p>	<p>the organisations. The Council may not therefore have the right to remove, replace or add nominees. The role the nominee has will generally be determined by the organisation.</p>
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Type of Representation

- 6.7. Appointees can take on a range of roles on Outside Bodies. Nominees must therefore fully understand the role they are being asked to take on as their role may involve them taking on personal liability for their actions for which the Council will have no responsibility. The roles include;

Observer / Advisor	The appointee will be there to represent the Council but will have no responsibility for decision making at the Outside Body
Director / Trustee	The appointee will be responsible for making decision for the Outside Body. As a director or trustee, individuals are personally responsible for the decisions they take.
Committee Member	Representing the Council and taking decisions on behalf of the Council at those meetings. For this reason, such nominees should be cabinet members.

Risks

- 6.1. Nominees are not, in the main, required to report back to Full Council, Cabinet or the relevant portfolio holders or directorate/officer. This can result in the relevant nominee not being an effective conduit of the Council's views to the organisation and also not feeding back relevant information back to the Council.
- 6.2. In addition, where the Council is nominating a representative to an Outside Body, the Council should be confident that the nominee will act appropriately and represent the Council to the high standards the Council expects. For example, where nominees are elected Councillors or employed Council officers, they are subject to either the Officer or Councillor Code of Conduct as appropriate and any mis-conduct can be managed through those codes.
- 6.3. The risk of appointing members of the public to an Outside body is that the Council will have no method of control of the individual and therefore such an appointment could pose reputation risk to the Council in the event of mis-conduct. That being said, there is nothing in the Council's constitution or in public law which would prevent such appointments, and it is for Cabinet to assure itself of the suitability of any such appointments. It is also noted for completeness that members of the

public would not benefit from any Council insurance or indemnity which may be available to a councillor or officer.

- 6.4. Nominees also need to be aware of the potential for conflicts of interest between their role as Councillors and their role with the Outside Body. Executive Councillors in particular (i.e. those responsible for executive decisions by the Council) should be particularly conscious of the risk of conflict where they may be asked to make a decision which impacts on the relevant Outside Body.
- 6.5. Nominees will need to consider whether their position with the Outside Body should be noted in their declaration of interests. Further advice should be sought from the City Solicitor where required.

7. Director of Finance's comments

- 7.1. There are no finance implications arising from this report.

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Signed by: Natasha Edmunds, Director of Corporate Services

Appendices:

None.

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
None.	

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

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Signed by:

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Agenda Item 5



Title of meeting: Cabinet / Full Council

Date of meeting: 28 November 2023 (12 December 2023)

Subject: Hampshire Minerals and Waste Plan: Partial Update – Proposed Submission Plan

Report by: Lucy Howard, Head of Planning Policy

Wards affected: All

Key decision: No

Full Council decision: Yes

Purpose of this Report

1. The purpose of this report is to provide an overview of the Hampshire Minerals and Waste Plan: Partial Update – Proposed Submission Plan including what changes have been made following the consultation on the Draft Plan. The Proposed Submission Plan will form the basis of the public consultation which is scheduled for winter 2023.

Recommendation(s)

2. That Cabinet / Full Council:
 - a. approves the Hampshire Minerals and Waste Plan: Partial Update – Proposed Submission Plan as set out in this report and will be subject to public consultation; and
 - b. gives delegated authority to the Director of Hampshire 2050 to agree minor amendments to the Proposed Submission Plan prior to consultation.

Executive Summary

3. This paper seeks to
 - explain why a partial update of the Hampshire Minerals and Waste Plan has been undertaken;
 - set out what proposed changes have been made, following the Draft Plan consultation;
 - outline the proposed consultation process to encourage Hampshire's residents to have their say on the changes; and
 - provide an overview of how the project is financed.



Background to the Partial Update

4. Portsmouth City Council is the Minerals & Waste Planning Authority for the City. We work in partnership with our plan-making partner authorities of Hampshire County Council, Southampton City Council, New Forest National Park Authority and South Downs National Park Authority on the preparation and monitoring of minerals and waste policies.
5. The National Planning Policy Framework (2021) requires that Local Plans be reviewed to assess whether they require updating at least once every five years¹.
6. The Hampshire Minerals and Waste Plan (the 'Plan') was adopted in October 2013. The Plan was produced in partnership with Portsmouth and Southampton City Councils and the New Forest and South Downs National Park Authorities. Since adoption, there has been an on-going relationship between Hampshire County Council and these Authorities regarding the monitoring and implementation of the Plan.
7. The Plan was reviewed in 2018 but was found to not require an update at that time. However, a number of issues were noted and monitored. A further review was undertaken in 2020 which concluded that parts of the Plan needed to be updated to reflect changes in policy and to address issues with mineral and waste management provision.
8. A Draft Plan was prepared which was subject to consultation for 12 weeks from 8 November 2022 to 31 January 2023. A total of 2,500 responses were received with the majority focusing comments on the proposed site allocations.
9. The responses have all been reviewed and a response has been provided to the issues raised. The Proposed Submission Plan takes into account the comments and issues raised, where appropriate. The remaining timetable for plan-preparation is set out in the Development Scheme.
10. A revised Development Scheme was approved by County Council on 20 July 2023. The revised timetable for the partial update of the Plan is outlined as follows:

Key Milestones	Timescale	Description
Regulation 18 (Preparation)	March 2021 – August 2022	Call for Sites (Fixed period) Preparation of Evidence Base
Regulation 18 (Consultation)	September 2022 – March 2023	Consultation on the Draft Plan Update and Evidence
Regulation 19 (Proposed Submission) Document Preparation)	April 2023 – September 2023	Update Evidence Base Revise Plan based on Evidence Base and Consultation
Regulation 19 (Proposed Submission) Document Consultation)	October 2023 – March 2024	Consultation on the Updated Plan to be submitted to the Secretary of State

¹ National Planning Policy Framework (Para. 33) - [National Planning Policy Framework \(publishing.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/91212/nppf-2021.pdf)

Regulation 22 (Preparation)	April 2024 – June 2024	Update Evidence Base Proposed Modifications based on Evidence Base and Consultation
Regulation 22 (Submission to SoS)	July 2024	Submitting the Plan to the Secretary of State who appoints a Planning Inspector
Regulation 24 (Public Examination)	Spring 2025	Planning Inspector examines the Plan Consultation on proposed Main Modifications to the Plan
Regulation 25 (Inspector's Report)	Autumn 2025	Planning Inspector delivers the report on the Plan
Regulation 26 (Adoption)	Spring 2026	All authorities adopt the Plan, as modified by Planning Inspector

11. To support the partial update of the Plan, several studies and assessments have been prepared.

Proposed Submission Plan

12. Responses were received regarding all aspects of the Draft Plan and therefore, nearly all parts of the Proposed Submission Plan have been updated in some form.
13. In addition, the supporting documents have been updated where necessary. The Interim Environmental Report for the Sustainability Appraisal which incorporated Strategic Environmental Assessment has been updated including a revision to some of the assessment criteria and the baseline. The Habitats Regulation Assessment Screening Report has also been updated and the Appropriate Assessment has been prepared.
14. Since the Draft Plan was prepared, new minerals and waste data has become available and therefore, the forecasting work for both future minerals demand and provision, and waste management arisings and capacity has been updated.
15. This work has informed the preparation of the Proposed Submission Plan. The remainder of this report sets out what changes have been made to the Plan. It should be noted that the Plan becomes a material consideration when it reaches Proposed Submission Stage, but the adopted Plan remains the dominant Policy Statement until the Partial Update Plan is adopted.

Vision, Plan Objectives and Spatial Strategy

16. The focus of comments on the Vision, Plan Objectives and Spatial Strategy were regarding how carbon neutrality was going to be achieved, a lack of appreciation of the impacts minerals and waste development can have on local communities but also recognition of how the Plan relates to neighbouring areas and their communities and designated areas.
17. As such, there has been a focus on increasing the recognition of potential impacts and highlighting the need for considering wider landscape-scale issues which can go beyond the Plan boundary. Climate change comments were a general focus on the



planning policies in general and therefore, careful consideration has been given to how this issue can be addressed in the policies but also how this translates, most notably in the Plan Objectives which set out how the Vision will be achieved.

Development Management Policies

18. All of the Development Management Policies and supporting text have been reviewed and updated.
19. Policy 1 (Sustainable minerals and waste development) has been updated to ensure that it aligns with the NPPF but also emphasises that the Plan should be considered as a whole with policies not viewed in isolation. The supporting text has been updated to provide additional information on how decision-making is undertaken.
20. Policy 2 (Climate change – mitigation and adaptation) has been updated to require developments to prepare Climate Change Assessments giving consideration to measures that can be applied to mitigate and adapt but also for development to demonstrate how they will support the transition to carbon neutrality in 2050.
21. Policy 3 (Protecting habitats and species) has been updated to reflect the requirements for biodiversity net gain and the need for wider strategic-scale consideration for ecological protection and enhancement which highlights the important relationship between the Plan and the emerging Local Nature Recovery Strategy.
22. Policy 4 (Protection of the designated landscape) has been retitled 'Nationally protected landscapes' as the policy regards both National Parks and Areas of Outstanding Natural Beauty. Policy 5 (Protection of the countryside) has also been retitled 'Protection of the countryside and valued landscapes' and considers other landscapes of value such as Areas of Special Landscape Quality.
23. Policy 6 (South West Hampshire Green Belt) and Policy 7 (Conserving the historic environment and heritage assets) have not required further change to their content.
24. Policy 8 (Water resources) has been renamed 'Water management' to clarify that the policy addresses both water quality and water supply.
25. Policy 9 (Protection of soils) has been updated to recognise the important role soils have in carbon management (release and absorption).
26. Policy 10 (Restoration of minerals and waste developments) has been updated to strengthen the requirement for climate change mitigation and adaptation to be taken into account.
27. Policy 11 (Protecting public health, safety, amenity and well-being) has been amended to strengthen protection and how this is considered. The supporting text has been updated regarding the reference to the application of buffers between development and sensitive receptors.
28. Policy 12 (Flood risk and prevention) now references the County Council's recently prepared Catchment Management Plans.
29. Policy 13 (Managing traffic) has been updated to provide greater clarity on the detail of what is expected as part of a Transport Assessment or Statement.

30. The supporting text to Policy 14 (High-quality design of minerals and waste developments) has been updated to provide improved signposting to other relevant policies.
31. It is intended that the revised and updated Development Management Policies will strengthen the protection of Hampshire's environment and communities.

Minerals Policies

32. Policy 15 (Safeguarding – mineral resources) remains unchanged but Policy 16 (Safeguarding – minerals infrastructure) has been amended to clarify its implementation and strengthen the policy in relation to protection of capacity.
33. Policy 17 (Aggregate supply – capacity and source) has been updated to reflect more recent data and forecasts for demand in Hampshire. The policy now states that an adequate and steady supply of aggregates will be provided until 2040 at rates of 0.9 million tonnes per annum (mtpa), of which 0.16 mtpa will be soft sand (meaning a total of 0.74 mtpa of sharp sand and gravel). This is a reduction from a total of 1.56 mtpa in the 2013 adopted Plan and 1.15 mtpa in the Draft Plan. These revised figures take into account past sales but also forecast demand. The landbank requirement has also been included in the Policy as well as the total aggregate requirement. The capacity figure for Recycled and Secondary Aggregates has been increased from 1mtpa to 1.8mtpa based on the existing capacity and allowing for future growth. The capacities of alternative sources of aggregate remain unchanged as these generally align with current sales and allow for growth.
34. Policy 18 (Recycled and secondary aggregate development) has remained unchanged from the Draft Plan version and Policy 19 (Aggregate wharves and rail depots) has been amended further to reflect those wharves which are actively contributing to capacity.
35. Policy 20 (Local land-won aggregates) has been updated to reflect the current status of permissions. Those sites that have closed have been removed and those that have been permitted are listed as existing reserves. Allocations have been included to help maintain the provision. However, these have been updated from the Draft Plan and some sites have not been taken forward into the Proposed Submission Plan due to issues of deliverability or potential for significant impacts which could not be suitably mitigated. Any known issues associated with the allocations will be mitigated in line with the development considerations (outlined within Appendix A of the Plan) which would need to be addressed as part of any planning application.
36. The allocations set out in the Proposed Submission Plan provide sufficient capacity to meet the forecasted level of provision up to around 2033/34. However, unplanned provision which averages 250,000 tonnes per year provides flexibility in supply (supported by Part 4 of Policy 2) and is expected to address the shortfall.
37. Policy 21 (Silica sand development), Policy 22 (Brick-making clay) and Policy 23 (Chalk development) remain largely unchanged.
38. Policy 24 (Oil and gas) has had the emphasis amended and further considerations where proposals are located in a National Park. The supporting text has been amended to reflect the need for proposals to comply with Policy 2 (Climate change –

mitigation and adaptation) and demonstrate how they support the transition to carbon neutrality by 2050.

Waste Policies

39. As with the minerals policies, some of the waste policies have been subject to amendment and others have remained as they are in the adopted Plan.
40. Policy 25 (Sustainable waste management) remains largely unchanged except the provision of non-hazardous waste arisings has been updated to reflect current targets of 65% for recycling and 95% diversion from landfill. The policy also strengthens provisions regarding the waste hierarchy.
41. Policy 26 clarifies that it refers to non-waste development and refers to the 'agent of change principle'.
42. Policy 27 (Capacity for waste management development) has been updated to address the current level of arisings and the minimum level of additional capacity required to support management of the waste volumes forecast up to 2040. This includes at least 0.11 of non-hazardous recycling capacity, up to 0.37 mtpa of non-hazardous recovery capacity and up to 2.3 million tonnes of non-hazardous landfill void. The recycling and recovery figures are a decrease from the 2013 adopted Plan and the Draft Plan. However, the landfill void is an increase from the adopted Plan which reflects the need to reduce reliance on other areas to provide the required capacity. The ambition is still 100% diversion from landfill.
43. Policy 28 (Energy recovery development) has been updated to reflect the Government's current position on energy from waste and the need for combined heat and power as a minimum. This strengthens the existing 2013 policy which only requires power as a minimum and the capacity to deliver heat in the future.
44. Policy 29 (Locations and sites for waste management) has been amended to avoid any ambiguity, but the criteria-based approach remains unchanged. Ancillary development is now specifically mentioned, to be able to distinguish these smaller applications for facility improvements. The strategic waste allocations included within the Draft Plan have been discounted from inclusion within the Proposed Submission Plan due to issues of deliverability, the potential for significant impacts which cannot be suitably mitigated or the proposal was an extension to an existing site with permission and therefore, it was not considered necessary to allocate the site.
45. Policy 30 (Construction, demolition and excavation waste development) seeks to increase by 0.4mtpa recycling capacity and maintain the existing recovery capacity levels.
46. Reference has been made to the need to comply with the Environment Act treated waste-water phosphorous targets in Policy 31 (Liquid waste and waste-water management) which remains unchanged from the Draft Plan.
47. Policy 32 (Non-hazardous waste landfill) has been updated to reflect the current status of sites and permissions. The policy has been amended to address proposals to re-work landfills to ensure there is a beneficial outcome.
48. Policy 33 (Hazardous and Low Level Radioactive Waste development) remains unchanged, other than factual updates. Similarly, Policy 34 (Safeguarding potential

minerals and waste wharf and rail depot infrastructure) has been updated but also strengthens the safeguarding of potential wharves and rail depots.

Monitoring & Implementation

49. The Monitoring indicators have been updated to ensure they align with the revised policies and that the data is obtainable and measurable. The Triggers have also been reviewed and updated, where necessary.
50. The Implementation text has also been updated to reflect the changes made to the policies and to ensure that they are compliant with national policy.

Consultation arrangements

51. Portsmouth City Council and the plan-making partner Authorities are required to undertake a public consultation of the Proposed Submission Plan under Regulation 19 of the Town and Country Planning (Local Planning) (England) Regulations 2012.
52. The consultation will be carried out in line with the City Council's Statement of Community Involvement² (SCI), which was published in 2017 and is currently under review and those of the partner Authorities.
53. The consultation will commence in January, subject to approval by County Council and the partner authorities, and will run for eight weeks, ending in February 2024.
54. The consultation will include notification of neighbouring properties and advertisements via newspapers and social media. All respondents to the Draft Plan consultation that expressed an interest in being kept informed will also be contacted. This will allow residents to provide feedback on the proposals to help inform the next stages of plan-making.

Financial Implications

55. Hampshire County Council has contractual arrangements with the plan-making partner authorities. The partners pay 8% each of the yearly cost for these services, with Hampshire County Council covering the remaining 68%.
56. An initial total budget estimate for the partial Plan update is approximately £816,750. Based on the current distribution of costs, partner authorities would be contributing approximately £261,360 to the estimated total budget, leaving the County Council to meet the remaining £555,390 in costs.
57. The cost of the partial Plan update is being funded from monies previously identified and earmarked for a Plan update (£230,000 which remained from the preparation of the adopted (2013) Plan) with the remaining resource requirements met through re-prioritisation of work programmes and activities within budgets, subject to appropriate contributions being made by the partner authorities.

Next steps

58. Following approval by the plan-making partners, the Proposed Submission Plan will be subject to public consultation from January to February 2024 for a period of 8 weeks.

² <https://www.portsmouth.gov.uk/services/development-and-planning/planning-policy/statement-of-community-involvement/>



59. The responses received will be reviewed and collated. Approval for Submission of the Plan to the Secretary of State will be sought by the County Council in the summer and subject to approval, the responses will be submitted with the Submission Plan to the Secretary of State in July 2024.
60. It is anticipated that the Public Examination of the Submission Plan will take place in Spring 2025. Those that expressed an interest in participating in the hearing sessions as part of their Regulation 19 response will be invited to do so by the Inspector. Following the Examination, the Inspector writes their report on whether the Plan is "sound" or not i.e. whether it passes the necessary legal tests. Should the Plan be found sound, Hampshire County Council and the partner Authorities can adopt the Plan.

Reasons for recommendations

5. Integrated impact assessment

The Proposed Submission Plan will be subject to public consultation in accordance with Regulation 18 of The Town and Country Planning (Local Planning) (England) Regulations 2012 and Hampshire's SCI.

The Equality Impacts of the Proposed Submission Plan has been assessed [EIA 448] to be neutral by the County Council as the Plan enables decision-making on what development is needed, where it should take place and contains policies for protecting the environment and communities. It does not impact on any particular section of the community. Whilst development has been identified in specific locations, the policies apply city and county-wide

6. Legal implications

The legal requirements for the preparation and consultation of the review of the Minerals and Waste Plan are set out in Planning and Compulsory Purchase Act 2004 (as amended) ("PCPA 2004") and the Town and Country Planning (Local Planning) (England) Regulations 2012 (as amended) ("The LPR 2012"). The Council must carry out consultation on the draft local plan in accordance with regulation 19 of The LPR 2012 and take into account representations made in response to the consultation.

7. Director of Finance's comments

Portsmouth will pay a share of the cost to update the Hampshire Minerals and Waste Plan along with Hampshire, Southampton and other partners. Portsmouth share of this is £65,340 payable over three years. The annual £22,780 cost will be met from existing cash limited resources.



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Signed by:

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
Draft Hampshire Minerals and Waste Plan: Partial Update – Proposed Submission Plan	https://documents.hants.gov.uk/mineralsandwaste/HMWP-PartialUpdate-ProposedSubmissionPlan.pdf
Sustainability Appraisal of a/n document	https://documents.hants.gov.uk/mineralsandwaste/HMWP-PartialUpdate-SA-SEAEEnvironmentalReport.pdf
Habitat Regulations Assessment Appropriate Assessment of a/n document	https://documents.hants.gov.uk/mineralsandwaste/HMWP-PartialUpdate-HRAAppropriateAssessment.pdf
Habitat Regulations Assessment Screening Report of a/n document	https://documents.hants.gov.uk/mineralsandwaste/HMWP-PartialUpdate-HRAScreening-Report.pdf
Policies Map for a/n document	https://documents.hants.gov.uk/mineralsandwaste/HMWP-PartialUpdate-PoliciesMap.pdf

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

.....
Signed by:

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Title of Meeting:	Cabinet Decision Meeting
Date:	28 th November 2023
Subject:	Portsmouth Port Health Authority at the Portsmouth International Port
Report by:	Stephen Baily, Director of Culture, Leisure, and Regulatory Services
Wards affected:	All
Key decision:	No

1. Purpose of report

1.1 The purpose of this report is to explore options in respect to a fully funded fit for purpose Portsmouth Port Health Authority (PPHA) function based at the Portsmouth International Port's (PIP) Border Control Post (BCP) in order to meet the deadline for implementation by His Majesty's Government's (HMG) of the 2023 Border Target Operating Model (BTOM).

1.2 To be fit for purpose the PPHA is required to:

- deliver HMG legislative requirements to protect and maintain the biosecurity of imported goods.
- prevent friction at the border and maintain the UK's food supply.
- match the expectations of the PIP and food importers / exporters.
- match the existing business as usual needs / requirements of the PPHA and the PIP.

1.3 There is a need to consider four questions:

- i. Is Portsmouth City Council (the council) able to provide a PPHA in any form with the current resources and funding available?
- ii. If the answer to (i) above is '**yes**', will the PPHA functions provided be sufficient to meet the requirements of the BTOM?
- iii. If the answer is '**no**' to either (i) or (ii) how should the council communicate such to HMG to find a workable solution?
- iv. Will ongoing conversations with HMG impact the decisions the council is making respect to the BTOMs implementation in the near future?

2. Recommendations

2.1 It is **RECOMMENDED** that the Cabinet:

- a) Approves the adoption of proposal **Option 1 (Section 5.1)** as the preferred method of implementing the PPHA.
- b) Acknowledges that HMG has provided assurances of financial support to the delivery of the PPHA during its initial development "only" until April or July 2024.
- c) Acknowledges that HMG has "not" provided financial assurances beyond April or July 2024 and that should the PPHA not achieve full financial recovery through the implementation of charges beyond these dates that there is a significant risk of failing to achieve a cost neutral position and that therefore there is the potential for financial risks to the Portsmouth taxpayer.
- d) Request that the Leader, in consultation with the Director of Culture Leisure and Regulatory Services write to HMG that their assurances in terms of delivering the PPHA function are considered unacceptable and are unlikely to meet the requirements of the BTOM in such a manner that the elements within Section 1.2 are met.
- e) Ensures that any such letter confirms that the council needs to be cautious with the use of public funds to press ahead with significant recruitment and cost implications given there have been numerous failed directions imposed this far and which clearly sets out this is an unfair burden being placed on local residents at significant cost and uncertainty, and request again that additional new burdens funding is provided.
- f) Ensures any such letter shall continue to seek adequate assurances of support from HMG for the delivery of the PPHA beyond April or July 2023 should this be required.
- g) Keep the implementation and operation of the BTOM under continuous review, ensuring that an unfair financial burden does not fall to the Portsmouth taxpayers.
- h) Recognises that this situation has been, and is likely to continue to be, subject to significant change by HMG at short notice, and therefore that further recommendations may be made. These recommendations were correct at the time of writing i.e., 18th November 2023.
- i) Further considers the adoption of **Option 2 (Section 5.2)** or **Option 3 (Section 5.3)** as the preferred method of implementing the PPHA given "**(b.) to (g.)**" above and the uncertainty of further assurances being provided.
- j) Adopts the suggestions made in Section 7.

3. Introduction into the PPHA

3.1 PPHA is a team situated within the council's Regulatory Services. The PPHA have responsibility to protect the public, environmental and animal health of the UK with the primary objective of preventing the introduction into the country of dangerous epidemic diseases through shipping activity without creating unnecessary disruptions to world trade.

3.2 The team carry out a range of health controls at the PIP. These include checks on imported food, inspecting ships for food safety and infectious disease control, as well as public and environmental health checks.

3.3 Checks on food at the point of import are in place throughout Europe to control the risks to human and animal health. Many ports and airports in the UK have specialist facilities that deal with high-risk food imports such as food of animal origin, meat, and fish products, as well as other high-risk foods such as peanuts. The importance of these controls has been reinforced in recent times, with outbreaks of avian influenza and foot and mouth disease, concerns in respect to African swine fever, and narratives provided and updated by public health and the Food Standards Agency.

4. Relevant Issues – How did we get here?

4.1 The implementation of Sanitary and Phyto-sanitary (SPS) checks on food imports into the UK have been delayed on "four occasions" since the UK formally left the EU in January 2020.

4.2 In April 2022, HMG decided not to introduce further Safety and Security (S&S) requirements or SPS controls which apply to animal products, plants, plant products and high-risk food and feed of non-animal origin on imports into the UK from the EU that had been planned for July 2022 onwards. Following that decision, HMG developed a new BTOM (published in August 2023) which was significantly different to the previous BTOM which was published in April 2023.

4.3 Prior to this change PPHA had implemented a considerable amount of work and expenditure on recruiting, training, and equipping staff to meet the requirements of the original BOM. Additionally, a purpose-built BCP facility was constructed at the PIP in order to facilitate the original requirements of the BTOM.

4.4 The new BTOM has rendered the original requirements of the PPHA and specification of the BCP invalid. Therefore, this facility may be repurposed requiring the construction and designation of a new BCP. The existing BCP may be used in the short term should the current timetable for implementation of the BTOM go ahead. However, this installation has not yet been designated as an official BCP as this process was halted when the last postponement was announced. This will need to be completed before the BCP becomes operational. Any new facility must also undergo this designation before becoming operational. The PIP has advised that this facility and any new proposed one is subject to uncertainty until such time as future financial clarity is given in respect to their financial pressures.

4.5 The new BTOM has now been published and implementation has been specified in three stages:

- **31 January 2024:** The introduction of health certification on imports of medium risk animal products, plants, plant products and high-risk food and feed of non-animal origin from the EU.
- **30 April 2024:** The introduction of documentary and risk-based identity and physical checks on medium risk animal products, plants, plant products and high-risk food and feed of non-animal origin from the EU. Existing inspections of high-risk plants/plant products from the EU will move from destination to Border Control Posts.
- **31 October 2024:** The requirement for S&S declarations for imports into Great Britain from the EU or from other territories where the waiver applies.

4.6 HMG have issued a letter of funding intention to all Port Health Authorities. **(Appendix 1)**. They have advised the PPHA to begin preparation for the implementation of the BTOM on 30 April 2024 when the BCP infrastructure is required to be completed, designated and open for business, and the PPHA is required to have all required staff recruited, trained and competent by that date.

4.7 HMG has confirmed that PHA funding is available from November 2023 until April 2024, after which PHA's are expected to be fully self-sufficient and cost neutral. If this remains to be the case the PPHA will have a maximum of three calendar months from May to July end 2024 to achieve cost neutral output. If this is not the case, then this service will be required to be funded by the council until cost neutrality is achieved.

4.8 HMG have published *The Ecosystem of Trust Evaluation Report (ESoT)* which explores among other matters a "Trusted Trader" scheme which they intend to introduce in 2024-2025. At the time of writing, details of this scheme are unclear, however, this is likely to reduce burdens on importers importing goods through the PIP. In turn this is likely to reduce costs for said importers which will limit the income of the PPHA. If this scheme is introduced then any cost neutral plans will need to be adjusted, placing more emphasis on income required from other importers who cannot avail themselves of the benefits of the scheme.

4.9 Additionally, HMG have introduced a timed-out decision contingency feature (TODCOF) in respect to imported goods. This is an automated process for finalising a Common Health Entry Document for animal products for low-risk and medium risk animal product imports (from the EU to GB) without undertaking a documentary check.

4.10 This automated clearance process will be in place from April 2024 for low-risk consignments on a permanent basis (i.e., business as usual) and medium-risk consignments on an interim basis (i.e., it is intended as a contingency feature in the initial period of the new import controls - from April until September 2024).

4.11 The TODCOF:

- will not apply to high-risk animal product imports.

- will not apply if the risk engine has selected a consignment/product for inspection at a BCP.
- triggering does not impact the ability for a BCP/PHA to charge for a documentary check.

4.12 BCP capacity (for EU-GB animal product imports) was planned / built to receive around 1% of all animal product consignments for identity and physical inspection. Under the BTOM, the policy is for documentary checks to be undertaken on 100% of medium and high-risk animal product imports. For a period after April 2024 there HMG acknowledge that new BCPs may not be able to complete 100% documentary checks before a consignment's arrival in GB.

4.13 The TODCOF is therefore a useful tool to be deployed by PPHA if it is unable to meet fully the demands placed upon it from April 2024, however, is limited availability for medium risk products is a concern.

4.14 At the time of writing, HMG have not provided precise information as to how much resource or financial support will be available. On the 24 October the council wrote to HMG (**Appendix 2**) advising that we will be unable to proceed with further preparations and recruitment until such time as available options have been considered which may require the provision of further information. **Appendix 2 therefore forms the basis of this decision paper.**

4.15 On the 14th November HMG responded to our concerns (**Appendix 3**) advising that the PPHA should aim to recruit to enable full delivery of the BTOM. HMG however acknowledged that recruiting to a full capacity by this date may be unattainable.

4.16 HMG therefore have agreed that PPHA may temporarily, on a risk basis, undertake a decreased rate of documentary checks for medium risk consignments, with prior agreement from Defra and that this may occur when it is necessitated by such staffing limitations and there is a significant risk of disruption to throughput at the BCP.

4.17 Within the letter dated 14th November HMG again confirmed that there is an expectation that the PPHAs will begin full cost recovery for all BTOM operations through charging from 30 April 2024 and that certain transitional easements will be in place throughout the period of 30 April to 31 July 2024, which may reduce our ability to issue charges to recover BTOM operational costs. As such, HMG have confirmed that they will accept financial liability in cases where easements have prevented full cost recovery through an inability to issue charges **only for this limited period.**

4.18 On the 17th November officers from the PPHA met with officers from HMG to again reiterate our ongoing concerns in respect to recruitment and funding. HMG subsequently confirmed via email that they have agreed that *"whilst the PPHA should start recruiting staff it is very unlikely that they will be able to recruit more than around a dozen people."* In practice this means that the PPHA are likely to recruit approximately 50% of the staff that are required to fully meet our responsibilities under the BTOM.

4.19 HMG have requested that if our recruitment should exceed 12 FTE then the PPHA should seek further agreement from HMG before confirming employment. HMG have

agreed that in the bid for 2023/2024 Q3 funding under the PHA Transition Grant the PPHA can include all reasonable costs incurred by the recruitment process and essential costs incurred for the designation of the new BCP that are not the responsibility of the BCP operator (due to be in February 2024).

4.20 HMG have also confirmed that conversations around operations and recruitment, and other implementation issues will continue into Spring and early Summer 2024 and that these discussions will continue to include the PPHA abilities to match the BTOM requirements and recover its costs.

4.21 In order to consider the factors in Section 1, it is submitted that there are three available options for the council to consider, and once decided, to communicate the decision option to HMG. This, in turn, may require a further response from HMG before proceeding / moving forward / implementing. Dependent upon the decision reached such may form a "key decision" moving forward and the need for further assessment / discussion.

5. Options

5.1 Option 1- Begin recruitment and preparation for the current timetable (subject to the current HMG assurances)

5.1.1 HMG have requested the PPHA to recruit and prepare for the current commitment timetable. PPHA have set out and communicated to HMG their exact requirements for staffing and equipment required to operate the BCP in such a manner that it can meet the demand for SPS checks at the PIP; maintain biosecurity and not unnecessarily interrupt UK food supply chain. These estimations were calculated on figures given to PPHA by HMG originating from HMRC.

5.1.2 **Costs of operating the PPHA have been recalculated as £2.4 to £2.7 million annually (for all costs including 28 staff operating 365 /18 hours a day).**

5.1.3 This option is dependent on full HMG financial support for the staffing quota, and equipment required. **HMG have "not" confirmed indemnification for any shortfall in the first three calendar years from the BTOM implementation date of April 2024. Rather they have confirmed the possibility of three months additional funding and a willingness to further discuss with the PPHA its position at that time.**

5.1.4 **Currently, pending further discussions, in order to sustain itself from either May or August 2024, the PPHA must therefore be able to rely on funding from the council's reserves (i.e., the Portsmouth taxpayer).**

5.1.5 As well as staffing and equipment, other significant criteria must be in place, otherwise this option becomes unviable. Conversations with respect to the recruitment and information technologies required suggest that such a program of development will also require significant additional resources within these services in order to deliver HMG requirements in such a short period of time (these resources may have to be contracted in). Such costs will be included with 2023/2024 Q3 funding bid application (but are not guaranteed to be supported by HMG).

5.1.6 Previously the PPHA has attempted to recruit and train Official Veterinarians (OV). These specialist officers are essential for checking products of animal origin imports as well as signing off required import documentation. Without this role the PPHA cannot function. All recruited OVs have either left the service by resignation or redundancy due to the many delays to BOM / BTOM implementation. It has been decided after the difficulties involved in attempting to recruit, train and retain officers to this specialist role the best way forward for future OV support is to "buy in" the service in using a professional agency. The cost to this is estimated to be in excess of £100K per annum. This must additionally be added to any cost neutral income calculations.

5.1.7 Pending all the above being in place, the next crucial factor is the ability to recruit; train and assure competence of sufficient personnel to adequately staff the BCP for the optimal service provision to achieve the aims of the service as previously detailed. The narrative from HMG is clear that recruitment should begin, however, should more than 12 additional staff be recruited further conversations with HMG should take place. Our current predictions are that in view of previous known challenges any recruitment will be limited.

5.2 Option 2 – Maintain current staffing levels and deliver limited-service output.

5.2.1 If HMG maintain their current stance that funding will cease on the present timetable with no exceptions, then this authority may be required to adopt this option. No further recruitment will be undertaken, and financial plans will be calculated on maintaining existing staffing levels with minimum burden placed on Portsmouth taxpayers.

5.2.2 Seven staff have currently been retained by the service (currently funded by HMG).

5.2.3 In this scenario the PPHA would deliver a limited service and would not be able to function in the manner required by the PIP. This could mean potential delays for imported goods/and or risk allowing medium and high-risk goods into the UK without SPS checks being undertaken on them.

5.2.4 This would also mean a risk to UK biosecurity and a significant level of service complaints. However, if viable this would enhance the best option of security for existing PPHA personnel and ensure that at least a minimum service level is maintained. This may also require some reserve funding from the taxpayer until cost neutrality is achieved. This option is, however, far less burdensome on the taxpayer than Option 1 in the scenario that no further government funding is currently available.

5.2.5 Limited-service options would likely entail an office hours only service with out of hours service by prior appointment only. This service would not be suitable to industry and PIP needs as most roll-on roll-off ferry services from the continent that serve the PIP are outside of office hours and would fail to meet the mandated requirements as set by HMG.

5.2.6 It is still under debate as to how much prior notice importers are able to give on shipments to the PPHA in order for them to arrange to be available to process them at the BCP in time. If this is not possible other options such as HMG initiatives to allow goods to be automatically released without checks, or less favourable, holding the shipment until PPHA personnel may be viable alternatives.

5.2.7 HMG's TODCOF initiative to release goods without PPHA involvement is designed as a temporary pressure relief system. Issues will arise if such is significantly relied upon (for the greater part of dealing with held consignments) or when such is discontinued. If it can be relied upon, staffing levels will be utilised around it; goods will enter the UK without checks leading to biosecurity risks. When discontinued, goods may be held up at the PIP if PPHA staff are unable to meet demand. This is likely to lead to problems with UK food supply chain and potentially risk border biosecurity controls.

5.3 Option 3 – Portsmouth Port Health Authority are unable to provide a service based on the current criteria.

5.3.1 In this scenario the council will communicate to HMG that the PPHA cannot operate a service beyond April / July 2024 based on the current funding options as the risk on the Portsmouth taxpayer is untenable and as there are too many unknown variables, such as; achievability of demand versus cost neutrality goals; number of personnel required to meet demand; frequency and number of checks on goods required; imprecise income predictions, uncertainties in respect to the ESoT / TODCOF etc. etc.

5.3.2 In this scenario pressure may be placed on the authority to reconsider. The PIP will not be able to function and process incoming SPS consignments which will affect their business model. Importers will be required to use other UK points of entry to import their goods which will significantly impact the PIP. This will also place existing PPHA personnel at risk if there is no substantive role for them in the authority.

5.3.3 Portsmouth may be the only authority in this position which could invite criticism of the council. At the time of writing, communication with neighbouring port authorities has revealed a varying state of readiness to meet the requirements of the BTOM, ranging from some ports fully functioning and able to meet the demand, to some definitively unable to meet the demand in the timescale provided.

5.3.4 Taking this action may, however, persuade HMG to change their stance and provide further funding beyond the cut-off date or at least guarantee any shortfall in income to allow the service to be fully cost neutral.

6. Risk Matrix

6.1. The risks to service are summarised based on the options available in Table 1.

Table 1. Options and Potential Outcomes

Option Number	Options	Potential Outcomes	Risk
1	Begin recruitment and preparation for the current timetable (subject to	Significant impact when funding ceases on current timetable. Likely significant cost to Portsmouth taxpayer as further full cost recovery is unlikely to match costs for many years.	Very High



	HMG assurances).	Difficulty in recruiting training and assuring competence of PPHA personnel in timescale provided. Risk of redundancy of new and existing staff if process delayed again or checks level calculations are inaccurate.	
2	Maintain current staffing levels and deliver limited-service output.	Pressure on existing staff. Limited-service hours. Risk of holds on imports at the PIP or unchecked goods entering the UK. Risk to business model at the PIP. Risk to the taxpayer if funding ceases on current timetable. Reliance upon the "pressure release valve" working effectively.	Exceptionally High
3	Portsmouth Port Health Authority are unable to provide a service based on the current criteria.	Pressure from HMG. No SPS checks - massive business risk to PIP as import levels will fall. Use BCP will need to be reassessed. Uncertainty for existing staff. Delays on imported goods; disruption of supply chain, or unchecked goods entering the UK.	Unacceptably High

6.2. All options carry significant risks. These are based on the best available current knowledge. This paper will be updated on release of any new information, which may dramatically change these criteria.

7. Additional suggestions

7.1. In view of the options above it is proposed that following be accepted:

- A feasibility study should be made into securing funds to undertake options 1 and 2.
- Assurances on future funding should continue to be sought from HMG.
- Stakeholders should be made aware of the PPHA 'low' status of readiness to manage expectations of the service at the go-live date.
- A review of charges made for the service should be implemented, with a view of maximising income to sustain the service.
- The council should communicate which option when decided to HMG and request a formal response to any questions required of them.

8. Reasons for the Recommendations

- To formally set out the basis upon which the council provides the PPHA services.
- To achieve maximum efficiency for the cost to the council of providing the PPHA.
- To clarify the PPHA's position in the event of either zero or limited-service provision.
- To monitor the impact of implementing the BTOM on the PPHA.
- To increase resource funding.

9. Resource Implications (Financial and Employment)

- 9.1 All options could have significant consequences on the employment and financial viability of the service, the PIP, and the council.
- 9.2 Further information on the PPHA financial estimates is provided in Table 1 below.

Table 1

Expenditure Type	Estimated Cost 24/25
Staffing*	1,746,915
Legal Support	7,000
IT	3,000
Training^	80,000
Equipment (including maintenance)	5,000
Overtime^	10,000
Uniform	25,000
Stevedores^	182,500
BCP Recharge (utilities, rates, cleaning, parking) ~	372,952
Subtotal	2,432,367
Contingency (10%)	243,237
Total	2,675,604

* 29 Staff as calculated to be the minimum necessary - with £100,000 included for the necessary OV contract.

^ Early estimation of costs.

~ Very high-level estimates - significant work required to ascertain true costs.

10. Integrated Impact Assessment (IIA)

- 10.1 Attached as Appendix 4.

11. Legal implications

- 11.1 The BTOM places complex legislative requirements onto the PPHA which are liable to auditable by more than one central government department, such as the Food Standards Agency (FSA) and the Animal Plant and Health Agency (APHA), both of which can levy punitive sanctions against the council for non-compliance with statutory requirements and / or poor performance. The implications on biosecurity, public safety, the economy, and the PIP cannot be understated.

12. Director of Finance's comments

- 12.1 There are significant financial risks to the authority should its funding strategy fall short of requirements. Medium term financial assurances must be sought from HMG before any such large-scale operation commences. If such financial commitments are not received by HMG, the authority must formulate a realistic plan to safeguarding the Portsmouth's taxpayers irrespective of the scale of the PPHA, the demands placed upon it and its expected financial output, whilst also considering the legal implications of failing to meet statutory obligations as set out

above. HMG are aware that the council considers this to fall within the definition of "additional burdens" and should be funded accordingly.

13. Director's Comments

- 13.1 This is perhaps one of the most critical and far-reaching decision papers facing this service. Biosecurity, public safety, and preservation of the UK food supply chain are vital considerations when reaching this important decision. A lack of robust available information from HMG and uncertainty of future factors / delivery mechanisms do not assist in determining the best path forward. The council must act in the best interests of the public they represent and therefore the considerable efforts of the PPHA to recognise the complexity of this narrative and attempting to attain an acceptable solution for all stakeholders is very much appreciated.

.....
Signed by: Richard Lee, Regulatory Services Manager and Stephen Baily, Director of Culture, Leisure and Regulatory Services

Supporting Documents

Appendix 1 - 10 October 2023 - Letter from HMG in respect to funding
Appendix 2 - 25 October 2023 - The council's response to HMG
Appendix 3 - 14 November 2023 - Further letter from HMG
Appendix 4 - IIA

Documents replied upon:

The Border Target Operating Model: August 2023

[The Border Target Operating Model: August 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/the-border-target-operating-model-august-2023)

From HMG:

The final Border Target Operating Model sets out a new approach to security controls (applying to all imports), and sanitary and phytosanitary controls (applying to imports of live animals, animal products, plants, and plant products) at the border. It sets out how controls will be simplified and digitised, and our ambition for the UK's new Single Trade Window. It incorporates and responds to feedback from stakeholders on the earlier [draft Border Target Operating Model](#) wherever possible. It has been developed with further collaboration across the UK, Scottish and Welsh Governments, and engagement with officials from the devolved administration in Northern Ireland.

The Ecosystem of Trust Evaluation Report 2023

[The Ecosystem of Trust Evaluation Report 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/the-ecosystem-of-trust-evaluation-report-2023)

The Ecosystem of Trust evaluation report assesses a full set of pilot activities undertaken between government and industry from October 2022 to March 2023.

The timed-out decision contingency feature.

Appendix 5.

The recommendations set out above in Section 2 were approved/ approved as amended/ deferred/ rejected by Councillor Steve Pitt the Leader of Portsmouth City Council on 28th November 2023.

.....
Signed by: Councillor Steve Pitt, Leader of Portsmouth City Council



Department
for Environment
Food & Rural Affairs

T: 03459 335577
helpline@defra.gov.uk
www.gov.uk/defra

Port Health Managers
(sent via email only)
Dear Port Health Manager,

10 October 2023

Border Target Operating Model (BTOM) – local authority recruitment and funding intentions

I wanted to take this opportunity to update you on our future funding intentions and to thank you and your teams for your continued support and engagement to prepare for the introduction of the BTOM.

Over recent weeks, my Port Health Authority (PHA) Engagement team has been in contact with you to discuss initial intentions surrounding future recruitment and funding needs following the final publication of the BTOM. As they advised you, we are now writing to confirm these arrangements.

To resource new BTOM requirements from 30 April 2024 we understand that some local authorities and PHAs will need additional staff, with recruitment commencing as soon as possible over the coming weeks. Defra is committed to assisting PHAs with associated staffing costs under the new burdens' doctrine.

Recognising the time it will take for recruitment, we have set the following funding principles:

- Begin recruitment and other operational preparations for the implementation of the BTOM now. These costs will be funded until 30 April 2024, after which PHAs should commence charging to recover staffing and associated costs. Note - if employment starts before November 2023 and earlier funding is needed, then you should discuss with the PHA Engagement Team and cases will be considered on an individual basis before being signed off by Defra.
- To provide some operational flexibility and help PHAs stabilise under the new regime, additional funding will be available between 30 April 2024 and 31 July 2024 in circumstances where you are unable to make the charges to recover your full costs. These costs will have to be submitted to Defra with a clear justification as to why the funds are required.
- Further detailed criteria will be set out shortly and will be included in the next call for bids as part of the ongoing transitional funding.

We recognise that the situation and circumstances of every PHA is unique. As such, our PHA Engagement Managers will reach out to you shortly to work together to agree a funding solution that balances your individual needs with our responsibility to manage public expenditure. To determine your individual funding commitment, we will work with you to consider your staffing estimate in more detail.

Following recent feedback, we recognise that some PHAs have concerns about staffing predictions, given this will be a new delivery model. I wanted to confirm that we are committed to working with you and your teams to consider any reasonable adjustments.

Funding to support our current biosecurity safeguarding controls is due to end on 31 March 2024. This will be extended until 30 April 2024. New policy and legislation on 'personal imports' is being finalised which is expected to include provisions for some cost recovery by PHAs after 30 April 2024. More detail on this policy will be communicated to you in due course.

For those PHAs currently receiving funding for the activities relating to biosecurity, we will shortly request bids for Q3 payments. We anticipate these payments will be made in January 2024. As future bids will include additional staffing requirements (to be agreed with Defra), we have extended the deadline for submissions for Q3 funding until early November 2023.

Thank you for your engagement in this process to date. I look forward to seeing these matters progress in the coming weeks.

Yours sincerely,



Director, Defra Biosecurity, Borders & Trade Programme
Email: joanne.bradshaw@defra.gov.uk

Chief Executive's Office

Civic Offices
Guildhall Square
Portsmouth
PO1 2AL

Phone: 023 9283 4010
Email: natalie.brahma-pearl@portsmouthcc.gov.uk

Ref: NBP/kab

25 October 2023

Joanne Bradshaw
Director, Defra Biosecurity, Borders & Trade Programme
(Via Email)
DEFRA

Dear Joanne

Re: Border Target Operating Model – local authority recruitment and funding intentions

We write in response to your letter addressed to Local Authority Port Health Managers concerning the above, dated 10 October 2023.

We note the Government's advice to immediately begin recruitment and other operational preparations for the implementation of the Border Target Operating Model (BTOM). We understand funding support is available until 30 April 2024, when local authority Port Health Authorities should commence full cost recovery and note that additional financial support is available on application until 31 July 2024, after which all central government funding support will cease.

In response, we write to advise you that this authority will be unable to follow this advice until such time as our Cabinet has had time to consider all available options open to this authority, including the short and long-term financial viability of our Port Health Service, and the feasibility of successfully meeting all of the necessary requirements for such in the time allocated for complete implementation of the BTOM.

Our concerns are summarised as follows:

- Implementation of Sanitary and Phyto-sanitary (SPS) checks at UK borders has already been delayed by UK Government on a significant number of occasions since the UK left the European Union in 2020. It has been established that implementation of these checks will cost UK economy an estimated £330 million per annum (Source: Cabinet Office). It is therefore considered possible that this implementation will again be delayed until after the impending general election. Should this occur, this would place current and proposed port health resourcing in jeopardy, and also risk further financial penalty on Portsmouth taxpayers.
- Based on figures supplied by HMRC this authority has consistently detailed and communicated the necessary estimated resources with DEFRA which are required to meet the SPS check demands through Portsmouth International Port. At the time of writing there is no confirmation as to how much of the required resource this authority can claim support for.

- The proposed funding window and cut-off date does not provide this authority sufficient time to implement full cost recovery measures without placing a considerable financial risk on the Portsmouth taxpayer. Considering the uncertainty of supply and demand within the proposed business model, our Cabinet needs time to consider the implications of such, and the financial risks involved.
- With the current shortage of skilled port health personnel in the employment market, it is unlikely that any recruitment initiative undertaken between now and the proposed BTOM implementation date will allow adequate time to yield enough trained officers to meet the resource and competency requirements to fully staff Portsmouth's Border Control Post.
- The BCP facility built for the Port Health function at Portsmouth International Port (PIP), was originally constructed for the Border Operating Model (BOM). Required inspections under the new BTOM will reduce the use of the facility significantly. The port is waiting on further data before making any strategic decisions on the use of the facility.
- Whilst PIP have advised that the designated portion of the facility could be used by the PHA in the short term, subject to the current timetable going ahead, it is possible that this facility may become unavailable for use by the PHA and will be repurposed in order to recoup the considerable funds used to build and equip it under the now redundant provisions of the original BOM. If this happens, an alternate option for a much smaller BCP needs to be considered. All of which will require significant funding, placing risk on the taxpayer the PIP, and the Port Health team.
- If the situation arises that the income generated is insufficient to cover the costs of equipping and staffing the BCP, noting that this costing has to be agreed with DEFRA in advance; will there be any further support post July 2024? If this is not available, then it will be assumed that the cost will be either borne by the Portsmouth taxpayer or that there will be a reduction in service which could affect efficiency of function. If there is any additional cost to the taxpayer this is contrary to the Government's New Burden's doctrine.

We will contact you regarding this authority's intentions in this matter when the Cabinet process outlined above has been completed.

In the meantime, it would be helpful if you could provide specific responses to the above, particularly the latter point regarding funding, which will assist in our decision-making process, and formulating the way ahead.

Yours sincerely,

Cllr Steve Pitt
Leader, Portsmouth City Council
Portsmouth City Council

Natalie Brahma-Pearl
Chief Executive
Portsmouth City Council



Department
for Environment
Food & Rural Affairs

T: 03459 335577
helpline@defra.gov.uk
www.gov.uk/defra

Councillor Steve Pitt and Ms Natalie Brahma-Peal
Portsmouth City Council
(sent via email only)

14 November 2023

Dear Councillor Pitt and Ms Brahma-Pearl,

Re: Border Target Operating Model – Local Authority Recruitment and Funding

Thank you for your letter of 25 October 2023 regarding Local Authority recruitment and funding for the Border Target Operating Model (BTOM). I appreciate you taking time to outline your views on these matters.

In respect of the point, you raised about a further delay to the implementation of the BTOM, I can reassure you that the BTOM has strong ministerial support, and we expect preparations to continue toward achieving milestones within the published timelines.

Many of your other points reference uncertainty in the data for the future control regime and trade flows through Portsmouth, as well as the consequences this could have for your business model and workforce planning. With respect to these matters, I would like to draw your attention to certain easements that will be in effect from 30 April 2024. As referred to in the guidance material that was recently shared with Port Health Authorities (PHAs) in conjunction with the call for bids for the period 1 October 2023 to 31 December 2023, these easements will be in place to help manage capacity and cost recovery risks.

You should aim to recruit to enable full delivery of BTOM inspection requirements from 30 April 2024. I understand, however, that there may be issues with recruiting to a full capacity by this date, so it has been agreed that PHAs may temporarily, on a risk basis, undertake a decreased rate of documentary checks for medium risk consignments, with prior agreement from Defra. This may occur when it is necessitated by such staffing limitations and there is a significant risk of disruption to throughput at the Border Control Post (BCP). Any transitional arrangements on check rates, will be for a limited period whilst new processes bed in and the operational landscape is better understood. You should work to put in place further staffing, if needed, as a clearer understanding of requirements becomes available.

There is an expectation that PHAs will begin full cost recovery for all BTOM operations through charging from 30 April 2024. Certain transitional easements will be in place throughout the period of 30 April to 31 July 2024, which may reduce your ability to issue charges to recover BTOM operational costs. As such, Defra will accept financial liability in cases where easements have prevented full cost recovery through an inability to issue charges. Defra will factor this into any further announcements of relevant easements.

I understand that Jeremy Grainger from the Cabinet Office hosts regular fortnightly meetings with Portsmouth International Port (PIP) about their plans for the BCP facilities, which provides Government support in resolving any issues accordingly.

I look forward to discussing these matters with you further when I visit you in Portsmouth on 12 December 2023 with other colleagues from the Defra team. In the meantime, do continue to work with Lee Burge and the rest of the PHA engagement team.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Joanne Bradshaw', is positioned above the typed name and title.

Director, Defra Biosecurity, Borders & Trade Programme
Email: joanne.bradshaw@defra.gov.uk

Form name	Integrated Impact Assessment
Reference	IA559943460
Date	06/11/2023



Policy details

Request date	06/11/2023 15:53
Directorate	PCC Culture Leisure and Regulatory Services
Service	Regulatory service - Portsmouth Port Health Authority
Title of policy, service, function	Portsmouth Port Health Authority at the Portsmouth International Port
Type of policy, service, function	Changed
What is the aim of your policy, service, function, project or strategy?	To explore options in respect to a fully funded fit for purpose Portsmouth Port Health Authority (PPHA) function based at the Portsmouth International Port's (PIP) Border Control Post (BCP) in order to meet the deadline for implementation by His Majesty's Government's (HMG) of the 2023 Border Target Operating Model (BTOM).
Has any consultation been undertaken for this proposal?	no

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

This section is not applicable to my policy	<input checked="" type="checkbox"/>
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Crime - Will it make our city safer?

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?	Illegally imported foods impact consumer safety and have a detrimental financial effect on business that comply with the law. With effective border controls in place this will ensure safe and compliant goods enter through the Portsmouth International Port, providing protection to the consumers and businesses within the Portsmouth area and beyond.
How are you going to measure/check the impact of your proposal?	Monitoring of enforcement action. Auditing and reporting to Government agencies including DEFRA, FSA.

Housing - will it provide good quality homes?

This section is not applicable to my policy	<input checked="" type="checkbox"/>
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Health - will this help promote healthy, safe and independent living?

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?	<p>The controls at the border control post are required to protect the biosecurity of goods entering the Country. These controls will keep the UK safe by defending against plant and animal diseases from abroad, protecting the farming industry and food supply chains. Border controls safeguard the food that we eat and protect the health of the population and animals across the UK.</p> <p>There is always a risk of disease entering the Country at the border . If the checks in place are not adequate or ineffective then this risk is increased.</p>
How are you going to measure/check the impact of your proposal?	Internal monitoring. Auditing and reporting to Central Government Agencies including DEFRA , FSA.

Income deprivation and poverty - will it consider income deprivation and reduce poverty?

This section is not applicable to my policy	<input checked="" type="checkbox"/>
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Carbon emissions - will it reduce carbon emissions?

This section is not applicable to my policy	<input checked="" type="checkbox"/>
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Energy use - will it reduce energy use?

This section is not applicable to my policy	<input checked="" type="checkbox"/>
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Climate change mitigation and flooding - will it proactively mitigate against a changing climate and flooding?

This section is not applicable to my policy	<input checked="" type="checkbox"/>
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Natural environment - will it ensure public spaces are greener, more sustainable and well-maintained?

<p>Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?</p>	<p>The biosecurity risks of imported food and animal feed into the UK are of great concern. The potential impacts on human and animal health and the associated financial implications of the steps required to control outbreaks are massive.</p> <p>The importance of these controls has been reinforced in recent times, with issues such as avian influenza, foot and mouth disease and concerns in respect to African swine fever.</p>
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How are you going to measure/check the impact of your proposal?	With effective border controls in place the risks are controlled and reduced. The risk assessments of particular risks are determined by central Government departments including DEFRA, FSA, UKHSA.
--	--

Air quality - will it improve air quality?

This section is not applicable to my policy	<input checked="" type="checkbox"/>
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Transport - will it make transport more sustainable and safer for the whole community?

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?	The Portsmouth International Port relies on the smooth flow of vehicle traffic from the Ferries and onto their onward journey. With the introduction of SPS checks of the food imports from the EU the process will need to be integrated into the ports systems. If a fully functioning Port Health Authority is not in place and a limited service offered, this is likely to lead to delays of the goods vehicles and hold ups in the traffic flow.
How are you going to measure/check the impact of your proposal?	N/A

Waste management - will it increase recycling and reduce the production of waste?

This section is not applicable to my policy	<input checked="" type="checkbox"/>
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Culture and heritage - will it promote, protect and enhance our culture and heritage?

This section is not applicable to my policy	<input checked="" type="checkbox"/>
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Employment and opportunities - will it promote the development of a skilled workforce?

This section is not applicable to my policy	<input checked="" type="checkbox"/>
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Economy - will it encourage businesses to invest in the city, support sustainable growth and regeneration?

<p>Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?</p>	<p>The Government Border control strategy requires that certain checks are carried out for imports of food and feed products into the UK. if an appropriate Border Control Post facility is not provided at the port then these goods would not be permitted to enter at that location. The importers of goods using the Portsmouth International Port (PIP) would need to shift their supply route to another route (UK port with a BCP). This would have a major impact on the business and revenue of the PIP.</p> <p>This would likely then further impact employment at the port and reduce the revenue the Council receives which supports other vital services.</p> <p>On a national level disease outbreaks can have extensive economic impact . The cost to the UK food producing industry in terms of disease control, animal culling and reputational damage are huge. With ineffective border controls there would be increased risks and possible liability concerns.</p>
<p>How are you going to measure/check the impact of your proposal?</p>	<p>Auditing via central Government Agencies such As DEFRA, FSA.</p>

This section is not applicable to my policy	<input checked="" type="checkbox"/>
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Involvement

Who was involved in the Integrated impact assessment?	Richard Lee, Steve Bell, John Skinner.
Name of the person completing this form	John Skinner
Date of completion	2023-11-06

The timed-out decision contingency feature

What is the TODCOF?

The timed-out decision contingency feature (TODCOF) is an automated process for finalising a Common Health Entry Document for animal products (CHED.P) for low-risk and medium risk animal product imports (from the EU to GB) without undertaking a documentary check. The automated clearance process will be in place from April 2024 for low-risk consignments on a permanent basis (i.e., business as usual) and medium-risk consignments on an interim basis (i.e., it is intended as a contingency feature in the initial period of the new import controls- from April until September '24).

- The TODCOF will not apply to high-risk animal product imports.
- The TODCOF will not apply if the risk engine has selected a consignment/product for inspection at a BCP.
- The TODCOF triggering does not impact the ability for a BCP/PHA to charge for a documentary check.

Why is the TODCOF needed?

BCP capacity (for EU-GB animal product imports) was planned/built to receive around 1% of all animal product consignments for identity and physical inspection. Under the Target Operating Model (TOM), the policy is for documentary checks to be undertaken on 100% of medium and high-risk animal product imports. For EU imports we are dealing with a flow process. For a period after April 2024 there is, therefore, a possibility that some BCPs - despite good planning - may not be able to complete 100% documentary checks before a consignment's arrival in GB.

Without the TODCOF if a BCP had not finalised Part 2 of a medium-risk CHED.P ahead of a consignment's arrival in GB, the driver would (by default) be instructed (via an automated messaging service) to attend a BCP for inspection.

Likewise, if a BCP did not manually finalise the CHED Part 2 for a low-risk product ahead of a consignment's arrival in GB, the SPS customs hold would not be lifted, and the automated messaging service would (by default) instruct attendance a BCP for inspection.

How does the TODCOF work?

The 'trigger point' for the TODCOF will be based on the estimated date/time of arrival the operator responsible for the consignment enters in their CHED.P (or for GVMS movements on the 'actual time of arrival'). For example, if the 'trigger point' was set at 30 mins prior to the estimated/actual time of arrival, if a CHED.P was submitted at 1pm with an estimated/actual arrival time of 6pm the BCP would need to complete a documentary check and finalise Part 2 of the CHED before 5.30pm. If they had not done so the TODCOF would apply the risk engine recommendation at 5.30pm.

If the risk engine recommendation was 'inspection required', unless the recommendation was overridden by the BCP, the TODCOF would not be triggered, and the automated messaging service would require attendance at a BCP. If the risk engine recommendation was 'inspection not required' the TODCOF would be triggered (at 5.30pm) and the CHED would be finalised (i.e., end stated). To note, if finalised by the TODCOF the completed CHED will indicate a documentary check had not been undertaken but the consignment was cleared for entry (see section below on legislation).

The 'trigger point' will need to provide as much time as possible for a BCP to undertake a documentary check (and take a decision on whether to call the consignment to a BCP) but also provide enough time for a message to be sent (via the automated messaging service) ahead of its arrival - as to whether it needs to stop at a BCP for inspection. Or (if not selected to attend a BCP) enable a clearance message to be sent to HMRC (so that the Sanitary customs hold can be lifted) and free circulation status granted ahead of the consignment's arrival in GB.

We will engage with BCPs ahead of go-live on the timing at which the TODCOF should be set (i.e., at what point should the feature trigger if a documentary check has not been undertaken ahead of arrival). To note, we will need to agree on a trigger time that will work for all BCPs, it is not possible to configure the trigger for individual BCPs (but this is something we will explore for future iterations of the feature, post April '24).

In a scenario in which the operator responsible for the consignment had not raised a medium-risk CHED ahead of the product's arrival in GB, or needed to submit a new medium-risk CHED whilst at the BCP: if they entered an estimated arrival time in their notification which was in the future (for example it was 1pm, but they entered 4pm as the estimated time of arrival in their CHED), this would ensure that the TODCOF would not trigger when the CHED was submitted and the BCP could undertake controls as needed.

Legislation

Legislation requires all SPS consignments to be subject to documentary checks and states a CHED is finalised only after a decision on the consignment has been taken (i.e., at a minimum, a documentary check) and "recorded on the CHED".

Without amendments to legislation, it will not be possible to implement the TOM policy for low-risk products to not be subject to document checks and it will not be possible to introduce a contingency for medium-risk consignments (in the case that, despite their best effort to do so a BCP/PHA has been unable to undertake a documentary check ahead of a consignment's arrival in GB).

We are, therefore, pursuing a legislative amendment (for April 2024) to operate the feature in IPAFFS for animal products. This will also ensure a BCP/PHA would not bear liability when the TODCOF had been used to clear a consignment/product without a documentary check being undertaken/recorded.

Agenda Item 7



THIS ITEM IS FOR INFORMATION ONLY

(Please note that "Information Only" reports do not require Integrated Impact Assessments, Legal or Finance Comments as no decision is being taken)

Title of meeting:	Cabinet / Full Council
Subject:	Unauthorised Encampments
Date of meeting:	28 November 2023 (Council - 12 December 2023)
Report by:	James Hill, Director of Housing, Neighbourhood and Building Services
Report Author:	Colette Hill, Assistant Director of Neighbourhoods Lauren Taylor, Head of Community Safety
Wards affected:	All

1. Requested by Full Council

2. Purpose

- 2.1. Following a notice of motion at Full Council on the 18 July 2023 this report updates Cabinet on the location and duration of all PCC (Portsmouth City Council) land unauthorised encampments within the last 7 years with the following information:
- To provide a breakdown of the costs associated to council services within each event, including clean-up thereafter.
 - To provide an update on preventative measures put in place as a response to encampments.
 - To highlight consultation and support conducted with residents in the locality and timeframe of both.'
- 2.2. For Cabinet to note, for onward submission to Full Council as requested in the Notice of Motion agreed on 18 July 2023.

3. Background

- 3.1. Gypsy, Roma, and Traveller (GRT) communities are a legally recognised ethnic group. The GRT community typically occupy unauthorised encampments and are a protected race under the equality act 2010.
- 3.2. The Equality Act came into force from October 2010 providing a modern, single legal framework with clear law to better tackle disadvantage and discrimination. When taking action to remove unauthorised encampments, it is important to understand the Equality act.
- 3.3. Community Wardens are the lead team in responding to unauthorised encampments in the city and PCC land holding outside the city. Community Wardens respond to reports of



THIS ITEM IS FOR INFORMATION ONLY

(Please note that "Information Only" reports do not require Integrated Impact Assessments, Legal or Finance Comments as no decision is being taken)

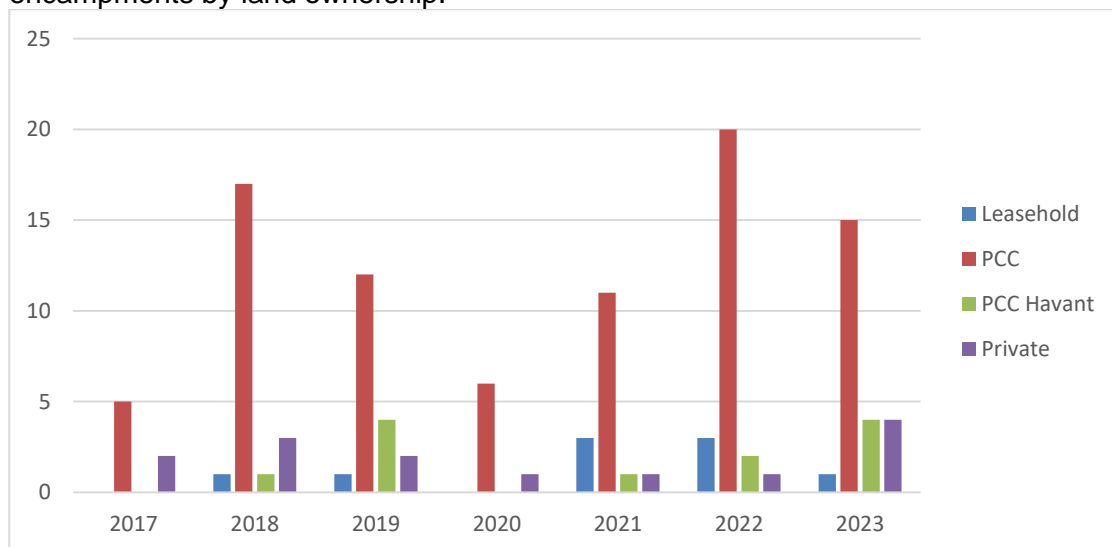
encampments, assessing the size and make-up of the encampment whilst carrying out welfare checks. They lead on serving of notices when necessary and liaise with the team that manage the land (landowner if private land) and the Police.

- 3.4. Whilst the Community Warden team respond and manage unauthorised encampments and carry out preventative checks, they are not able to physically prevent encampments occurring.
- 3.5. The Community Warden team receive and share intelligence within the region and work closely with other PCC departments to share information to ensure departments with 'vulnerable' sites are aware of the potential for an encampment.
- 3.6. The process for dealing with unauthorised encampments is shared annually with all members (appendix 5)

4. Information Requested

4.1. Location and duration of all PCC land unauthorised encampments within the last 7 years

4.1.1. Since 2017, there have been 109 encampments in Portsmouth (46 locations) and 12 in Havant on land owned by Portsmouth City Council (3 locations). The graph below shows encampments by land ownership.



- 4.1.2. The locations of encampments are shown in Appendix 1.
- 4.1.3. The average duration of encampment per location are showing in Appendix 2.
- 4.1.4. On the 28th of June 2022, Part 4 of the Police, Crime, Sentencing and Courts Act (PCSC Act) significantly amended the Criminal Justice and Public Order Act 1994 (CJPO Act) and expanded the powers that police have in relation to unauthorised encampments.

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4.1.5. Section 60C-E of the CJPO Act provides a criminal offence for “residing on land without consent in or with a vehicle”. For the offence to apply the trespasser must have at least one vehicle with them. The trespasser’s residence or conduct on the land must also have caused (or be likely to cause) significant damage, disruption, destruction, or distress. The landowner, someone representing the landowner, or the police can ask those who have met the criteria of this offence to leave the land. If the individual(s) trespassing fails to leave “as soon as reasonably practicable” after being requested to, the police can arrest them. The police can also seize and remove vehicles from those suspected of this offence.

4.1.6. With the new legislation coming into place, the time taken to manage encampments is as follows per action taken over the last 2 years;

Row Labels	2022		2023		Average of Total Time of Encampment	Total Count of Location
	Avg. Time of Encampment	Count of Location	Avg. Time of Encampment	Count of Location		
Injunction			14.00	1	14.00	1
No Action	2.80	5	3.50	3	3.00	8
NTQ	18.00	1	7.67	3	10.25	4
S61	3.14	7	2.40	6	2.83	13
S77	5.44	9	8.38	7	6.82	16
Unknown	0.25	4	3.20	4	1.89	8
Grand Total	4.00	26	5.79	24	4.86	50

(In nearly every case of a S61, a S77 notice is served in the first instance)

(Time in days)

4.1.7. Officers in community safety attend the police daily management meeting where unauthorised encampments are discussed and plans are quickly mobilised to act.

4.2. Costs are spread across a variety of different departments in the council depending on ownership and the management undertaken for each site.

4.2.1. In November 2022, a cost analysis was completed relating to the 26 encampments throughout the year.

4.2.2. Each encampment averages 42 community warden hours costing a total £1,029 in time. For The number of encampments in 2022, this would equate to 1,092 hours in time with a monetary value of £26,754. The community wardens can only prevent encampments by check sites are locked. This costs is only for dealing with them once they have arrived in the city.

4.2.3. In addition, community wardens will patrol frequented sites weekly for signs of access to and to target harden vulnerable spots, this averages at 20 hours of patrols a week throughout the year.

4.2.4. The estimated cost for the community warden team to manage vulnerable sites and unauthorised encampments equates to 1,812 hours - cost £44,394. This is equivalent to 1 full time community warden.

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4.2.5. In addition to community warden hours, there are also associated costs for:

- legal costs which range from £246 for a section 77 application through to £1,960 for an injunction.
- Clearance costs related to sites previously occupied by an encampment depends on the volume/type of waste left behind and can range from £42.02 to £1933.

4.2.6. In 2022, of 24 encampments, 16 had minimal waste issues with 8 x reports of significant waste issues including fly tipping. There were 3 x locks damaged and 4 x posts. Costs are shown in Appendix 4.

4.3. Preventative measures put in place as a response to encampments.

4.3.1. Historically, ad hoc measures have been put in place at vulnerable sites - these have included barriers, large stones, tree planting, bunding and additional posts.

4.3.2. In Autumn 2022, a cross directorate group held their annual review meeting of sites that had been subject to unauthorised encampments during the year and agreed to prepare a capital bid to target harden areas where repeated unauthorised encampments occurred. £70,000 was allocated (23/24) to deal with the identified vulnerabilities. See appendix 3.

4.3.3. The cross-directorate review group met in October 2023 to consider encampments that had occurred in 2023. There is a current planning application in to further protect a site situated in Stockheath Common, Havant. No further measures were identified.

4.4. Consultation and support conducted with residents in the locality and timeframe of both.

4.4.1 Residents can report unauthorised encampments to Safe, Clean and Tidy for Community wardens to preliminary respond and act accordingly - they can also report incidents to the Police. Other sources of information relating to unauthorised encampments come from the Police, CCTV (Closed circuit television), traffic management, seafront services and parks teams.

4.4.2 In 2018 the Portsmouth City Council commissioned a Gypsy and Traveller Accommodation Assessment (GTAA).

4.4.3 Opinion Research Survey (ORS) completed the GTAA for Portsmouth as part of a wider assessment of housing need and a GTAA Report was published in November 2018.

4.4.4 The GTAA found that there were no Gypsy and Traveller sites and no Travelling Showmen's yards in Portsmouth and concluded that because of this, there was no current or future need for pitches or plots.

4.4.5 The GTAA also concluded that because of low numbers of recorded encampments in Portsmouth, there was no need for the Council to provide any formal transit sites, and that a management-based approach should be used for dealing with any encampments that do occur ¹.



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- 4.4.6 ORS have been commissioned to complete a further GTAA in 2023. This will cover;
 - Review of any new permissions, appeals and enforcement actions since the GTAA
 - Engagement with local stakeholders
 - Review of potential needs from bricks and mortar households
 - Review of encampment data
 - Complete a new GTAA reports for Portsmouth

- 4.4.7 The GTAA will inform the local plan moving forward in dealing with encampments. From a stakeholder meeting held on the 20th October 2023, the consensus was that While the assessment identifies instances of unauthorised encampments, these are due to Gypsies and Travellers using the city for its seafront location for short periods over the summer months. These are managed effectively by the Council in partnership with the Police. This use of the City by Gypsies and Travellers does not currently result in any formal need for transit sites within the plan period.

.....
Signed by Director of Housing, Neighbourhood and Building Services

Appendices: shown below

- Appendix 1 - Location of Encampments*
- Appendix 2 – Average length of Encampments*
- Appendix 3 – Site prevention measures*
- Appendix 4 - Cost of clear up following encampments.*
- Appendix 5 - Unauthorised Encampments - Briefing Note*

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

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

Title of document	Location



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Appendix 1 - Location of Encampments

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Row Labels	2017	2018	2019	2020	2021	2022	2023	Grand Total
St Jude		4	5	3	4	5	6	27
D-Day Car Park		1	1		2	1	2	7
Pyramids Car Park			1				1	2
Queens Hotel Clarence Parade (private land)					1		1	2
Southsea Common		3	3	3		4	2	15
Western Parade					1			1
Cosham		2	1	1	2	7	3	16
Busy bees car park cosham		1						1
King George the V car park Lynx House						2	1	3
King George the V Field						2	2	4
King George v car park Cosham (By changing rooms)			1	1				2
Lake Side Northern Road		1			1	1		3
Mill Lane, Fort Widley Car Park						1		1
Peta Car Park, Northarbour Road						1		1
View Point Portsdown Hill					1			1
Paulsgrove		4	2	2	3	1	1	13
Allaway Avenue				1				1
Marina Keep Portsolent		1						1
Port Solent Car Park (private land)			1		2	1	1	5
Port Solent Field				1	1			2
Port Way Port Solent (private land)			1					1
Southwick Road. View Point		1						1
Watersedge Park Portsolent		2						2
St Thomas		5	1		3	2	1	12
Pembroke Gardens		5	1		3	2		11
Victoria Spur Road (Parking Bays)							1	1
Havant (Battins)		1	3		1	2	3	10
Stockheath Common			1	3	1	2	3	10
Nelson	3		1		1	3	1	9
Park and Ride	3		1		1	3	1	9
Hilsea	1	1	2	1	1	2		8
Alex Way, Hilsea		1			1	1		3
Gatcombe Park			1					1
Hilsea Splashpool			1					1
London Road, Hilsea Opposite Lido.	1							1
Mountbatten Car Park						1		1
Rugby Camp Norway Road				1				1
Drayton and Farlington		1	2			1	2	6
Drayton Lane, Portsdown Hill						1		1
Lower Drayton Lane							1	1
Sainsburys Farlington							1	1
Sainsburys Farlington (private land)			1	1				2
Zetland Park			1					1
Eastney and Craneswater	1	2					2	5
Canoe Lake Southsea		1						1
Ferry Road, Eastney		1						1
Frazer Gunnery Site	1							1
Royal Marines Musuem Eastney Esplanade							2	2
Havant (Barncroft)			1				3	4
Dunsbury Park, Havant. PCC Land			1				1	2
Ramsdale Field							2	2
Copnor		2				2		4
Anchorage Park						1		1
Dundas Lane, Avis car park			1					1
Grass area near Andrew Simson Centre						1		1
Nevil Shute Rd, Hilsea			1					1
Baffins	1		1			1		3
Eastern Road, Milton Common	1		1			1		3
St Thomas							1	1
Victoria Spur Road (Parking Bays)							1	1
Baffins					1			1
Milton Common					1			1
Milton							1	1
Langstone Harbour Sportsground, Eastern Road							1	1
Charles Dickens	1			7				1
Sainsburys Commercial Road	1							1
Grand Total	7	22	19	7	16	26	24	121

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Appendix 2 - Average length of encampments (days)

Row Labels	2017	2018	2019	2020	2021	2022	2023	Grand Total
Alex Way, Hilsea		0.00			0.00	9.00		3.00
Allaway Avenue				1.00				1.00
Anchorage Park						0.00		0.00
Busy bees car park cosham		0.00						0.00
Canoe Lake Southsea		3.00						3.00
D-Day Car Park		0.00	2.00		0.50	3.00	2.00	1.43
Drayton Lane, Portsdown Hill						0.00		0.00
Dundas Lane, Avis car park		3.00						3.00
Dunsbury Park, Havant. PCC Land			6.00				12.00	9.00
Eastern Road, Milton Common	0.00		5.00			9.00		4.67
Ferry Road, Eastney		244.00						244.00
Frazer Gunnery Site	0.00							0.00
Gatcombe Park			2.00					2.00
Grass area near Andrew Simson Centre						1.00		1.00
Hilsea Splashpool			2.00					2.00
King George the V car park Lynx House						3.50	8.00	5.00
King George the V Field						7.00	1.50	4.25
King George v car park Cosham (By changing rooms)			8.00	5.00				6.50
Lake Side Northern Road		1.00			3.00	1.00		1.67
Langstone Harbour Sportsground, Eastern Road							3.00	3.00
London Road, Hilsea Opposite Lido.	2.00							2.00
Lower Drayton Lane							0.00	0.00
Marina Keep Portsolent		5.00						5.00
Mill Lane, Fort Widley Car Park						4.00		4.00
Milton Common					5.00			5.00
Mountbatten Car Park						1.00		1.00
Nevil Shute Rd, Hilsea		3.00						3.00
Park and Ride	2.00		1.00		9.00	4.67	3.00	3.67
Pembroke Gardens		2.20	0.00		6.00	4.00		3.36
Peta Car Park, Northarbour Road						0.00		0.00
Port Solent Car Park (private land)			1.00		31.50	0.00	0.00	12.80
Port Solent Field				4.00	8.00			6.00
Port Way Port Solent (private land)			1.00					1.00
Pyramids Car Park			6.00				6.00	6.00
Queens Hotel Clarence Parade (private land)					2.00		3.00	2.50
Ramsdale Field							7.00	7.00
Royal Marines Musuem Eastney Esplanade							6.00	6.00
Rugby Camp Norway Road				1.00				1.00
Sainsburys Farlington							1.00	1.00
Sainsburys Commercial Road	0.00							0.00
Sainsburys Farlington (private land)		366.00	0.00					183.00
Southsea Common		1.00	4.00	13.67		2.25	2.50	4.67
Southwick Road. View Point		1.00						1.00
Stockheath Common		6.00	7.00		12.00	12.00	7.33	8.50
Victoria Spur Road (Parking Bays)							21.50	21.50
View Point Portsdown Hill					62.00			62.00
Watersedge Park Portsolent		1.00						1.00
Western Parade					0.00			0.00
Zetland Park			4.00					4.00
Grand Total	1.14	29.45	3.74	7.43	11.44	4.00	5.79	9.96

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Appendix 3 - Site protection measure

Work Detail	Brief Detail	Estimated completion by
KGV barrier	<ul style="list-style-type: none"> • replacement of barrier accessing from Northarbour Road 	Completed 2022
Southsea Common	<ul style="list-style-type: none"> • new boulders to Pier Road, Southsea Terrace, Western Parade, Duisburg Way, Clarence Parade, Avenue de Caen and Skatepark Field • new bollard arrangements to Skatepark Field and Avenue de Caen • boulders for section Serpentine to Memorial • targeted hardening to known vulnerable points • new bollard installed SE corner access point 	2020-21 May-23
Pembroke Gardens	<ul style="list-style-type: none"> • new boulders and tree planting • additional / replacement boulders • boulder replacement where necessary • bollard replacement 	2019-20 2020-21 May-23
Baffins Pond	<ul style="list-style-type: none"> • new bollard and bunding at Hayling Avenue entry point • lower car park barrier to be replaced 	Jun-23 Sept-23
Mountbatten Centre / Car park	<ul style="list-style-type: none"> • potential new barrier • bund by emergency access point • revised bollard arrangement to emergency access point 	MBC team looking into the operational impact of this July-23 Aug-23

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Langstone Sports	<ul style="list-style-type: none"> • replacement of timber posts with new barrier (n/e corner) • replacement of rail with new barrier (s/w corner) • install robust barrier to field entrance opposite Sailing Centre 	2022 Aug-23 TBC - on order - est. Sep-23
Milton Common	<ul style="list-style-type: none"> • replacement of 220 lin m of timber posts (or bunding) 	TBC - est. Oct/Nov 23
Anchorage Park	<ul style="list-style-type: none"> • install dragon's teeth or bunding (locations tbc ward councillors) 	TBC - est. Oct/Nov 23
Lower Drayton Lane	<ul style="list-style-type: none"> • replacement timber posts 	2022
John Wesley Gardens	<ul style="list-style-type: none"> • new bunding to exposed perimeter locations 	2019
Zetland Field	<ul style="list-style-type: none"> • new vehicle barrier and bollard arrangement 	2020
Hilsea Lido	<ul style="list-style-type: none"> • bollard replacement 	2021
Lakeside	<ul style="list-style-type: none"> • Barrier to be installed 	2023
D-Day	<ul style="list-style-type: none"> • Install overhead barrier 	2022

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Appendix 4 - Cost of clear up following encampments.

Year	Location	Cost
2018-19	Pembroke 1	£95.54
2018-19	Pembroke 2	£42.02
2018-19	Southsea Common	£135.26
2018-19	Canoe Lake	£202.68
2018-19	Watersedge	£233.73
2018-19	Port Solent	£47.90
2019-20	Southsea Common (April)	£234.72
2019-20	Southsea Common (July)	£157.97
2019-20	Zetland (August)	£192.16
2019-20	Milton Common	£956.68
2020-21	Rugby Camp May	£133.93
2020-21	Southsea Common - May	£113.56
2020-21	Southsea Common - June	£176.00
2020-21	Southsea Common - July	£179.91
2020-21	Port Solent - August	£1,322.22
2020-21	Paulsgrove - August	£163.58
2021-22	Pembroke - 21 April	£261.00
2021-22	Port Solent - May 21	£1,003.83
2021-22	Pembroke - May 21	£250.80
2021-22	Milton Common - July/Aug	£1,933.00
2022-23	Southsea Common - May	£307.47
2022-23	Alexandra Park - June	£112.45
2022-23	Southsea Common - June	£197.81
2022-23	Milton Common - June/July	£1,378.27
2022-23	KGV June-July	£1,013.60
2022-23	KGV - March 2023	£86.71
2023-24	Langstone - June	£159.75
2023-24	KGV - June	£118.88
2023-24	Ramsdale Ave	£160.19
2023-24	Southsea Common - July	£110.97



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Appendix 5 - Unauthorised Encampments - Briefing Note

Unauthorised Encampments - Briefing Note

There are a number of measures that can be taken to address unauthorised encampments within the city.

As far as is practicable, preventative work is undertaken to target-harden vulnerable sites in Portsmouth that are considered to be potential locations for unauthorised encampments. These measures include the installation of posts, bunding and other physical barriers in an attempt to prevent unauthorised access to the sites.

When an unauthorised incursion occurs, the City Council's Community Wardens will visit the site to engage with the travellers and assess the situation. If the encampment is on private land the Community Wardens will try to identify the landowner, as it will be their responsibility to remove the encampment from their land. We can provide landowners with advice as to how to go about this.

If the land is identified as being the responsibility of the Local Authority, the Community Wardens will establish from the persons within the encampment how long they intend to stay on that site. They will then carry out their statutory duty of completing a Welfare Assessment and Site Report. Following the Assessment, a section 77 notice (* see attached note) will usually be issued to those on site, informing them that Portsmouth City Council (PCC) are the landowners and that they should leave the land forthwith.

In addition to this, the Community Wardens will share information with internal departments such as Traffic, Transport and Parks as well as with the Police to ensure that a joint approach is taken to monitor and manage the unauthorised encampment.

Hampshire Constabulary is able to issue a section 61 notice (* see attached note) provided certain criteria are met, such as:

- There being more than 6 vehicles in the encampment
- The encampment having a negative impact on the local community
- Reports of crimes or anti-social behaviour attributed to those on site.

The issuing of a section 61 notice has to be considered as proportionate in relation to human rights considerations. This order enables the police to move the encampment from the land immediately. This measure is not often used in Portsmouth but could be imposed at any time during the incursion.

If the Police do not consider use of section 61 powers to be appropriate it is the responsibility of the landowner to take action to evict the encampment from its land. Whilst private landowners can apply for a Court order without the need for a welfare assessment, the Local Authority has to carry one out as described above if the encampment is on City Council land. This assessment will be carried out as soon as possible after the arrival of an encampment.

If the members of the encampment refuse to adhere to a section 77 notice issued by the Community Wardens, we can ask our Legal team to apply to the Court for a section 78 order (* see attached note) to allow PCC to remove the unauthorised encampment from the site. Such a



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removal is reliant on the court finding time within its schedules to hear the matter and for 24 hours' notice to be given to the unauthorised encampment if the application for a section 78 order is successful.

Once a section 78 order has been granted a plan is put in place for the removal of the encampment from the site. We will often arrange for a vehicle removal company to be on standby to assist, as well as having a Police presence in case of any potential public order offences being committed whilst action is taken to remove persons and vehicles from the site. It is rare that vehicles need to be physically removed as the encampments will usually move on when directed to do so - and will sometimes move on voluntarily prior to the eviction process being implemented.

The section 78 order also prevents those persons that have been identified as being on the site from returning to that site for 3 months. If they return after 3 months a new order would have to be obtained.

After any unauthorised encampment a review is carried out to consider how access to the site was gained and to consider measures to prevent future incursions at that site.

Our advice to members of the public is to report any concerns about possible unauthorised encampments to the Police or the Community Wardens. Their contact details are:

Police **999** if considered an emergency or **101** at other times

Community Wardens **0800 053840**
 08.30 - 22.00 Mon - Fri
 10.00 - 22.00 weekends and public holidays

Out of Hours contact **023 9282 4244** at other times

More detailed information about enforcement powers to address unauthorised encampments can be found at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/7837/143582.pdf (copy also attached for your convenience). Portsmouth City Council follows the procedures set out in this guidance.

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Agenda Item 9



Portsmouth
CITY COUNCIL

Title of meeting:	Cabinet/Full Council
Date of meeting:	Cabinet Meeting 28 th November 2023 Full Council Meeting 12 th December 2023
Subject:	Housing Revenue Account Residential Stock Portfolio Acquisition
Report by:	James Hill - Director for Housing, Neighbourhood and Building Services Chris Ward - Director of Finance and Resources
Authors:	Jo Bennett - Assistant Director of Housing Needs and Supply, Adam Hardwick - Assistant Director of Building Services Emma Randall - Senior Acquisition and Development Surveyor James Fitzgerald - Assistant Director of Finance
Wards affected:	All
Key decision:	Yes
Full Council decision:	Yes

1. Purpose of Report

- 1.1 To inform Cabinet and Full Council of the intention for Clarion Housing Group (Clarion) to transfer housing stock to a new registered social provider, being Portsmouth City Council, in line with Clarion's long-term asset and footprint strategy; and
- 1.2 To outline details of the opportunity for Portsmouth City Council (PCC), as a Registered Provider of Social Housing to acquire from Clarion Housing Group the transferring housing stock, referred to as Lot 1a. The acquisition has been known as Project Wren; and
- 1.3 To note that the proposed acquisition, like many commercially sensitive transactions, is subject to a Non-Disclosure Agreement (NDA) between the parties. Consequently, limited financial information is presented in this public report; the financial information prepared to support this proposal is an exempt paper and has been made available and presented to all Members separately.

2. Recommendations

- 2.1 Cabinet endorses the contents of this report.

2.2 Full Council Recommendations:

- 2.2.1** Subject to the approval of the recommendations below, delegate authority to the Director for Housing, Neighbourhood and Building Services; Director of Finance & Resources and Section 151 Officer, taking advice from the Council's externally appointed legal advisors, and in consultation with the Leader of the City Council and Cabinet Member for Housing and Tackling Homelessness, to acquire Lot 1a; and
- 2.2.2** To approve that the 'Residential Stock Portfolio Acquisition' scheme be added to the Housing Revenue Account (HRA) section of the Council's Capital Programme with a budget set out in Appendix One to cover the purchase of the housing portfolio, associated fees and planned refurbishment works, and financed by borrowing, subject to the satisfactory completion of:
- i. The outstanding due diligence; and
 - ii. A financial appraisal, approved by the Director of Finance & Resources and S.151 Officer that demonstrates (based on the completed due diligence) that the financial impact and risks are affordable and manageable by the Council; and
- 2.2.3** To approve the following amendments to the Treasury Management Limits, to facilitate the additional capital expenditure for this acquisition:
- i. To increase the authorised limit for external borrowing to £1,176m; and
 - ii. To increase the operational boundary to £1,143m; and
- 2.2.4** That in order that advance treasury management preparations can be made for the transaction should the acquisition proceed:
- i. The sector limit for investments in money market funds is temporarily increased to £105m.
- 2.2.5** Note that in approving the temporary changes to the treasury management limits, no obligation to acquire the housing portfolio Lot 1a has been entered into and no long-term financial liabilities have been incurred. The changes simply enable the Council to accumulate the necessary funding in a risk managed and cost-efficient manner and have funds available should the transaction be completed; the risks are considered negligible; and
- 2.2.6** Note that the acquisition is subject to Clarion completing a successful formal stock transfer consultation of Clarion residents and Clarion Housing Group Board approval.

3. Acquisition Opportunity

3.1 Background

3.1.1 Commercial terms have been agreed between Clarion and the City Council to acquire housing portfolio Lot 1a and will be formalised in the contract for sale, which will be signed in readiness for exchange of contract. The exchange of contract and payment of the deposit will occur upon confirmation that the required approvals for both parties have been granted, as outlined in 2.2 above.

3.2 Geographic spread

3.2.1 Lot 1a comprises a total of 818 residential units across 5 local authorities. A map showing the geographic locations of the units can be found at Appendix Two. The breakdown per area is as follows:

Area	Number of residential units
Portsmouth	468
Havant	178
Gosport	69
Fareham	71
Winchester	32
Total	818

3.2.2 The geographic spread of property being acquired will be managed by the City Council's existing Housing Office network, service providers and supply chain.

3.2.3 There is one block of 24 residential units located in Winchester, these properties are the furthest distance from Portsmouth but are within a 36-minute drive of the Paulsgrove area office. The remaining Winchester units, whilst within the authority of Winchester City Council, are situated in Denmead and Waterlooville and can be easily serviced by the Leigh Park Housing office.

3.2.4 No additional area offices will be required to support the acquired units. The properties have been allocated to the following existing area offices:

Area	Number of residential units
Buckland	56
Landport	58
Leigh Park	116
Paulsgrove	190
Portsea	37
Somerstown	110
Supported Housing	87*
Leasehold Services	164**
Total	818

*Managed by third parties

** Not a fully managed service provision

3.3 Tenancy Types

3.3.1 The acquired properties will provide the Council with a range of tenancy types, see Appendix Three for definitions, which can be broken down into the following:

Tenancy Type	Number of residential units
General Needs	301
Affordable Rent	177
Shared Ownership	110
Retirement	45
Supported	37
Intermediate Rent	2
Freehold	87**
Leasehold	54
Non-residential	5*
Total	818

* Sleep in/office rooms within managed accommodation

**No legal interest in the property, but a maintenance & services obligation to the land

3.3.2 Apart from Shared Ownership, all tenancy types are currently provided and managed by the City Council. Therefore, all transferring tenancy types are within the HRA's existing capabilities.

3.3.3 The addition of 110 Shared Ownership units across 13 sites, 10 blocks will be a new tenancy type for the HRA to operate, but there is existing knowledge and expertise within current teams to meet the need and it is comparable to that of the Leasehold Management Services. Shared Ownership will provide the City Council and the HRA an opportunity to gain insight and knowledge of Shared Ownership so that it may seek to

include this provision within future acquisition and development opportunities as an income generating asset.

- 3.3.4** On transfer of the portfolio, the Council will be required to offer tenants protection of the Terms and Conditions of their existing tenancies offered by Clarion. Whilst the Terms and Conditions for the tenancies will be protected, the security of tenure will be enhanced, and tenants will benefit from secure tenancies, as provided for within the 1985 Housing Act.
- 3.3.5** Tenants will on transfer, receive the Right to Buy. However, whilst the Right to Buy will exist, PCC's investment in the stock is protected by The Housing (Right to Buy) (Cost Floor) (England) Determination 1999. Provision is made for the protection of the investment for a 15-year period and specific mention is made to the protection of acquisition costs and costs for those works initially required following the acquisition of the dwelling by the landlord to put it into good repair, or to deal with any defect. This means that PCC's investment in these assets is protected for the initial 15-year period.
- 3.3.6** The existing Clarion portfolio currently has 33 empty properties, equating to 5.7% empty property rate for the portfolio. Whilst this figure will be subject to change until completion the intention will be to let these properties swiftly. The Council has an average empty property rate of 1.1% across its existing portfolio which it will seek to achieve with this stock.
- 3.4 Stock Condition**
- 3.4.1** The City Council's opportunity to acquire a stock portfolio within these geographic areas provides a rare opportunity to increase and improve the average age of its housing stock. It is highly unlikely given the scale of remaining portfolios held locally by other registered social providers that another opportunity of this scale or nature would become available in the short to medium term.
- 3.4.2** The average cost per unit, see Appendix One, is 36% less than the cost the City Council could on average acquire the assets for individually on the secondary market.
- 3.4.3** The seller's agent provided a 14% sample survey of the portfolio. Additionally, PCC's appointed agent Savills have undertaken a 7% survey of properties with repairing liability and 22 accommodation blocks. All survey data and life cycle cost assessments have been reviewed, validated, and considered as part of the overall purchase bid and financial appraisal. The stock condition surveys were apportioned across all age profiles.

- 3.4.4** The age profile of the stock will generally be newer than the HRA's existing stock with 67% of the stock being built after 1980 and 46% constructed post 2000. This is in contrast with the existing HRA portfolio where 93% of its existing stock is built pre-1980. The age profile is broken down below:

Age Built Band	Lot 1a # Units	Lot 1a %	Existing HRA Stock Profile %
1900 - 1919	73	9%	2%
1920 - 1939	1	0%	6%
1940 - 1959	38	5%	39%
1960 - 1979	154	19%	47%
1980 - 1999	174	21%	4%
2000 - 2019	377	46%	2%
Unknown	1	0%	N/A
Total	818		

- 3.4.5** The acquisition will generate additional revenue for the City Council and enable the HRA to distribute operating costs across a larger number of properties providing financial efficiencies over the medium to long term. Furthermore, this acquisition supports the housing revenue account 30-year Business Plan. Appendix One sets out the impact of this transaction on the Housing Revenue Account.
- 3.4.6** The majority of the portfolio is low rise blocks of flats with pitched roofs between 2-4 storeys in height. The asset type and newer build age of the stock supports a lower maintenance profile for key building components. This will have positive impact on future maintenance requirements. It will reduce the average capital funding per property and help address the financial depreciation of the HRA housing stock.
- 3.4.7** Savills have recommended and PCC officers have validated, with the data available at the time, that the stock condition survey data and assumptions are representative of the overall portfolio. A letter of reliance for the stock condition surveys will be provided upon completion to the City Council from the seller's agent Jones Lang LaSalle.
- 3.4.8** Additionally, PCC officers have undertaken inspections of a sample of empty properties in Portsmouth and Winchester locations. A detailed inspection has been undertaken of Priory View, the only high-rise block of accommodation within the portfolio.
- 3.4.9** Savills and PCC have undertaken a detailed assessment of the compliance data available before exchange and have had opportunity to raise enquiries and verify certification in place. It is satisfied that the properties within the portfolio have a good level of compliance. Further reporting and documentation relating to compliance will continue to be shared post-exchange and related clauses with financial considerations

are being included within the contract for sale to protect the City Council's position.

- 3.4.10** Savills and PCC have undertaken a review of existing damp and mould cases, complaints, anti-social behaviour cases, insurance cases and disrepair cases amongst other sample data sets provided. Whilst specific details cannot be shared until post-exchange, PCC is satisfied, based on the data available at the time, that the number of cases is low and does not detrimentally increase the City Council's risk or exposure and can be adequately managed in accordance with its existing policies and procedures. Furthermore, specific requirements and indemnities, where required, are being included within the contract for sale.
- 3.4.11** Priory View, Portsmouth is a nine-storey building containing 71 residential apartments, including shared ownership. The building is required to be registered under the Building Safety Act as a high-rise building, which has been completed by Clarion.
- 3.4.12** The building has been subject to several Capital Projects that have sought to resolve known fire safety issues and building defects relating to roof works, cladding, fire stopping, fire doors, balconies, and fire strategy. Whilst the building works associated with each contract have completed, one of the awarded contracts will be novated to the City Council to maintain the contractual obligations of the contractor and others will have collateral warranties provided to benefit PCC.
- 3.4.13** Some aspects of the work have been funded via the Building Safety Fund, and all other contract sums have been funded directly by Clarion and will contractually remain the liability of Clarion.
- 3.4.14** PCC via its lawyers have requested full contractual and construction legal enquiries for all works contracts relating to Priory View. A significant number of documents have been provided but given the nature, complexity and stage of the contracts, the review of contract documentation will be ongoing until the date of completion. The City Council has therefore, secured a set of contractual conditions to be included in the contract of sale for the provision of a list of documentation required for completion. In the event documentation listed in the conditions in the contract for sale is not or cannot be provided by the required completion date, a financial settlement, see Appendix One, will be applied to the final purchase price.
- 3.4.15** It is a further condition of sale that, prior to completion PCC is able to appoint its preferred consultant to undertake a review of fire safety documentation related to Priory View and undertake a Type 3, non-destructive Fire Risk Assessment of the common parts and apartments to validate the contract works have achieved the outcome of a Stay Put fire evacuation policy. Any remedial actions identified as an output of the

report will be financially assessed by a mutually appointed third party with a view to claiming funding from Clarion, where they exceed a commercially agreed value, see Appendix One.

- 3.4.16** In consideration of maintenance and property issues that PCC officers have identified at Priory View, a cost contribution has been agreed from Clarion, as detailed in Appendix One as a deduction from the purchase price. The cost contribution will be allocated to immediate capital works required at the property post-completion.
- 3.4.17** PCC officers are satisfied that based on the information available at this point in time, that the financial considerations together with the contractually obligated condition precedent secured against the contract for sale will provide adequate mitigation to any risks identified thus far with Priory View.

3.5 The Bidding Process

- 3.5.1** In February 2023, the Council, received a letter from Clarion to formally notify them of their intention to dispose of some of their social housing stock across the southern regions to another registered social provider(s). On 22 February 2023, the City Council subsequently submitted a formal expression of interest to Clarion to acquire Lot 1a and entered into a formal Non-Disclosure Agreement (NDA), Appendix Four, with the parties as a condition of ongoing participation and Cabinet were informally briefed.
- 3.5.2** In March 2023, the City Council was granted access to the data room and tender bid process and formally invited to prepare a tender. Multiple lots were being marketed across the South and bids could be grouped if a bidder wanted to acquire multiple lots.
- 3.5.3** The PCC officer team (supported by Savills) had a clear brief to assess the opportunity from a financial perspective and to only bid if there was sufficient financial benefit to the HRA in doing so and that a quality driven service could be delivered to match or exceed the service provided by Clarion.
- 3.5.4** A formal conditional bid and quality questionnaire was submitted to JLL and Clarion on 4th May 2023. The prepared bid was supported by Savills providing marketing and pricing advice and Trowers and Hamblins LLP providing legal advice and had the support of the Director of Finance & Resources and S151 Officer and the Director of Housing, Neighbourhood and Building Services. The Leader and Cabinet Member for Housing and Tackling Homelessness were informally updated on progress.
- 3.5.5** Portsmouth City Council were invited to the second stage of the tender process on 15th May 2023 which included an interview and presentation

that week with Clarion tenant's and Clarion's housing and management staff. The Leader and Cabinet Member for Housing and Tackling Homelessness were again informally updated on progress.

3.5.6 On 26th May 2023, Portsmouth City Council received notification that it had been unsuccessful in its bid to acquire Lot 1a. Clarion had chosen to proceed with a bidder who wished to buy multiple lots, thus reducing the administration of the sale of multiple lots. Positive feedback was received from Clarion residents and management about the Council's overall bid submission. The Leader and Cabinet Member for Housing and Tackling Homelessness were notified of the outcome.

3.5.7 In July 2023, the City Council were approached by the seller's agent to confirm if there was still an interest in the City Council acquiring Lot 1a. The project team, in consultation with Savills and Trowers and Hamlins LLP reviewed the financial assumptions and conditions of its original bid and reassessed the financial viability and purchase price. A revised bid was submitted and subsequently accepted on 14th August 2023.

3.5.8 Since the bid acceptance the project team and governance structure, Appendix Five, has been established to form an acquisition and implementation team. Additionally, external support from Trowers and Hamlins LLP, Savills and specific IT partners have been formally appointed to support the purchase process. Pre-purchase enquiries and due diligence has been continuous and on-going.

3.6 Timeline to decision

3.6.1 A notice was published to amend the Forward Plan on 30th October 2023 and Group Leaders and Housing portfolio members were informally notified.

3.6.2 Following a long period of informal consultation, Clarion commenced formal consultation with residents on 20th November 2023, where Clarion shared details of the intended transfer proposed to PCC. The notification was timed to precede the publication of this report and briefings with all members and the Housing Service Residents Consortium during the afternoon/early evening of the 20th November 2023. The notification accorded with the principle that Clarions customers are informed by Clarion of the proposed transfer to PCC before this report was published and in the public domain.

3.6.3 The timetable going forward to completion is as follows:

- 20th November 2023 Partial release of NDA
- 20th November 2023 Formal Clarion consultation with residents commences (7 weeks to 8th January)
- 28th November 2023 Consideration at Cabinet meeting
- 12th December 2023 Key Decision at Full Council meeting

- 12th December 2023 Clarion to seek approval from the Clarion Housing Association Board to exchange contract, conditional upon satisfactory consultation with residents.
- 14th December 2023 Resident 'Meet the Landlord' event Clarion & PCC
- 15th December 2023 Exchange of contracts and deposit payable
- 8th January 2023 End of Clarion's formal resident consultation
- 22nd January 2024 Clarion reports the outcome of the formal resident consultation to the Clarion Housing Association Board and seeks approval to complete.
- 29th January 2024 Clarion communication to residents following Final Board Approval
- 14th February 2024 Completion.

3.7 PCC Resident Consultation Process

3.7.1 Early November 2023 the PCC Resident's Consortium, (landlord umbrella resident group) were made aware of the publication of the Forward Plan notice and report title and the intention to consult at the appropriate time.

3.7.2 On 20th November 2023, a special Residents Consortium meeting was held, in line with the partial release of the NDA, where resident members were fully briefed on the intention to purchase, the content of the Cabinet and Full Council report and invited to ask any questions or queries and attend the meetings.

3.7.3 On 7th December 2023, a further Residents Consortium is to be held to update on the outcome of the Cabinet meeting and progress.

3.8 Clarions formal stock transfer and Group Board approval

3.8.1 As outlined in section 2.2.6, the acquisition is subject to Clarion completing a successful formal stock transfer consultation of residents and Clarion Housing Group Board approval.

3.8.2 Clarion's strategic decision to transfer the homes in Lot 1a to another registered provider has been approved by the Clarion Housing Association Board (HA Board), under its long-term asset and footprint strategy. Additionally, Clarion's delivery process has two further HA Board approval stages. Firstly, pre-exchange, when contracts have been agreed, and secondly, following satisfactory formal consultation with residents, ahead of completion.

4. Reasons for Recommendations

- 4.1** Portsmouth City Council has a proud history of providing and managing council housing and is a respected partner across Hampshire to other Council's. The Council continues to develop new housing and over the last six years has operated a capital programme to acquire former council homes and other residential properties.
- 4.2** Portsmouth City Council is the largest registered social housing provider in Portsmouth and Havant and is well placed to take on the Clarion stock and to manage these properties alongside the existing portfolio of 17,000 properties. The new portfolio can be managed within our existing framework and service provision.
- 4.3** The acquisition supports the Housing Revenue Account (HRA) through an increase in social homes and affordable home ownership units. This acquisition will allow for the transfer of these properties from their current landlord Clarion to PCC. The core purpose of local authority housing is to provide social homes, this portfolio sits directly within this purpose. As well as aligning with PCC's core purpose the expansion and growth of the HRA supports the financial position of the HRA through an increased revenue from the new homes. Increased revenue must be balanced against the life cycle and repair needs of the assets.
- 4.4** Acquiring the Clarion portfolio will enable the HRA to benefit from the revenue it generates directly influencing the economic prosperity of the city. The acquisition supports the HRA through an increase in social homes and affordable home ownership units.
- 4.5** The stock within this portfolio is in the majority newer than our existing housing stock with 67% of the portfolio having been built after 1980. Only 6% of our existing housing stock is post 1980's construction this stock will have a greatly improved life cycle in comparison to our existing stock.
- 4.6** Most of the newer stock benefits from traditional construction methods and blocks are predominantly low rise with pitched roofs. The elements within these blocks are of types which have long life cycles and limited defects, this means that these properties will be lower in maintenance costs than other types of properties.
- 4.7** The Clarion portfolio being newer in age will require less maintenance than our existing stock as the component elements of the housing have a greater amount of time before they will require replacement. This stock is therefore likely to be cheaper to hold than our existing housing stock, allowing the revenue generated from these properties to be able to sustain the HRA.

- 4.8** The majority of the properties within the portfolio sit within existing management areas. Stock outside of existing management areas has been allocated to the local housing offices to manage. All of the stock is within a local geographical area and is able to be managed through our existing teams and service providers.
- 4.9** The tenants, leaseholders and shared ownership residents of this portfolio will benefit from having a local landlord who is a large, registered provider with local contact points for services. Tenants will also benefit from an increased security of tenure and protection of their existing terms and conditions of tenancy.
- 4.10** The transferring tenants will be eligible for Right to Buy following completion. However, PCC's investment in the stock is protected by The Housing (Right to Buy) (Cost Floor) (England) Determination 1999. Provision is made for the protection of the investment for a 15-year period and specific mention is made to the protection of acquisition costs and costs for those works initially required following the acquisition of the dwelling by the landlord to put it into good repair, or to deal with any defect.
- 4.11** The HRA has been operating a stock replacement capital programme since 2016. The programme has successfully acquired 525 general needs properties at an average rate of 100 properties per year. Since 2016, 60 properties are sold annually on average under the Right to Buy scheme. Outside of this, the Council has also acquired 147 units used for temporary accommodation and Supported Housing. This acquisition therefore provides best value to the HRA as the quickest and most cost-effective way to increase its housing stock when compared to the alternative options.
- 4.12** The acquisition of the Clarion portfolio does not increase the overall supply of affordable housing for the local authorities nominating to the stock. PCC alongside the other authorities will maintain the nomination rights to the stock.

5. Integrated Impact Assessment

- 5.1** An Integrated Impact Assessment has been completed, Appendix Six, and no adverse equality implications were identified.

6. Legal Implications

- 6.1** The acquisition of the Clarion portfolio is within the range of powers available to the authority to purchase property. Section 120 of the LGA 1972 provides a legal basis for purchase of land (Sec. 120 (a) (1 and 2)), this is in addition to the general power of competency within the Localism Act 2011.

- 6.2** An NDA was entered into between PCC and Clarion which was partially released on 20th November 2023 to allow certain details of the proposed acquisition to be discussed publicly and enable the formal resident consultation to commence. As a condition to this release, a further NDA has been entered into by the parties to protect the commercially sensitive details of the transaction, Appendix Seven.
- 6.3** An external legal firm, Trowers and Hamlins LLP, have been appointed to advise on all legal matters relating to the purchase due to the scale and complexity of the acquisition.
- 6.4** A contract for sale for the acquisition will confirm the commercially accepted terms that have been negotiated and agreed between Clarion and the City Council for this transaction. The contract for sale will be signed by both parties in readiness for exchange of contract. The contract for sale will be dated at exchange once the approvals outlined in section 2.2 have been achieved.
- 6.5** Trowers and Hamlins LLP have provided the City Council with a report on title and continue to undertake legal due diligence for the transaction.
- 6.6** A small number of Clarion employees will be subject to TUPE and transfer to the City Council with the acquisition. Trowers and Hamlins LLP are advising PCC HR officers and have assessed the impact on the City Council. However, detailed advice can only be provided once further data can be shared post-exchange. That is the correct position with the TUPE Regulations.
- 6.7** Given the significant volume of data, including personal and sensitive data that will be transferred from Clarion to the City Council a Data Protection Impact Assessment (DPIA) will be undertaken. A data sharing agreement forms part of the contract for sale obligating parties to ensure compliance with The Data Protection Act 2018.

7. Director of Finance's comments

- 7.1** The opportunity to acquire a stock portfolio such as this, is a rare opportunity to increase and improve the average age of the City Council's housing stock, at a cost per unit that is considerably less than the cost of its current acquisition strategy of purchasing from the secondary market or of building new properties.
- 7.2** The primary aim of the acquisition is to improve the overall viability and sustainability of the 30-year HRA Business Plan and therefore secure decent accommodation for the Council's housing tenants on a long-term basis.

- 7.3** The purchase price of the stock, associated fees and the additional funding required for anticipated early refurbishment costs is set out in Appendix One, subject to a Non-Disclosure Agreement. Furthermore, the actual purchase price will not be finally determined until all due diligence is satisfactorily completed. For clarity, this will not exceed the value set out in Appendix One.
- 7.4** The purchase price of the stock as set out in Appendix One, has been further validated by a RICS Red Book Valuation which is being undertaken by Savills.
- 7.5** An overall 50-year financial appraisal has been undertaken and will continue to be refined and finalised when the legal due diligence has been completed and in readiness for a completion on 14th February 2024. A deposit will be paid on exchange of contracts on 15th December 2023.
- 7.6** With the information available at the date of this report, it is expected that the acquisition will generate a positive financial return in cash terms over 50 years as well as over the 30-year HRA Business Plan. This return considers income received and deducts all maintenance, operational and borrowing costs. Additionally, the present value i.e. the financial return at today's value is similarly positive. Appendix One sets out the financial benefits of the proposed transaction.
- 7.7** Whilst the acquisition has an overall positive financial impact on the HRA and is undoubtedly beneficial over the longer-term, there are both positive and negative annual cash flows over the first 10 years after which positive cashflows consistently occur.
- 7.8** The Base Case financial appraisal indicates that the overall financial impact of the acquisition in cash terms is forecast to result in an overall improvement of £15.7m by Year 30 which rises to £88m by Year 50. Additionally, at the end of the 50-year period the assets themselves would have at least land value in a worst case scenario.
- 7.9** A cumulative cashflow surplus is not achieved until Year 19. This illustrates both the long term-nature of the decision to acquire and that there is a financial management challenge to the HRA in accommodating the cumulative cashflow deficit over that 19-year period.
- 7.10** The challenging short-term financial impact where cumulative negative cashflows arise must be considered in the context of the HRA's overall affordability and financial resilience. The Council Housing Budget Report 2023-24, approved by the Cabinet Member for Housing and Tackling Homelessness on 2nd February 2023, stated that the current 30-Year HRA Business Plan forecasts that it will only have sufficient reserves to sustain it for the next 8 years. However, there is a general improving position in the HRA since the forecast was last revised as well as a programme of

savings being developed to ensure that in the medium term the in-year expenditure of the HRA is matched by its in-year income.

- 7.11** The impact of the acquisition by Year 8 is a cumulative negative cashflow of £4.2m and this will need to be managed through both savings and re-profiling of expenditure in order to realise the longer-term financial benefits to the HRA.
- 7.12** This acquisition delivers an overall financial improvement over the long term and therefore improves the overall sustainability of the HRA for current and future tenants. Furthermore, the programme of savings that is referenced is occurring irrespective of the Clarion acquisition.
- 7.13** There are several key assumptions underpinning the expected financial return which are described below. The assumptions have been informed from professional advice, experience of officers and market insight reports. The assumptions are prudent and represent a realistic approach to form the "Base Case". The assumptions are:
- i. As interest rates on borrowing are expected to fall in the future, to utilise City Council reserves (internal borrowing) for the first two years to avoid "locking in" at relatively high interest rates now and then borrow when interest rates fall; and
 - ii. An economic life of the stock averaging 50 years (borrowing is undertaken over the same period in order to match rental income streams with debt repayments); and
 - iii. Borrowing costs assumed at 3.80% at Q1 2026; and
 - iv. Rental income growth of 3.14% for two years then 2.14% beyond year 2; and
 - v. Voids of 2.70%; and
 - vi. Early refurbishment premium; and
 - vii. Assumptions on repair and refurbishment costs informed from the due diligence, stock condition surveys and the City Council's approach to repairs.
- 7.14** The assumptions that form the 'base case' are subject to variation with the effluxion of time, better knowledge of the assets and economic factors. A sensitivity analysis has been undertaken to model how sensitive the base case model is to changes and specifically for interest rate movements which would have the most material impact. Other sensitivities including rental inflation, cost inflation etc, have also been modelled to assess the range of financial returns that could reasonably be expected to occur.

Appendix One includes details on the sensitivity analysis and downside risks are expected to be capable of being managed.

- 7.15** The initial sensitivity analysis indicated that the expected return was most sensitive to changes in the initial purchase price and early maintenance costs. The purchase price is now de-risked as this has been formally accepted. The early years maintenance budgets have been informed from multiple sources including professional advice, stock condition surveys, asset component data sheets and inspections amongst other due diligence exercises. The assumptions made on early years maintenance would be considered to be above standard market compared to other registered social providers. This reflects the Council's responsive maintenance provision, which is considered to provide a better level of service to both the residents and assets.
- 7.16** The most significant material risk and sensitivity to the base case now is the forecast movement in interest rates. To mitigate this, the financial appraisal assumes that the transaction is initially funded using City Council reserves. In Q1 2026 the model then assumes the capital requirement is borrowed from the Public Works Loan Board.
- 7.17** The sensitivity analysis illustrates that in the short-term (the first 8 years cumulative deficit of £4.2m) that a +/-1% change in interest rates could result in a movement from the base case of a £4.9m deterioration to a £4.9m improvement. Similarly, over the life of the 30 Year Business Plan the £15.7m surplus could vary from a £22.9m deterioration to a £22.9m improvement.
- 7.18** The appraisal includes a payment to the City Council in respect of the interest it will lose on not investing these funds, however, this approach means that borrowing does not have to be taken at a higher cost across the next 50 years but can be taken in two years (or a more opportune timescale) when interest rates are forecast to have fallen.
- 7.19** There is also the possibility of a more positive environment with associated optimistic scenarios. Whilst not modelled, included within a range of realistic scenarios, the following could be included:
- i. Higher rental inflation;
 - ii. Reduced voids;
 - iii. Less maintenance requirements;
 - iv. Lower borrowing costs / longer use of Council reserves.

- 7.20** It is recommended that any decision taken by Full Council to complete the acquisition is subject to the outstanding due diligence; and a satisfactory financial appraisal, approved by the Director of Finance & Resources and S.151 Officer that demonstrates (based on the completed due diligence) that the financial impact and risks are affordable and manageable by the Council.
- 7.21** Whilst the acquisition is underpinned by borrowing and therefore a long-term debt liability, it has been undertaken through the Prudential Borrowing Framework. That framework is designed to meet the tests of Affordability, Sustainability and Prudence. In essence all such borrowing is on the basis that it is for "Invest to Save" purposes where the income streams derived from that borrowing are relatively strong (to cover the annual debt repayments) and where the underpinning asset investment has a value that is aligned with the amount of outstanding debt over its lifetime (to allow the flexibility to sell in the event that the Council wishes to reduce its level of outstanding debt). This approach is consistent and similar to the majority of all of the City Council's significant long-term borrowing.
- 7.22** To facilitate the acquisition and transaction, three of the City Council's Treasury Management Limits will need to be increased. One of those limits only needs to be increased temporarily to amass the funds necessary in instant access accounts to then be able to make the transaction. The other two limits relate to a permanent increase in the Council's borrowing limits. These amendments are set out in recommendations 2.2.3 and 2.2.4 of this report.
- 7.23** The temporary increases required to the limit is to enable the necessary funds to be held in instant access facilities so that the transaction can be made when completion occurs is set out in recommendation 2.2.4.
- 7.24** The permanent increases to the City Council's borrowing limits are necessary for the Council to finance the acquisition and, as previously described, the increase in the City Council's debt will be underpinned by an asset with a similar value to the debt as well as strong future income streams to cover future borrowing repayments.

.....
Signed by:
James Hill - Director of Housing,
Neighbourhood and Building Services

.....
Signed by:
Chris Ward - Director of Finance
and Resources



Appendices:

- Appendix One Key Financial Information - **Exempt**
- Appendix Two Maps showing geographic context.
- Appendix Three Tenancy Type Definitions
- Appendix Four Non-Disclosure Agreement signed 22nd February 2023 - **Exempt**
- Appendix Five Governance Structure
- Appendix Six Integrated Impact Assessment
- Appendix Seven Non-Disclosure Agreement signed 20th November 2023 - **Exempt**

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
Council Housing Budget 2023/24 (including rent setting)	Agenda for Cabinet Member for Housing and Preventing Homelessness on Thursday, 2nd February, 2023, 10.00 am Portsmouth City Council

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

.....Signed by:

Appendix Two - Maps Showing Geographic Context

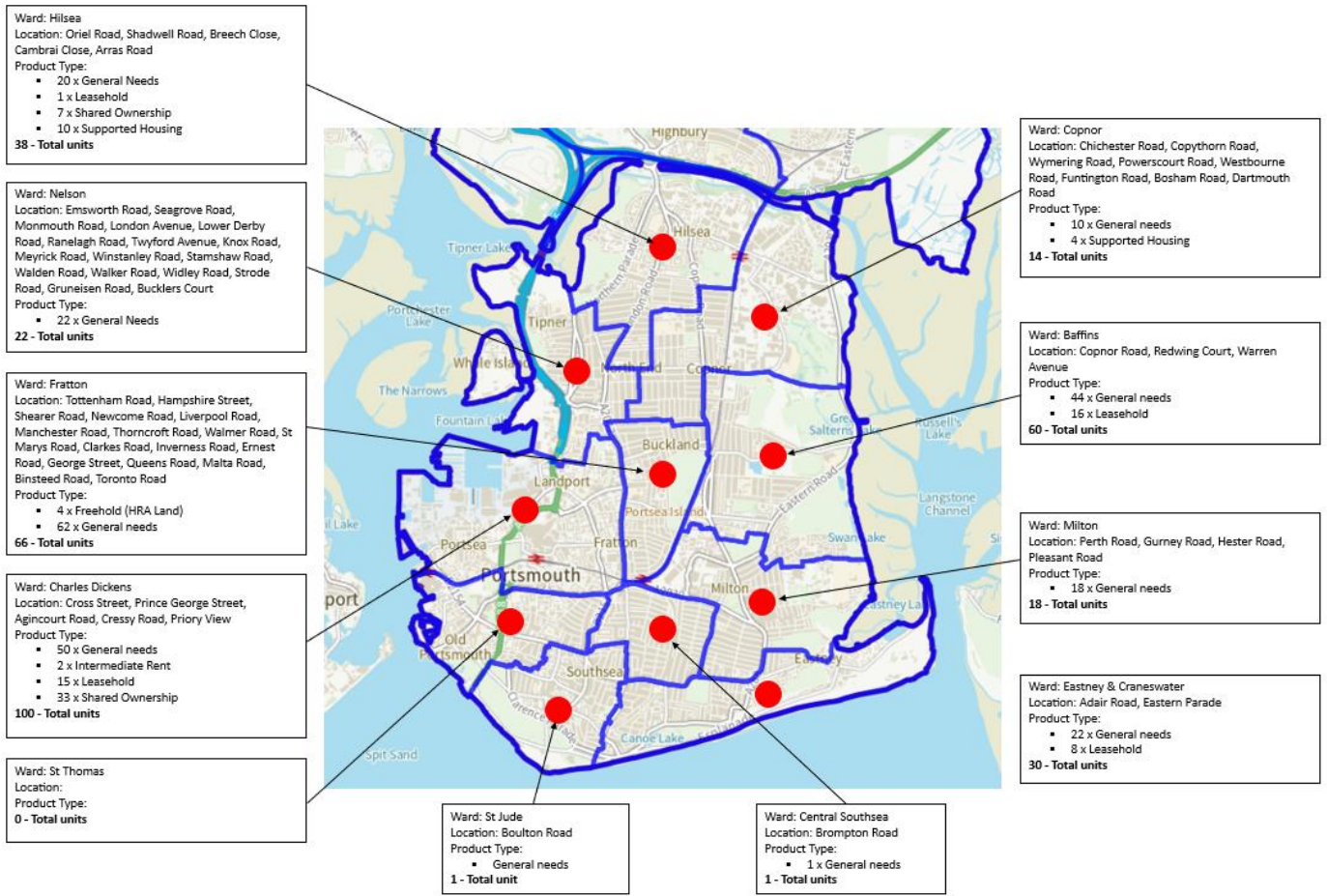


Figure 1 - Portsmouth (On-Island)

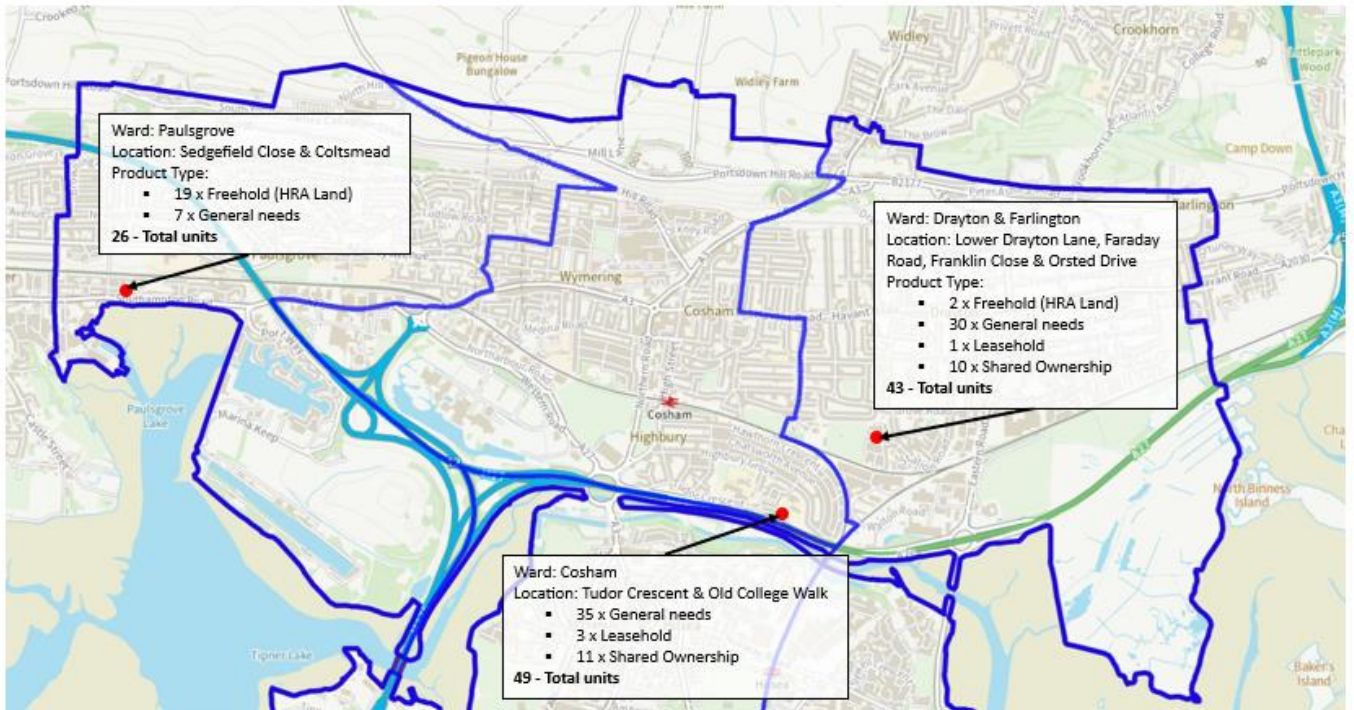


Figure 2 - Portsmouth (Off-Island)

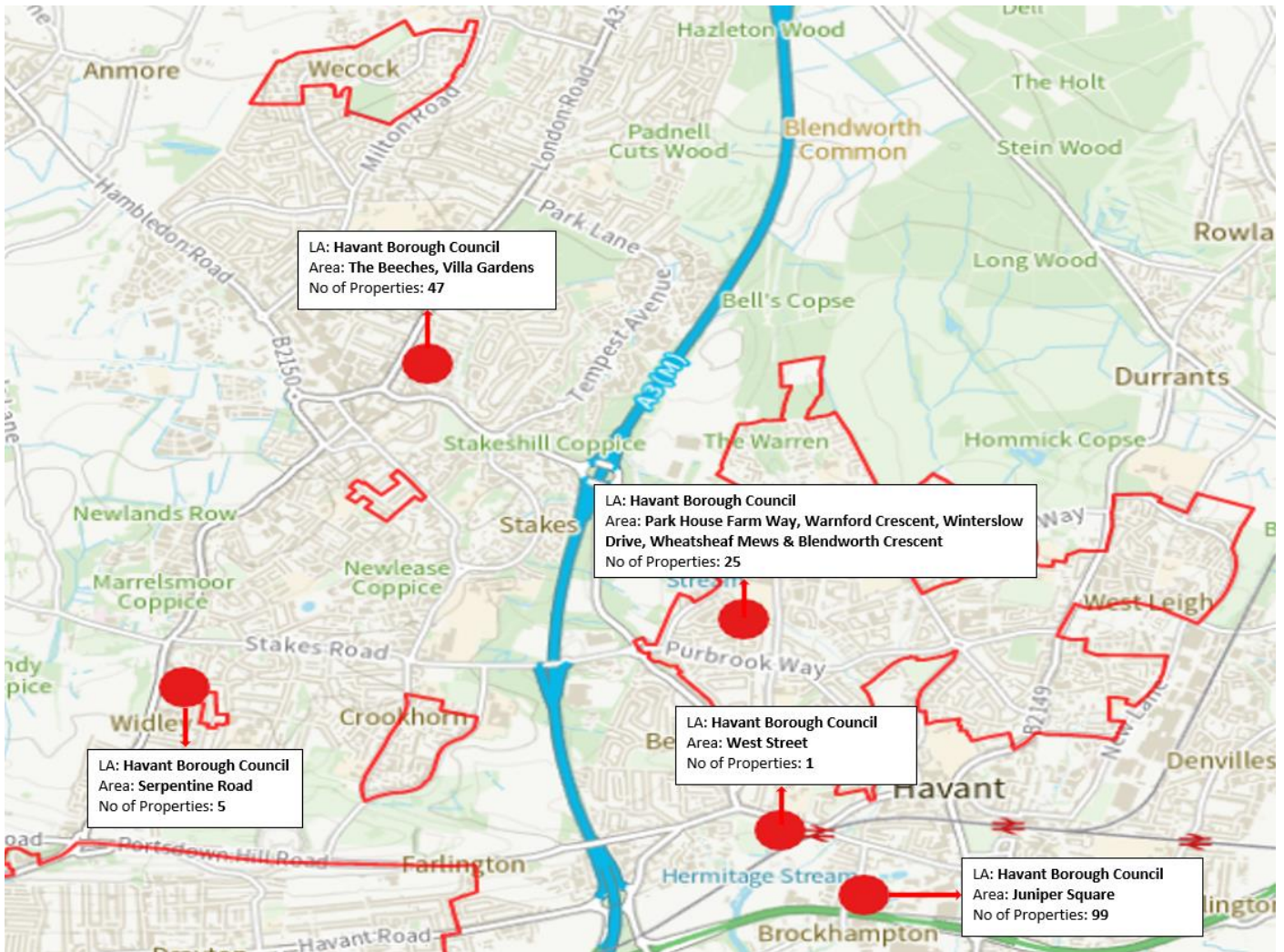


Figure 3 - Havant



Figure 4 - Winchester

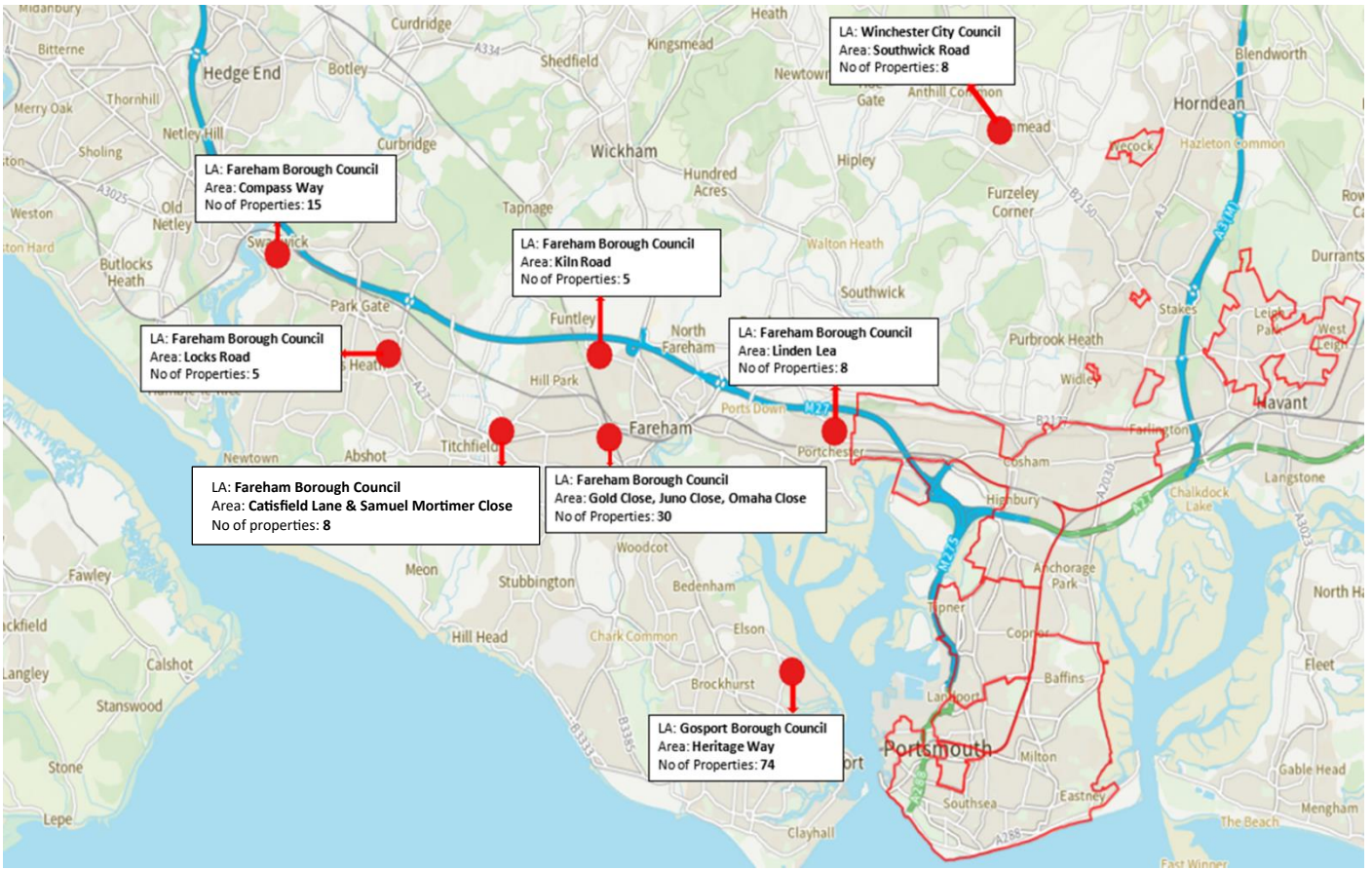


Figure 5 - Gosport & Fareham

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Appendix Three - Tenancy Type Definitions

General Needs	General needs tenancies are a standard tenancy that does not provide any additional support and so is aimed at those who are non-vulnerable and able to live independently without any special housing or support requirements
Affordable Rent	Affordable rent is rent that is set at up to 80% of market rent (including service charges). These properties of affordable rents are defined as 'low cost' rental accommodation and so also classed as 'social housing'.
Shared Ownership	This product is a government scheme aimed at 1 st time buyers that offers the chance to buy a share of a property from a social landlord. The shared owner will own a proportion of the property and will pay rent on the remaining portion to the retaining landlord.
Retirement	These are homes provided for those of retirement age but are for independent living.
Supported	Supported living is typically defined as housing where support and/or care services are provided to help people to live as independently as possible. Supported living provides people with individual tenancies.
Intermediate Rent	Intermediate rent is usually 80% of a market rent. It's available to key workers and others finding it hard to afford market rent prices in London and the Southern England. Tenancies are usually awarded from 6 months to 5 years.
Freehold	This is where a resident owns their home outright but may still pay a service charge for maintenance of communal spaces.
Leasehold	A leaseholder owns their property, but not the land or block that it sits in and only for the length of a lease agreement with the freeholder.
Non-residential	Commercial property

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APPENDIX FIVE

PROJECT WREN - GOVERNANCE STRUCTURE

Project Wren is the name given by Clarion Housing Association to a sale of their assets within a set geographical area along the south coast. The sale included three lots 1A, 1B and 2. Lot 1A included properties in Portsmouth, Havant, Fareham, Gosport and Winchester. Housing, Neighbourhood and Building Services Directorate of Portsmouth City Council has bid for Lot 1A.

The acquisition of the stock is covered by a non-disclosure agreement (NDA) until publication of decision papers. This NDA is in place to protect the interests of the vendor. PCC's agreement to the NDA was a condition placed on the process by the vendor.

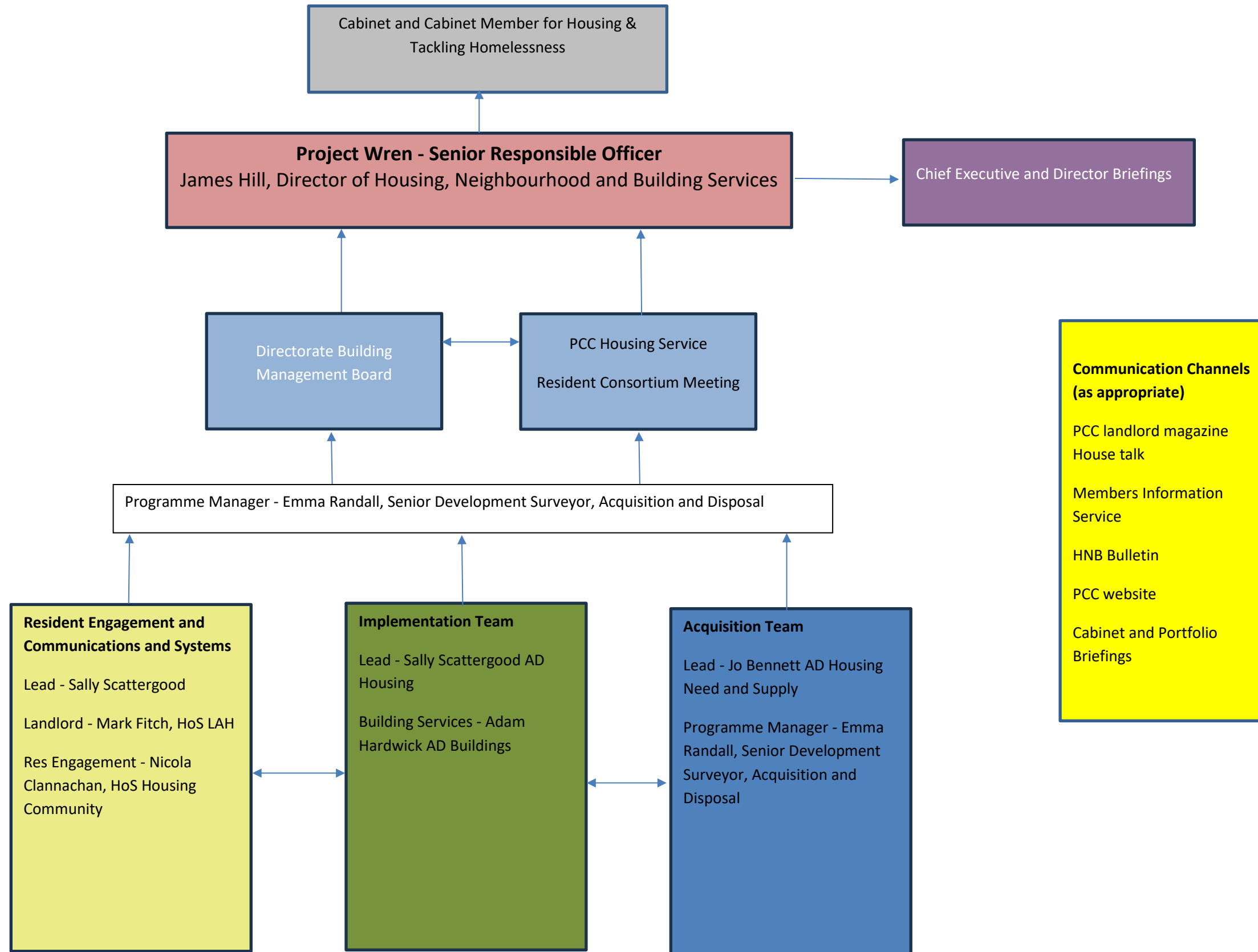
The NDA has altered our usual briefing and consultation processes. The governance structure covers all phases of the project and will evolve. The flow of communication and information for the acquisition phase will be impacted initially by the NDA.

The acquisition requires commercial negotiations and is business sensitive to both parties. The acquisition value requires a full council decision.

PROJECT RATIONALE:

The Project Wren Acquisition supports the Housing Revenue Account (HRA) through an increase in social homes and affordable home ownership units. This acquisition will allow for the transfer of these properties from their current landlord Clarion to PCC. The core purpose of local authority housing is to provide social homes, this portfolio sits directly within this purpose. As well as aligning with our core purpose the expansion and growth of the HRA supports the financial position of the HRA through an increased revenue from the new homes. Increased revenue must be balanced against the life cycle and repair needs of the assets and this portfolio is in the majority young in terms of life cycle with a large number (67%) of the assets having been built in the last 30 years.

PROJECT WREN - GOVERNANCE STRUCTURE



PROJECT WREN - PROJECT DETAIL ORGANISATION CHART

Project Wren Senior Responsible Officer
James Hill, Director of Housing, Neighbourhood and Building Services

Acquisition - Lead Jo Bennett, AD Housing Need and Supply

Acquisition Team
Acquisition Programme Manager - Emma Randall, Senior Development Surveyor, Acquisition and Disposal
Housing Supply - Jo Bennett
Building Services - Adam Hardwick, AD Buildings
Housing Management - Sally Scattergood, AD Housing
Project Support - Jack White

Building Services - due diligence and contract novation
Lead - Adam Hardwick - AD Buildings
R&M - Steve Groves, Dean Pickett
Surveying - Patrick Leggett and Stuart Lane
Building Safety - Amy Holmes, HRA Building Safety Manager

Housing Management, Shared Ownership and Leasehold - due diligence
Lead - Sally Scattergood - AD Housing
Housing Management - Mark Fitch, Head of LAH
Shared Ownership and Leasehold Services - Colleen Parkinson and Jack White

Green and Clean and Estates (including CCTV) - due diligence & contract novation
Lead - Colette Hill - AD Neighbourhoods
Phil Bentley, Head of Estate Services & Steph Goodman

Sheltered and Supported Housing - due diligence
Lead - Danny Ardrey, Sheltered Housing Manager

TUPE
Lead - Sally Gibbs and Natalie Cleife, HR
LAH - Mark Fitch, Head of LAH
Sheltered - Danny Ardrey
Buildings - Steve Groves, Head of R&M
Legal Support - Laura Welchew (Trowers)

External Advisors
Legal Team - Trowers and Hamlin LLP Louise Robinson, Partner
Commercial advisors and valuation- Savills Chris Newman

Finance Team
Lead - James Fitzgerald, AD
Will Taylor & Alan Denford

Resident Engagement and Comms
Lead - Sally Scattergood
Resident Engagement Nicola Clannachan Head of Housing Community Service
Landlord Mark Fitch Head of Local Authority
Housing Comms - Ali Coote, Comms Officer

Implementation - Lead Sally Scattergood - AD Housing

Acquisition Team - conditional matters
Acquisition Programme Manager - Emma Randall, Senior Development Surveyor, Acquisition and Disposal
Housing Supply - Jo Bennett
Building Services - Adam Hardwick
Housing Management - Sally Scattergood
Grant agreements - Ali Smart

Building Services
Lead - Adam Hardwick - AD Buildings
R&M - Steve Groves, Dean Pickett
Surveying - Patrick Leggett and Stuart Lane
Building Safety - Amy Holmes, HRA Building Safety Manager

Building Services IT Migration
Lead - Dean Pickett, Building and Compliance Manager

Housing Management -
Lead - Sally Scattergood - AD Housing
Housing Management - Mark Fitch
Support - Laura Brett

Sheltered and Supported Housing -
Lead - Danny Ardrey, Sheltered Housing Manager

Shared Ownership and Leasehold Services
Lead - Mark Fitch
Colleen Parkinson
Support - Jack White
Northgate S/O-

Green and Clean and Estates
Lead - Phil Bentley, Head of Estate Services & Steph Goodman

Housing Management IT Migration team
Project Manager - Allan Winter
Applications - David Nardini
Solution Architect - Alasdair Swanson & Rob Williams
GDPR - Lou Jones
Housing Management - Sally Scattergood and Mark Fitch
Acquisition Lead - Emma Randall
Business - Laura Brett and Jack White

Housing Management Legal Support - Trowers
Lynn James (external)

Year End and Northgate testing
Lead - Lou Jones
Northgate Tracey Clark, Naz Haque
LAH - Laura Brett

Finance Team
Lead - Alan Denford, Finance Manager
Budget and Year End - Matt Green

PROJECT WREN IMPLEMENTATION TEAM - TERMS OF REFERENCE**TERMS OF REFERENCE: Project Wren Acquisition Team****1. Aim**

- 1.1. The Project Wren Acquisition team hold a mandate from the Director of Housing Neighbourhood and Building Services to assess, and commercially negotiate the acquisition of Lot 1 A.

2. Objectives

- 2.1 The objectives of the Project Wren Acquisition Team are set out below:

- a. Put in place a robust governance framework for the acquisition.
- b. Carry out due diligence on Lot 1A.
- c. Commercially negotiate the acquisition.
- d. Agree conditions with the vendor for the acquisition, including assurance on compliance for the residential units.
- e. Prepare all documentation needed for decision making.
- f. Manage the legal transaction.
- g. Procure specialist service advice as needed to carry out the objectives of the project.
- h. Oversee all matters related to the acquisition during the Implementation phase and support the Implementation team as needed.
- i. To manage all situations related to TUPE.

3. Membership

- 3.1 The core membership for the Project Wren Acquisition Team should include:

- a. Programme Manager - Emma Randall - Senior Development Surveyor, Acquisition and Disposal
- b. Acquisition Lead Officer - Jo Bennett - Assistant Director Housing Need and Supply
- c. Implementation Lead Officer - Sally Scattergood - Assistant Director Housing
- d. Building Services Lead Officer - Adam Hardwick - Assistant Director Building Service
- e. Housing Management - Mark Fitch, Head of Local Authority Housing

- 3.2 Membership is expected to be expanded beyond core membership and will include officers from within HNB, other internal directorates and external specialists as needed.

4. Frequency of meetings

- 4.1 The Project Wren Acquisition team meet weekly, and at such other times as required by the Programme Manager.

5. Meeting actions and decisions

- 5.1 The administrative support shall capture any decisions and actions arising from the Acquisition Team Meetings and will circulate these to the team.

PROJECT WREN IMPLEMENTATION TEAM - TERMS OF REFERENCE

TERMS OF REFERENCE: Project Wren Implementation Team

1. Aim

1.1 The Project Wren Implementation team hold a mandate from the Director of Housing Neighbourhood and Building Services to ensure preparedness for transition and manage the implementation of the transition of Lot 1A.

2. Objectives

2.1 The objectives of the Project Wren Implementation Team are set out below:

- a) Develop a Communication Plan to include consultation on the acquisition with PCC tenants and to inform and welcome the residents of Lot 1A.
- b) Resource a team to effectively plan and manage the data migration associated with the acquisition.
- c) Understand the legal mechanisms for transfer of tenancy and lease and ensure the considerations inform the implementation.
- d) Understand the stock and create a management plan for the assets acquired.
- e) Resourcing teams to effectively plan for receipt of and management of Lot 1A.
- f) Ensuring the data security of residents of Lot 1A during the transfer.
- g) To ensure any compliance gaps related to residential properties are resolved quickly and inline with the conditions of the contract.
- h) To create a plan and to implement the plan to survey all acquired assets in a reasonable timeframe.
- i) To ensure induction processes for staff who join the organisation through TUPE.
- j) Create a suite of performance measures related to the transfer and the performance of the assets for their stated purpose.

3. Membership

3.1 The core membership for the Project Wren Implementation Team should include:

- a) Implementation Lead Officer - Sally Scattergood - Assistant Director Housing
- b) Building Services Lead Officer - Adam Hardwick - Assistant Director Building Service
- c) Housing Management - Mark Fitch, Head of Local Authority Housing
- d) GDPR - Lou Jones, Business Support

3.2 Membership is expected to be expanded beyond core membership and will include officers from within HNB, other internal directorates and external specialists as needed.

4 Frequency of meetings

4.1 The Project Wren Implementation team meet weekly, and at such other times as required by the Team Lead.

5 Meeting actions and decisions

5.1 The administrative support shall capture any decisions and actions arising from the Implementation Team Meetings and will circulate these to the team.

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Producer	Jo Bennett
Reviewer	Adam Hardwick & Sally Scattergood
Approver	James Hill
Date Approved	
Version	V001

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Form name	Integrated Impact Assessment
Reference	IA562395639
Date	15/11/2023



Policy details

Request date	15/11/2023 22:27
Directorate	PCC Housing, Neighbourhood and Building Services
Service	Housing
Title of policy, service, function	Housing Revenue Account Residential Stock Portfolio Acquisition
Type of policy, service, function	New
What is the aim of your policy, service, function, project or strategy?	An opportunity for Portsmouth City Council (PCC), as a Registered Social Provider (RSP) to acquire from Clarion Housing Group the transferring housing stock, referred to as Lot 1a. The acquisition has been named Project Wren.
Has any consultation been undertaken for this proposal?	no

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

With the above in mind and following data analysis, who is the policy, service, function, project or strategy going to benefit or have a detrimental effect on and how?	The project will impact all transferring residential tenants and affordable home owners and leaseholders of Clarion Housing Group. The policy will impact those residents with housing need in the authority areas and existing residents falling under Portsmouth City Council.
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<p>Will any of those groups be affected in a different way to others because of your policy, project, service, function, or strategy?</p>	<p>The residents and affordable home owners that are transferring from Clarion Housing Group to Portsmouth City Council will be impacted the most as their tenancies and leases are transferring to a different registered social provider and the processes for paying rent, accessing support services and maintenance will change from their current processes they have.</p>
<p>If you are directly or indirectly discriminating, how are you going to mitigate the negative impact?</p>	<p>There is no direct or indirect discrimination.</p>
<p>Who have you consulted with or are planning to consult with and what was/will be your consultation methodology?</p>	<p>Clarion Housing Group will undertake a formal residential consultation to consult on the intention to change/transfer registered social provider.</p> <p>Portsmouth City Council gave a presentation to and were interviewed by a resident panel selected by Clarion Housing Group as part of the tender bid process. The Portsmouth Residents Consortium will be consulted as part of the acquisition process.</p> <p>Portsmouth City Council will collaborate with Clarion Housing Group to ensure that communication is received by the transferring residents about their new landlord, providing details of their allocated area housing office, how to access services and communication. This will include door knocking exercises and meet the landlord events held with Clarion Housing Group.</p>
<p>How are you going to review the policy, service, project or strategy, how often and who will be responsible?</p>	<p>The financial performance of the acquired stock will be integrated and reviewed annually in line with the same processes that are in place for the Council's Housing Revenue Account.</p> <p>Tenant satisfaction is monitored annually in line with the Tenant Satisfaction Measures Standard requiring all registered providers to generate and report tenant satisfaction measures as specified by the regulator.</p>

Crime - Will it make our city safer?

<p>Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?</p>	<p>As part of the City Council's service level requirements as a registered social provider it will ensure that all transferring residents will be allocated a Housing Area Office or Home Ownership Officer and where required additional support services made available on a case by case scenario. As part of the legal contract to acquire the stock, details of existing cases of Anti Social Behaviour, complaints and other sensitive data will be shared with the Council to ensure that known issues and actions can be continued and monitored by the Council. The Council will also ensure that transferring residents have access to community support wardens and out of hours services.</p>
<p>How are you going to measure/check the impact of your proposal?</p>	<p>Complaints, routine inspections and collaboration with third party stakeholders and service providers. Governance Audit Standards Committee reporting will also be undertaken to monitor the progress of the acquisition and in line with existing processes and protocols.</p>

Housing - will it provide good quality homes?

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

The Project Wren Acquisition supports the Housing Revenue Account (HRA) through an increase in social homes and affordable home ownership units. This acquisition will allow for the transfer of these properties from their current landlord Clarion to PCC. The core purpose of local authority housing is to provide social homes, this portfolio sits directly within this purpose. As well as aligning with PCC's core purpose the expansion and growth of the HRA supports the financial position of the HRA through an increased revenue from the new homes. Increased revenue must be balanced against the life cycle and repair needs of the assets and with a large number (67%) of the assets having been built in the last 40 years, the portfolio presents a better life cycle position compared to the majority of existing HRA stock.

Acquiring the Clarion portfolio will enable the HRA to benefit from the revenue it generates directly influencing the economic prosperity of the city. The acquisition supports the HRA through an increase in social homes and affordable home ownership units.

The stock within this portfolio is in the majority newer than our existing housing stock with 67% of the portfolio having been built after 1980. Only 6% of our existing housing stock is post 1980's construction this stock will have a greatly improved life cycle in comparison to our existing stock.

The transferring tenants will be eligible for Right to Buy following completion. However, PCC's investment in the stock is protected by The Housing (Right to Buy) (Cost Floor) (England) Determination 1999. Provision is made for the protection of the investment for a 15-year period and specific mention is made to the protection of acquisition costs and costs for those works initially required following the acquisition of the dwelling by the landlord to put it into good repair, or to deal with any defect.

The acquisition of the housing portfolio does not increase the overall supply of affordable housing for the local authorities nominating to the stock. PCC alongside the other authorities will maintain the nomination rights to the stock.

How are you going to measure/check the impact of your proposal?	In accordance with the Housing Revenue Account existing policies and procedures for performance management for the 30 year housing business plan.
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Health - will this help promote healthy, safe and independent living?

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?	<p>It will provide good quality housing which meets the needs of the residents. Ensuring quality housing management services, proactive maintenance and estate regimes.</p> <p>Through the allocation with Housing Area Office and Home Ownership Officers and the consultation/engagement processes the City Council will ensure residents know where to find housing help and advice.</p>
How are you going to measure/check the impact of your proposal?	In accordance with the Housing Revenue Account existing policies and procedures for performance management and in line with statutory compliance requirements such as EPC, Gas Safety, Fire Safety, EICR, Damp and Mould inspections etc.

Income deprivation and poverty - will it consider income deprivation and reduce poverty?

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?	<p>The project to acquire a residential stock portfolio from Clarion Housing Group will see a range of property types and tenures transferring to Portsmouth City Council.</p> <p>The Housing Revenue Account rent levels are controlled by National rent policy and PCC policy endeavours to ensure that we provide homes that people can afford.</p> <p>A range of support services are available to tenants and residents including support from a named officer, money advice, benefit maximisation, debt management and budgeting support.</p>
How are you going to measure/check the impact of your proposal?	In accordance with the Housing Revenue Account existing policies and procedures for performance management in relation to rent management and bad debt provision.

Carbon emissions - will it reduce carbon emissions?

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?	The acquisition of the properties will not adversely impact carbon emissions as it is existing stock. The Council's maintenance and estate practices are managed in a way that attempts to reduce carbon emissions and improve the energy efficiency of the properties. Furthermore, the properties will be managed in accordance with legislative requirements to have an Energy Performance Certificate.
How are you going to measure/check the impact of your proposal?	In accordance with the Housing Revenue Account existing policies and procedures for performance management, estate practices and in line with statutory compliance requirements.

Energy use - will it reduce energy use?

This section is not applicable to my policy	<input checked="" type="checkbox"/>
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Climate change mitigation and flooding - will it proactively mitigate against a changing climate and flooding?

This section is not applicable to my policy	<input checked="" type="checkbox"/>
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Natural environment - will it ensure public spaces are greener, more sustainable and well-maintained?

This section is not applicable to my policy	<input checked="" type="checkbox"/>
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Air quality - will it improve air quality?

This section is not applicable to my policy	<input checked="" type="checkbox"/>
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Transport - will it make transport more sustainable and safer for the whole community?

This section is not applicable to my policy	<input checked="" type="checkbox"/>
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Waste management - will it increase recycling and reduce the production of waste?

This section is not applicable to my policy	<input checked="" type="checkbox"/>
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Culture and heritage - will it promote, protect and enhance our culture and heritage?

This section is not applicable to my policy	<input checked="" type="checkbox"/>
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Employment and opportunities - will it promote the development of a skilled workforce?

<p>Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?</p>	<p>The acquired stock will be supported and maintained in accordance with the existing arrangements in place with third party service providers and procurement frameworks which include local contractors and labour sources and social value practices.</p> <p>Additionally, the acquisition will be subject to a small number of transferring employees who are subject to TUPE legislation.</p>
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How are you going to measure/check the impact of your proposal?	In accordance with the Housing Revenue Account existing policies and procedures for managing and reviewing performance of contracts.
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Economy - will it encourage businesses to invest in the city, support sustainable growth and regeneration?

Please expand on the impact your policy/proposal will have, and how you propose to mitigate any negative impacts?	The acquisition of the stock will be managed locally which will provide opportunities to local contractors, service providers which will positively impact the local economy where previously Clarion Housing Group had a wider network of service providers and employees that served a larger South-East geographic area.
How are you going to measure/check the impact of your proposal?	In accordance with the Housing Revenue Account existing policies and procedures for performance management.

Social value

<p>Please explain how your policy, service, function, project or strategy delivers Social Value</p>	<p>Portsmouth City Council has a proud history of providing and managing council housing and is a respected partner across Hampshire to other Council's. The Council continues to develop new housing and over the last six years has operated a capital programme to acquire former council homes and other residential properties.</p> <p>Portsmouth City Council is the largest registered social provider in Portsmouth and Havant and is well placed to take on the Clarion stock and to manage these properties alongside the existing portfolio of 17,000 properties. The new portfolio can be managed within our existing framework and service provision.</p> <p>Acquiring the Clarion portfolio will enable the HRA to benefit from the revenue it generates directly influencing the economic prosperity of the city. The acquisition supports the HRA through an increase in social homes and affordable home ownership units.</p> <p>The primary aim of the acquisition is to be able to provide additional social housing and affordable home ownership units as well as improving the financial position of the Housing Revenue Account across its 30-year business plan through an increased net revenue from the stock that is being acquired.</p> <p>With the information available at the date of this report, it is expected that the acquisition will generate a positive financial return in cash terms over the 30-year HRA business plan.</p>
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Involvement

<p>Who was involved in the Integrated impact assessment?</p>	<p>Emma Randall Jo Bennett</p>
<p>Name of the person completing this form</p>	<p>Emma Randall</p>
<p>Date of completion</p>	<p>2023-11-15</p>

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Agenda Item 10

Agenda item:

Decision maker: Cabinet 28th November 2023

Subject: Revenue Budget Monitoring 2023/24 (Second Quarter) to end September 2023

Report by: Director of Finance & Resources

Wards affected: All

Key decision (over £250k): No

1. Purpose of Report

1.1 The purpose of this report is to update members on the current Revenue Budget position of the Council as at the end of the second quarter for 2023/24, in accordance with the proposals set out in the "Portsmouth City Council - Budget & Council Tax 2023/24 & Medium Term Budget Forecast 2024/25 to 2026/27" report approved by the City Council on 28th February 2023.

2. Recommendations

2.1 It is recommended that:

- (i) The General Fund Forecast Outturn for 2023/24 (as at 30th September 2023) be noted:

The underspend is analysed as follows:

FORECAST OUTTURN 2023/24		£000
Forecast Net Overspend (before transfers to/from) Reserves		2,034
Less Transfers From Portfolio / Cabinet Reserve:		
Overspendings (in accordance with approved Council resolutions)	(1,190)	
Add Transfers to Portfolio and Other Reserves:		
Underspendings (in accordance with approved Council resolutions)	612	
Forecast Net Overspend 2023/24 (before Windfall Costs)		1,456
Less Expenditure funded from Corporate Contingency:		
Windfall Costs	(1,251)	
Forecast Net Overspend 2023/24		205

- (ii) Members note that the pay award for 2023/24 has been agreed at a level which is £1.8m greater than the budget provision. Whilst this can be funded from the Council's Corporate Contingency in the current financial year, it will

have a negative impact on the Council's overall financial position for future years.

- (iii) Members note that in accordance with approved policy as described in Section 6 any actual overspend at year end will in the first instance be deducted from any Portfolio Reserve balance and once depleted then be deducted from the 2024/25 Cash Limit.
- (iv) Directors, in consultation with the appropriate Cabinet Member, consider options that seek to minimise any forecast overspending presently being reported and prepare strategies outlining how any consequent reduction to the 2024/25 Portfolio cash limit will be managed to avoid further overspending during 2024/25.

3. Background

- 3.1 A budget for 2023/24 of £201,586,700 was approved by City Council on 28th February 2023. This level of spending enables a contribution to General Reserves of £0.1m since in year income exceeds in year expenditure.
- 3.2 The budget approved by City Council in February 2023 included provision within the Corporate Contingency of £0.6m to meet estimated Covid-19 related costs and lost income during 2023/24.
- 3.3 Since the 28th February City Council meeting, the Council has been allocated additional one off non ring-fenced grants totalling £499,000 in 2023/24. To achieve the Government's priorities in these areas, service budgets have been adjusted as appropriate.
- 3.4 In summary, changes to the budget as approved on 28th February 2023 are as follows:

	£
Budget Approved 28th February 2023	201,586,700
Leaving Care Allowance Uplift Implementation Grant (New Burdens)	109,500
Implementation of Supported Accommodation Reforms	93,900
Staying Close Grant	276,100
Adult Social Care - Client Level Data and Short and Long Term Data	19,500
Adjusted 2023/24 Budget	202,085,700

- 3.5 This is the second quarter monitoring report of 2023/24 and reports on the forecast 2023/24 outturn as at the end of September 2023. The forecasts summarised in this report are made on the basis that management action to address any forecast overspends are only brought in when that action has been formulated into a plan and there is a high degree of certainty that it will be achieved.
- 3.6 Any variances within Portfolios that relate to windfall costs or windfall gains will be met / taken corporately and not generally considered as part of the overall budget performance of a Portfolio. "Windfall costs" are defined as those costs where the

manager has little or no influence or control over such costs and where the size of those costs is high in relation to the overall budget controlled by that manager. “Windfall costs” therefore are ordinarily met corporately from the Council’s Corporate Contingency. A manager / Cabinet Member however, does have an obligation to minimise the impact of any “windfall cost” from within their areas of responsibility in order to protect the overall financial position of the Council. Similarly, “windfall gains” are those savings that occur fortuitously without any manager action and all such savings accrue to the corporate centre.

4. Forecast Revenue Outturn 2023/24 – As at end September 2023

- 4.1 At the second quarter stage the General Fund Revenue Outturn for 2023/24 is forecast to be overspent by £205,200.
- 4.2 The Quarter 2 General Fund Outturn before transfers to / from Reserves is an overall overspend of £2,034,400. After releases from Contingency (to fund Windfall Costs of £1,251,700) and transfers to and from Reserves, the Council is forecasting an overall overspend of £205,200.

	Net Portfolio Variance	Other Windfall and Exceptional & Significant Items	Transfers (from)/to Portfolio/ Parking Reserves	Total Variance
	£	£	£	£
Children, Families & Education	2,040,300	0	0	2,040,300
Climate Change & Greening the City	4,600	0	0	4,600
Community, Wellbeing, Health & Care	2,775,400	0	(522,300)	2,253,100
Culture, Leisure & Economic Development	77,500	0	(77,500)	0
Environmental Services	(180,000)	0	180,000	0
Housing & Tackling Homelessness	1,578,000	(1,142,000)	0	436,000
Leader	134,000	(12,000)	(122,000)	0
Planning Policy & City Development	478,500	(138,400)	0	340,100
Resources	402,300	40,700	(418,200)	24,800
Safety in the Community	(37,700)	0	37,700	0
Licensing Committee	50,200	0	(50,200)	0
Transport	(395,000)	0	395,000	0
Total Portfolio Variance	6,928,100	(1,251,700)	(577,500)	5,098,900
Treasury Management	(4,893,700)			(4,893,700)
Overall Variance	2,034,400	(1,251,700)	(577,500)	205,200

5. Quarter 2 Budget Variations – Forecast Outturn 2023/24

5.1 Children, Families & Education – Overspend £2,040,300

The cost of Children, Families & Education is forecast to be £2,040,300 higher than budgeted.

The overspend is due to staff vacancies being covered by agency staffing (£1.01m); the cost of placements for looked after children (£0.36m); the cost of placements for care leavers (£0.2m); placements for children with disabilities who have exceptionally high needs (£0.2m); increased legal fees (£0.18m); higher numbers of families with no recourse to public funds (£0.16m); youth remand accommodation costs in excess of the grant (£0.15m); costs in relation to the increased numbers of Education Health and Care plans and reduced income within the inclusion service (£0.15m), which have been partially offset by an underspend on UASC care leavers (£0.35m) plus other minor underspends (£0.02m).

5.2 Climate Change and Greening the City – Overspend £4,600

The Climate Change and Greening the City Portfolio is broadly in balance.

5.3 Community, Wellbeing, Health & Care – Overspend £2,775,400 or After Transfer From Portfolio Reserve £2,253,100

The cost of Community, Wellbeing, Health & Care is forecast to be £2,775,400 higher than budgeted.

The overspend is primarily due to higher than anticipated care package costs for clients in external Residential & Nursing care placements, combined with a delayed delivery of planned savings within the Adult Care & Support service (£2.3m). Additionally, the Learning Disability service has experienced an increase in the number of new clients with complex needs, increased care package costs (£0.5m), and additional staff costs to meet increasing client demand (£0.3m). The in-house units are also experiencing cost pressures relating to staffing and agency costs (£0.4m). These overspends have been partially mitigated by additional grant income, resulting in an overall net forecast overspend of £2.7m

5.4 Culture, Leisure & Economic Development – Overspend £77,500 or After Transfer From Portfolio Reserve Nil

The cost of Culture Leisure & Economic Development Portfolio is forecast to be £77,500 higher than budgeted, due to lower than budgeted income from the Enterprise Centres due to an increased number of vacant units, (£0.09m) which has been partially offset by other minor variances (£0.01m).

5.5 Environmental Services – Underspend £180,000 or After Transfer To Portfolio Reserve Nil

The cost of Environment Services is forecast to be £180,000 lower than budgeted.

The forecast underspend is due to waste management staff supporting 'waste project rollouts' to Council properties being chargeable to the HRA, (£0.04m) and the cost of Waste Disposal activity being lower than expected due to increased income from recycling (£0.14m).

5.6 Housing & Tackling Homelessness – Overspend £1,578,000 or After windfall costs £436,000

The cost of Housing & Tackling Homelessness is forecast to be £1,578,000 higher than budgeted.

The forecast overspend is mainly because of increased demand for temporary accommodation within the City, (£1.14m) combined with a shortfall in income for Design and Building Engineering Services, (£0.53m) as well as increased Mechanical & Electrical repair costs (£0.3m) due to increasing volumes of repairs and inflationary cost pressures. These overspends have been partially offset by favourable contract renegotiations in Commissioned Housing Services, (£0.26m) additional income generated by the Housing Renewals team (£0.1m) and other minor variances (£0.04m). The overspend on Homelessness and temporary accommodation will be treated as windfall cost and will be met from Corporate Contingency (Para 3.6).

5.7 Leader – Overspend £134,000 or After Transfer From Portfolio Reserve and windfall costs Nil

The cost of Leader is forecast to be £134,000 higher than budgeted.

The overspend has arisen mainly because of lower than anticipated utilisation of the Programme Management Office team and therefore their ability to generate income to cover team costs (£0.11m).

The forecast also includes costs associated with seeking a replacement sponsor for the Spinnaker Tower (£0.02m). Due to the uncertainty around the timing of any new sponsorship arrangement, budget provision for this has been made in the Council's Corporate Contingency. Additionally rental income from the Property Portfolio is currently slightly more than anticipated (£0.01m). Both are windfall items and are therefore met corporately from within the Council's Contingency (Para 3.6).

5.8 Planning Policy & City Development – Overspend £478,500 or After windfall costs £340,100

The cost of Planning Policy & City Development is forecast to be £478,500 higher than budgeted.

The main reason for the overspend is due to the Planning Development Control Service using additional agency staff to assist with clearing the back log of planning applications, combined with a shortfall in Planning income (£0.4m).

Of this overspending, £0.14m relates to Planning Application Fee income which is a windfall cost and will be met from the Corporate Contingency allocation (Para 3.6).

5.9 Resources – Overspend £402,300 or After Transfer From Portfolio Reserve and windfall costs £24,800

The cost of Resources is forecast to be £402,300 higher than budgeted.

This level of overspending has arisen because of reduced income from traded services and higher employee costs within Human Resources (£0.14m); higher employee costs coupled with an increase in Microsoft licensing costs within Information Services (£0.19m); a reduction in both fee earning projects and externally funded activity within Legal Services (£0.22m); and a loss of income from cessation of shared Chief Executive arrangements with Gosport Borough Council (£0.07m). These overspends are partially offset by underspends within Facilities, Registrars and Procurement due to staff vacancies and additional income (£0.18m).

The forecast also includes an underspend due to a reduction in the Bad Debt Requirement for Housing Benefit, following a mid-year estimate review (£0.1m). This is partially offset by a forecast reduction in Land Charges (£0.06m). Both are windfall items are therefore met corporately from within the Council's Contingency (Para 3.6).

5.10 Safety in the Community - Underspend £37,700 or After Transfer To Portfolio Reserve and windfall costs Nil

The cost of Safety in the Community is forecast to be £37,700 lower than originally budgeted primarily due to staff vacancies with the Emergency Planning team (£0.03m), and a reduction in the contract cost for the Domestic Violence service (£0.03m). These underspends have been partially offset by increased staffing costs in the CCTV team, due to a move to higher pay bands following re-evaluation under the Council's Job Evaluation Scheme (£0.016m) and other small variances (£0.01m).

5.11 Transport – Underspend £395,000 or After Transfer To Parking/PFI Reserve Nil

The cost of Transport is forecast to be £395,000 lower than budgeted.

The forecast underspend has arisen mainly because of lower Concessionary Travel payments to bus operators due to reduced passenger miles travelled (£0.4m), Staff Vacancies (£0.12m) and increased parking income (£0.1m), offset by a fall in Park & Ride Income due to lower passenger numbers (£0.22m).

5.12 Treasury Management – Underspend £4,893,700

This budget funds all the costs of servicing the City Council’s long term debt portfolio that has been undertaken to fund capital expenditure. It is also the budget that receives all the income in respect of the investment of the City Council’s surplus cash flows. Consequently, it is potentially a very volatile budget particularly in the current economic climate and is extremely susceptible to both changes in interest rates as well as changes in the Council’s total cash inflows and outflows. The forecast underspend is largely because of the combination of higher than anticipated temporary cash balances and rising interest rates which has provided the Council with increased levels of interest on its short term cash flows.

5.13 Corporate Contingency – release £1,251,700

As at Quarter 2, net windfall costs totalling £1,251,700 are being forecast which will be funded from the Corporate Contingency. (Para 3.6)

Items identified as windfall or exceptional and significant costs in this Quarter 1 report are:

	£
Homelessness (windfall)	1,142,000
Spinnaker Tower Sponsorship (windfall)	12,000
Planning Development Control Fee Income (windfall)	138,400
Housing Benefit - Bad Debt Provision	(40,700)
Total Windfall and Exceptional & Significant Items	1,251,700

The pay award for 2023/24 has been agreed at a level which is £1.8m greater than the budget provision. Whilst this can be funded from the Council's Corporate Contingency in the current financial year, it will have a negative impact on the Council's overall financial position for future years.

6. Transfers From/To Portfolio Specific Reserves

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

- Each Portfolio to retain 100% of any year-end underspending and to be held in an earmarked reserve for the relevant Portfolio
- The Portfolio Holder be responsible for approving any releases from their reserve in consultation with the Section 151 Officer
- That any retained underspend (held in an earmarked reserve) be used in the first instance to cover the following for the relevant portfolio:
 - i) Any overspendings at the year-end

- ii) Any one-off Budget Pressures experienced by a Portfolio
 - iii) Any on-going Budget Pressures experienced by a Portfolio whilst actions are formulated to permanently mitigate or manage the implications of such on-going budget pressures
 - iv) Any items of a contingent nature that would historically have been funded from the Council's corporate contingency provision
 - v) Spend to Save schemes, unless they are of a scale that is unaffordable by the earmarked reserve (albeit that the earmarked reserve may be used to make a contribution)
- Once there is confidence that the instances i) to v) above can be satisfied, the earmarked reserve may be used for any other development or initiative

6.2 The forecast balances on Portfolio Reserves are set out below:

Portfolio/Committee	Balance Brought Forward £	Approved Transfers £	Forecast Under/(Over) Spending £	Balance Carried Forward £
Children, Families & Education	524,100	(524,100)	0	0
Culture, Leisure & Economic Development	362,600	(204,900)	(77,500)	80,200
Environmental Services	0	0	180,000	180,000
Climate Change & Greening the City	0	0	0	0
Community, Wellbeing, H&C	652,300	(130,000)	(522,300)	0
Housing and Tackling Homelessness	0	0	0	0
Leader	17,100	132,900	(122,000)	28,000
Planning Policy & City Development	0	0	0	0
Licensing	72,100	0	(50,200)	21,900
Resources	707,000	(288,800)	(418,200)	0
Safety in the Community	141,600	(34,400)	37,700	144,900
Transport	0	0	0	0
	2,476,800	(1,049,300)	(972,500)	455,000

7. Conclusion - Overall Financial Summary

- 7.1 The overall 2023/24 outturn for the City Council as at the end of September 2023 is forecast to be £202,290,900. This is an overall overspend of £205,200 against the Adjusted Budget.
- 7.2 The forecast takes account of all known variations at this stage, but only takes account of any remedial action to the extent that there is reasonable certainty that it will be achieved.
- 7.3 The drawdown from Portfolio Reserves of £0.97m, has mitigated some Portfolio overspending. The Portfolio Reserves are now largely depleted (Para 6.2) and therefore this may indicate financial difficulties for Portfolios in future years.

- 7.4 Whilst the overall financial forecast for Quarter 2 is a small overspend, significant overspending in the following areas is of concern: Children, Families and Education (£2.0m), Adult Social Care (£2.8m), Housing & Tackling Homelessness (£1.58m), Planning Development Control (£0.48m), and some corporate services such as Human Resources (£0.14m), Information Technology (£0.19m) and Legal Services (£0.22m).
- 7.5 Whilst the approved Budget 2023/24 originally sought to remedy unavoidable budget pressures, since the budget was approved in February both inflation and increasing demand for services continues to place pressure or exacerbate known pressures. It is likely that in addition to the impact of the pay award, unavoidable cost pressures will continue into future years, within the Council's care and housing services.
- 7.6 These cost pressures are not currently provided for within the Council's forecasts for next year or future years. Whilst central government may make additional funding available to mitigate the pressures in these areas, it is not anticipated that they will be covered in full. Consequently, this will have the effect of creating a future year's budget deficit that will need to be addressed through further Council savings requirements.
- 7.7 It is therefore recommended that Directors continue to work with the relevant portfolio holder to consider measures to significantly reduce the adverse budget position presently being forecast by Portfolios with a view to eliminating deficits in the medium term, and any necessary decisions presented to a future meeting of the relevant Portfolio.
- 7.8 Where a Portfolio is presently forecasting a net overspend, in accordance with current Council policy, any overspending in 2023/24 which cannot be met by transfer from the Portfolio Specific Reserve will be deducted from cash limits in 2024/25 and therefore the appropriate Directors in consultation with Portfolio Holders should prepare an action plan outlining how their 2023/24 forecast outturn or 2024/25 budget might be reduced to alleviate the adverse variances currently being forecast.
- 7.9 Based on the Budget of £202,085,700 the Council will remain within its minimum level of General Reserves for 2023/24 of £10.0m as illustrated below:

	£m
General Reserves brought forward at 01/04/2023	21.5
Less:	
Forecast Overspend 2023/24	(0.2)
Add:	
Planned Contribution to General Reserves 2023/24	0.1
Forecast General Reserves carried forward into 2024/25	21.4

8. City Solicitor’s Comments

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

9. Equalities Impact Assessment

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

.....

Chris Ward
Director of Finance & Resources

Background List of Documents –

Section 100D of the Local Government Act 1972

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

Title of Document	Location
Budget & Council Tax 2023/24 & Medium Term Budget Forecast 2024/25 to 2026/27	Office of Deputy Director of Finance
Electronic Budget Monitoring Files	Financial Services Local Area Network

The recommendations set out above were:

Approved / Approved as amended / Deferred / Rejected by the Cabinet on 28th November 2023

Signed:

Agenda Item 11

Title of meeting:	Governance and Audit and Standards Committee Cabinet City Council
Date of meeting:	Governance and Audit and Standards Committee 22 November 2023 Cabinet 28 November 2023 Full Council 12 December 2023
Subject:	Treasury Management Mid-Year Review 2023/24
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 Full Council on 14 March 2023.

The Council's Treasury Management activities have remained within the Treasury Management Policy 2023/24 in the period up to 30 September 2023

No borrowing has been undertaken in the first half of 2023/24 or is currently planned for the remainder of this year.

There have been no changes to the Council's risk appetite in its treatment of surplus cash. Investment returns continue to perform better than in previous years and the latest forecast from the Bank of England sets out a view that interest rates are likely to remain at their existing rate for some time, as the Bank of England seeks to control inflation. During the period investment returns have increased as existing investments have matured and have been replaced with new investments with higher returns.

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 2023 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 2023/24 in the period up to 30 September 2023.
- 3.2 That the actual Treasury Management indicators at 30 September 2023 set out in Appendix A be noted.
- 3.3 That the report goes to Full Council on 12 December 2023.

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 - that the Council is not repaid, with due interest in full, on the day repayment is due
- Liquidity risk - 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 - 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 2023/24 on 8 March 2023. The City Council approved the Treasury Management Policy 2023/24 on 14 March 2023.

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.

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

Appendices:

Appendix A: Treasury Management Mid-Year Review 2023/24

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

TREASURY MANAGEMENT MID YEAR REVIEW FOR 2023/24

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) when it considered the budget on 28 February 2023. The Council's debt on 30th September was as follows:

Prudential Indicator	Approved £m	Actual £m
Authorised Limit - the maximum amount of borrowing permitted by the Council	1,100	740
Operational Boundary Limit - the maximum amount of borrowing that is expected	1,067	740
Capital Financing Requirement	1,067	925

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%	40%
Actual proportion of loans maturing	1%	1%	4%	13%	15%	8%	31%	27%

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%	20%	20%	30%	40%	40%	40%
Actual proportion of loans maturing	2%	2%	7%	12%	24%	26%	13%	15%

Surplus cash invested for periods longer than 365 days on 30 September 2023 was:

	Limit	Quarter 2 Actual
	£m	£m
Maturing after 31/3/2024	130	14
Maturing after 31/3/2025	50	8
Maturing after 31/3/2026	50	5

A2. GOVERNANCE

The Treasury Management Policy approved by the City Council on 14 March 2023 provides the framework within which treasury management activities are undertaken.

There have been no breaches of these policies during 2023/24 up to the quarter ending 30th September 2023.

A3. INTEREST RATE FORECASTS

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		25.09.23											
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

PWLB is the Public Works Loans Board

The Bank of England base rate started the preceding quarter at 4.25% but this has risen to 5.25% and possibly now peaked. At the latest Bank of England's monetary policy meeting on 2nd November, interest rates were left unchanged. Link expect the Bank of England to keep interest rates at this level until the second half of 2024, indicating that the Bank of England does not want the markets to decide that a peak in rates will soon be followed by a cut in interest rates, undermining the Banks' attempts to stop inflation pushing upwards.

The latest forecast on 25 September 2023 sets out a view that short, medium and long-dated interest rates will be elevated for some little while the Bank of England seeks to squeeze inflation out of the economy. Financial support packages provided by the government during the energy crisis are now being phased out.

A4. BORROWING ACTIVITY

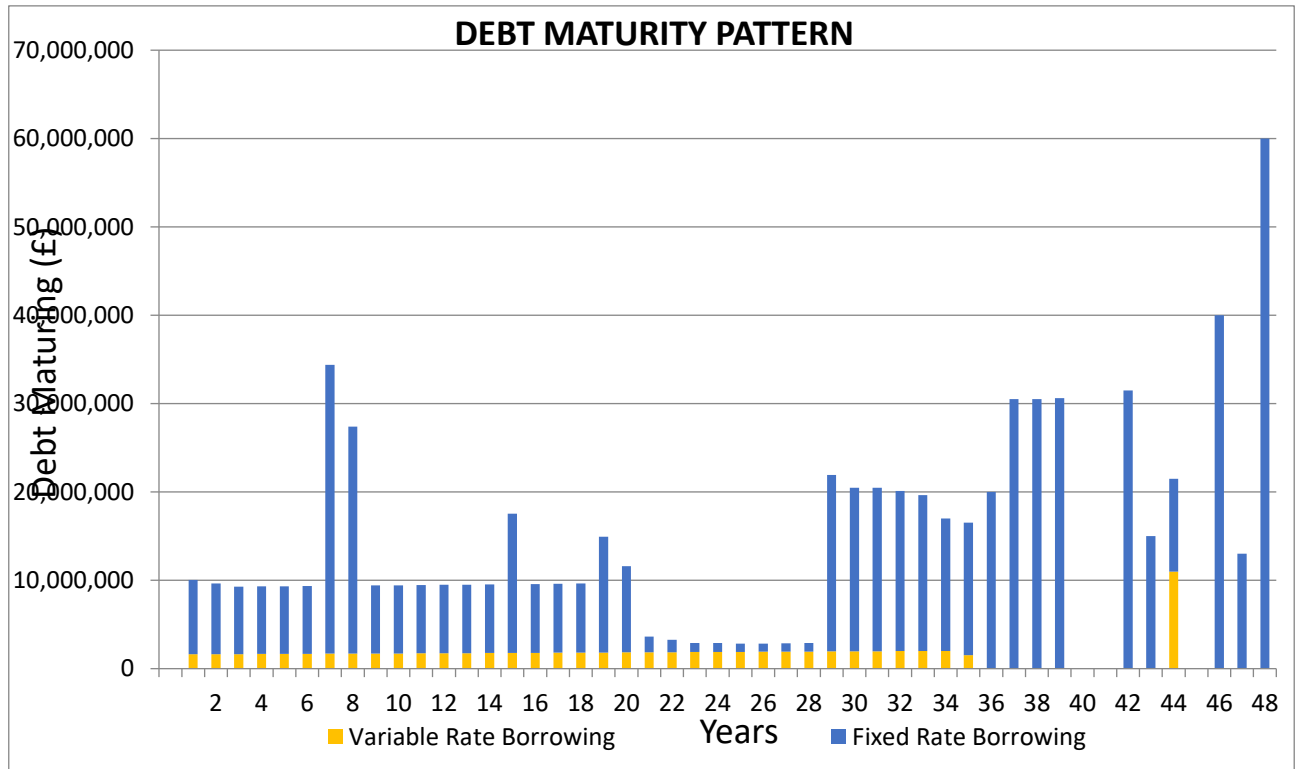
The Council's capital financing requirement (CFR) for 2023/24 is now estimated to be £925m. This denotes the Council's underlying need to borrow for capital purposes. Table A1 shows the Council has borrowings of £740m and it will need to utilize £185m of cash flow funds in lieu of borrowing during this year. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring if further upside risk to yields continues.

No borrowing was undertaken during the first half of 2023/24 and it is anticipated that further borrowing will not be undertaken during this financial year.

The Council's gross borrowing on 30 September 2023 of £740m is within the Council's Authorised Limit (the maximum amount of borrowing approved by City Council) of £1,100m and within the Council's Operational Boundary (the limit beyond which borrowing is not expected to exceed) of £1,067m.

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

No debt rescheduling or early repayment of debt has been undertaken during the first half of 2023/24 as it has not been financially advantageous for the Council to do so.

A5. INVESTMENT ACTIVITY

In accordance with the Annual Investment Strategy which forms part of the Treasury Management Policy Statement approved by the Council on 14 March 2023, the investment priorities of security first, portfolio liquidity second and then yield are followed. The aim is to achieve the optimum yield that is commensurate with proper levels of security and liquidity within the Council's appetite for risk.

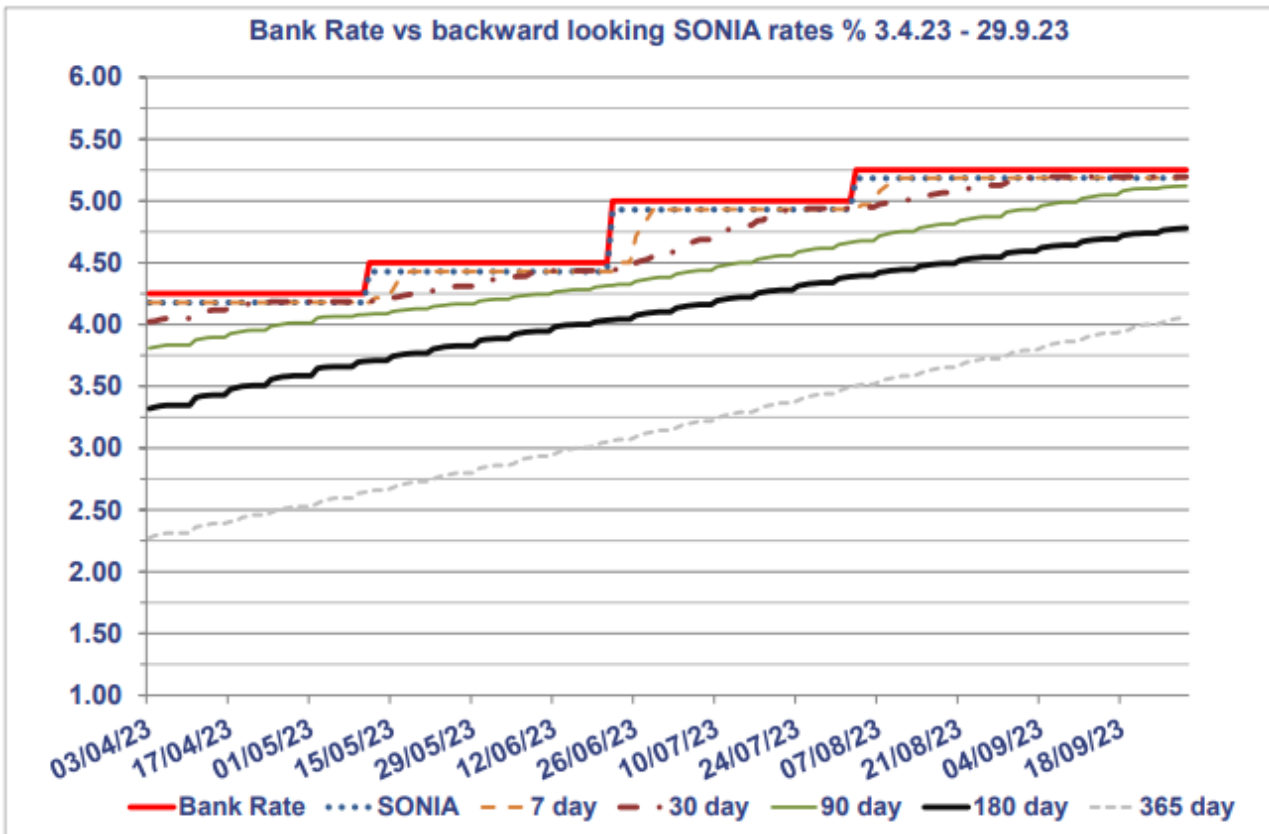
In the current climate, once sufficient investments are kept short-term to cover cashflow requirements, there is a benefit to seek out value available in periods up to 12 months with highly creditworthy counterparties. These counterparties are monitored weekly to ensure that they continue to meet the Council's minimum

requirements and there have been few changes to counterparties during the current quarter. There have been no breaches of the Treasury Policy approved by Council in investments placed with counterparties this quarter.

The average level of funds available for investments was £418m in the 6 months to 30 September 2023. The funds invested made an average annualized return of 4.37% in the first half of the year. This is compared with the performance in prior years in the table below.

	Average Value (Proportion) of Portfolio	Annual Return at 31 March 2023	Annualised Return at 30 June 2023	Annualised Return at 30 September 2023
Externally Managed Funds -Tradable Instruments	£11M (3%)	-6.52%	-8.15%	-1.44%
Tradable Structured Interest-Bearing Deposit	£10M (2%)	-0.10%	2.60%	5.28%
Vanilla Interest Bearing Deposits	£395M (95%)	1.72%	4.15%	4.50%
Overall Return	100%	1.42%	3.75%	4.37%

The above returns can be compared to the backward-looking rates in the graph below which reflects where average market rates were positioned when investments were placed.



As market interest rates increased over the period, the returns achieved on the Council's "Vanilla Interest Bearing Deposits" have also followed a steady upward trend in the second quarter of 2023/24.

With the increases in the base rate, new investments made in the first half of this financial year have had higher returns, and this has helped to increase the overall rate of return on the Council's investments. This is expected to continue in the immediate future as more of the Council's investments, which were made when interest rates were lower, reach maturity and any surplus funds can be reinvested at current rates, subject to considerations around the security and liquidity of the funds.

When interest rates are increasing, the returns on long-term managed funds and tradable structured notes often move in the opposite direction. This is shown by a negative return on the externally managed funds held by the Council, due to the investments trading at a discount below their face value in the period, as the investments were made when rates were lower than they are at present. However, by the end of this second quarter, the value of the tradable structures notes has improved considerably when compared with the values reported at the end of quarter one. This improvement was further enhanced due to one of these notes (£10m), maturing in June with the full value of the investment and the return on the investment being realised, therefore contributing to the improved, positive return achieved in the first half of this year.

A6. COMBINED BORROWING AND INVESTMENT POSITION (NET DEBT)

The Councils net debt position on 30 September 2023 is summarised in the table below.

	Principal	Average Interest Rate	Interest to 30 September 2023
Borrowing (including finance leases & private finance initiative (PFI) schemes)	£740m	3.46%	£12.82m
Investments	(£401m) *	(4.37%)	(£9.09m)
Net Debt / Net Interest	£339m		£3.73m

*Although the Council's investments were £401m on 30 September 2023, the average sum invested over this period was £418m.

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Agenda Item 13

PORTSMOUTH CITY COUNCIL - PUBLIC NOTICE

OMISSION FROM FORWARD PLAN FOR THE PERIOD COVERING 30 October 2023 to 30 January 2024

NOTICE IS HEREBY GIVEN that at a meeting on Tuesday 28 November 2023, the Cabinet will make a decision on the following item:

A report by the Director of Public Health

Application for research funding

The purpose of this report is to seek Cabinet approval in relation to an application for research funding.

Any questions about the application should be addressed to:

Matthew Gummerson, Assistant Director of Public Health

Matthew.gummerson@portsmouthcc.gov.uk

Tel: 023 9284 1420

This decision is a Key Decision for the purposes of the Forward Plan as defined in Article 13 of the Constitution but was not included in the Forward Plan covering the period 30 October 2023 to 30 January 2024 and is therefore an omission from the Forward Plan. The Chair of the City Council's Scrutiny Management Panel has been notified of and agreed to the decision being made, in accordance with the City Council's Constitution (General Exceptions, Section 15).

The report is exempt as it is under embargo from the funder.

The reason why the item cannot wait until the publication of the next Forward Plan and the subsequent Cabinet meeting is that information has only recently come to light, and the decision is required by the Cabinet Meeting scheduled on 28 November 2023.

The decision will be taken at:

- The Cabinet meeting held on Tuesday 28 November at 2 pm.

6 November 2023

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Agenda Item 14



Title of meeting: Cabinet

Date of meeting: 28th November 2023

Subject: Application for research funding

Report by: Matthew Gummerson, Assistant Director, Strategic Intelligence and Research

Wards affected: All

Key decision: Yes

Full Council decision: No

1. **Purpose of report**
 - 1.1 To seek Cabinet approval for a proposal in relation an application for research funding.
2. **Recommendations**
 - 2.1 Cabinet are recommended to consider the contents of the exempt appendix and agree to proceed with the proposal.
3. **Background** - see exempt appendix
4. **Reasons for recommendations**

The report for this item is exempt due to the embargo put in place by the funding organisation.
5. **Integrated impact assessment**
6. **Legal implications**
7. **Director of Finance's comments**

.....
Signed by:

Appendices: Exempt Appendix A

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



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

Title of document	Location

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

.....
Signed by: