

**Title of meeting:** PCC Cabinet

**Date of meeting:** 6<sup>th</sup> October 2020

**Subject:** Tipner West Regeneration Programme

**Report by:** Tristan Samuels, Director of Regeneration

**Wards affected:** All

**Key decision:** Yes

**Full Council decision:** No

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**1. Purpose of report**

- 1.1. To update members on the design and consultation work undertaken to date, noting feedback from residents and the market.
- 1.2. To obtain, "In Principle" member approval for the Tipner West scheme to be taken through to planning, and other consenting requirements, highlighting the planning route and the risks.
- 1.3. To obtain member approval for the expenditure required to obtain planning and other statutory consents for the scheme, subject to certain conditions.
- 1.4. To obtain member approval to complete the acquisition of land at the Tipner peninsular and 'other' compensatory land required to deliver the scheme.

**2. Recommendations**

- 2.1. That Cabinet:
  - 2.1.1. Notes the comments from the public consultation and market engagement.
  - 2.1.2. Approve in principle the proposed design and mix of use types as noted in 3.6 and delegate to the Director of Regeneration progression of design works in line with these principles for the purposes of the necessary planning applications under the Town and Country Planning Act ('TCPA') and the Transport Works Act 1992 ('TWA') Order. Prior to submission, both applications are subject to the prior approval of the Full Council required in relation to promotion of applications and orders under the TWA.
  - 2.1.3. Approve the release of up to £8m of funding from the city deal grant for the preparation of the TWA and TCPA applications, and any other necessary

additional consents relating to the proposed Tipner development; funding to be released through a "gateway" process following the satisfactory achievement of the criteria set out in recommendation 2.1.4 below

- 2.1.4. The criteria to be achieved to enable the funding to be released is as follows and will require the approval of the S.151 Officer in consultation with the Director of Regeneration and the Cabinet Member with responsibility for the scheme:
- i) It is expenditure that is required to complete an Outline Business Case (required to lever in additional grant funding) or required to prepare the TWA, TCPA
  - ii) Funding route(s) have been identified as being available to the Council (not necessarily confirmed) sufficient to substantially (95%) meet the overall gross development cost of the scheme i.e. any "viability gap" remains at less than 5%
  - iii) That prior to the entering into each contract for spend, there is an evaluation that demonstrates that there remains reasonable expectation that any viability gap can be met in full from either additional external funding or modification to the scheme and that an evidence base can be provided to form that "reasonable expectation"
  - iv) Delegates to the Assistant Director Property & Investment, in consultation with the Director of Finance and S.151 officer to negotiate and complete the acquisition of land at the Tipner peninsular and 'other' compensatory land but subject to a satisfactory financial appraisal and reasonable expectation of overall scheme viability with any acquisition costs to be funded from the City Deal Grant.

### **3. Background**

- 3.1. A development on the land known as Tipner West has been in the public domain for nearly 40 years. Circa £48 million of funding through the City Deal was awarded to PCC in 2015 to enable new employment space; new housing; and lever in significant amounts of new private sector investment into the economy. The City Deal also focused on supporting further growth in the area's maritime, marine and advanced manufacturing sectors.
- 3.2. The option to maximise the potential of the Tipner Development Area through the inclusion of land reclamation for Tipner West was explored in a Local Plan 'Regulation 18' consultation, published in February 2019.
- 3.3. In 2019 the newly formed Strategic Developments team in the Regeneration Directorate was tasked with developing the project, early designs compared a traditional housing with the City Deal submission and the 'Super Peninsular' concept.

3.4. On 24<sup>th</sup> July 2019 the outcome of the Local Plan Regulation 18 consultation and work to explore the 'Super Peninsular' was presented to and approved by Cabinet. The team has established a concept that is being acknowledged both nationally and internationally and it has only grown in strength and relevance during the pandemic.

3.5. The key principles

3.5.1. **Pedestrian First:** Benchmark for people oriented design for a future without surface -level cars and kerbs.

3.5.2. **Complete Communities:** Inclusive design centred on creating a sense of belonging.

3.5.3. **Connectivity:** Designing a connected, walkable environment supported by innovative mobility solutions

3.5.4. **Close to Nature:** Balanced design, including habitat net gain, in response to growing environmental consciousness.

3.5.5. **Innovative Environment:** Designing inspiring places for economic innovation.

3.5.6. **Sustainable Lifestyle:** Socially focused design for a healthier more balanced living.

3.6. Key deliverables

- Circa 3,500 homes
- Circa 50% apartments and 50% houses
- Circa 9 ha of Marine employment
- Aims to be a policy compliant affordable housing scheme as a minimum.

3.7. Economic Benefits

- Circa 300 construction jobs per annum
- Circa 2500 operational jobs of which 1700 are marine related (further 4500 net additional operational jobs)
- Circa 300 retail and leisure jobs
- Circa £150million operational GVA per annum
- Over £30 million residential spend per annum
- Additional council income circa £6 million per annum

3.7.1. The team are currently also undertaking a supply chain management exercise to understand the economic impact of Tipner before it is even delivered on the local economy.

### 3.8. The Vision

- 3.8.1. Aspirational design needs to be balanced with a deliverable and fundable development project and on these points significant progress has been made and the programme is now at a point of needing to secure the fees to take the Tipner Regeneration Programme (TRP) through to Planning.
- 3.8.2. We will achieve our ambitious vision of producing high quality marine employment and an extraordinary development of residential neighbourhoods. This will create a unique and sustainable community within a contemporary and ecologically focused location. The Tipner Regeneration programme is committed to the green agenda and we will continue to work with partners as the programme progresses to create a sustainable place.
- 3.8.3. The marine employment hub will be recognised as a national beacon within the industry and the residential development will be regarded as a desirable place to live within Portsmouth. We will have also created an iconic and captivating gateway into the city.
- 3.9. Following our highly successful industry day and various internal/stakeholder engagement, the roadshow that took place from January to March 2020 was highly successful. The Tipner West team visited over 9 locations with circa 300 attendees. This was a fantastic experience and we had incredibly helpful feedback. This is outlined in *Appendix 6 -TRP - Roadshow Feedback- Q1*.
- 3.10. On the 22nd May 2020, a decision was taken by the TRP Portfolio Board to bring any further expenditure required from the City Deal before Cabinet as the programme is now proceeding into submission of planning. This has been a long programme and a lot of uncertainty in the past. It is right now we are starting to gain clarity that cabinet are able to take a view of the future of Tipner West.

## 4. **Reasons for recommendations**

- 4.1. The location, scale and vibrancy of the proposed development will create a powerful sense of arrival into Portsmouth and will play a leading role in advertising the city's ambition and potential.
- 4.2. Due to Portsmouth's geographic location, Tipner West also stands as the gateway into the Solent area, and the South West region's maritime industry. This provides Tipner with a unique opportunity to build upon Portsmouth's rich maritime history and current assets, to shape an innovative way forward for marine employment and secure a UK leadership position in the industry.
- 4.3. Portsmouth City Council has an obligation to meet housing delivery requirements of 17,260 by 2036 set by central Government. If Tipner West delivers less than the proposed 3,500 residential units, more development opportunities must be found elsewhere in Portsmouth.

- 4.4. In order for the land at Tipner West to be of economic value to PCC, planning permission for the development needs to be obtained. The tasks required going forward are integral to the planning applications regardless of what is being built on the site.
- 4.5. In order to formulate the applications under the TWA and TCPA required for Tipner West we will need the following to be completed. Please note a detailed breakdown of these tasks can be found in *Appendix 2 TRP- Task breakdown*.
  - 4.5.1. Further input into PCC local plan process.
  - 4.5.2. Land Assembly including negotiation and acquisitions of land at the Tipner peninsular and 'other' compensatory land (relating to the compensatory measures pursuant to the Conservation of species and Habitats Regulations 2017) required to deliver the scheme to be funded from the City Deal Grant.
  - 4.5.3. Ongoing engagement including formal consultations, statement of community involvement, exhibitions, and engagement with various stakeholder groups across the city.
  - 4.5.4. Further engagement with the environmental regulatory bodies
  - 4.5.5. Schematic Masterplan (Parameter plans, design and access statement, design codes and all within a 3D Model)
  - 4.5.6. Cost consultancy services and legal advice will be provided throughout this programme.
  - 4.5.7. Environmental Impact Assessment (EIA), environmental technical reporting (including coastal environmental modelling, Ground investigations, Marine investigations and environmental surveys.) and full transport assessment.
  - 4.5.8. A full Habitats Regulations Assessment
  - 4.5.9. TWA Order application preparation (Consultation Report, Draft Order, Explanatory Memorandum) and submission.
  - 4.5.10. Town and Country Planning Act application (preparation and submission)
- 4.6. As we continue through the programme and evidence and detail becomes available, we will seek to continually reduce costs and aim to increase value.
- 4.7. For this stage in a development of this scale, it is appropriate to make sensible assumptions around funding opportunities and design. In order to progress with these assumptions we need to continue with the work required for our planning application.

## **5. Integrated impact assessment**

- 5.1. An Integrated Impact Assessment has been completed (Appendix 1).

## **6. Legal implications**

- 6.1. Expert legal advice has been sought from a reputable law firm in relation to the consenting routes required for the proposed Tipner and Horsea Island development.
- 6.2. An order of the Secretary of State for Transport under the Transport and Works Act 1992 ('TWA') has been identified as the appropriate consenting mechanism for the following elements of the development:
- The link bridge;
  - The reclamation (including any retaining walls and flood defence structures);
  - Marine facilities within the reclamation (e.g. jetties or wharves and related buildings);
  - Retaining walls, flood defence structures and other works which are necessary to facilitate the reclamation or the bridge or to mitigate any effects caused by the works for the bridge or reclamation.
- 6.3. The TWA application would be accompanied by an application for a planning direction under Section 90(2A) of the Town and Country Planning Act 1990 to give deemed planning permission for the development authorised in the TWA.
- 6.4. In addition to TWA, other consents will be required, including a marine licence by the Marine Management Organisation which must be obtained to authorise construction, alteration or improvement, dredging and deposits in the sea, and for both the footings of the link bridge and any reclamation.
- 6.5. An application process for the TWA and marine licence is considered very complex and lengthy, and is very likely to involve a public inquiry. The report and the 'Task Tracker' appendix set out in detail the extent of the necessary preparatory work for the application process.
- 6.6. A separate planning application(s) to the local planning authority will also be necessary to authorise the development of other marine employment buildings and structures and any housing provision.
- 6.7. As noted in the recommendations section, a separate prior authority from the Full Council is required in relation to promotion of the TWA application, pursuant to s.20 of the Transport and Works Act 1992, s.239 (Power to promote or oppose local or personal Bills) of the Local Government Act 1972, and the Council's Constitution (Part 1, Chapter 4).

6.8. The Full Council, at its budget meeting on 11th February 2020, approved estimated £7,090,000 capital expenditure on Tipner in 2020/2021, £15,520,000 in 2021/2022, and £20,206,372 in 2022/2023. The planning and consenting process referred to in this report is currently expected to be completed in the 1st quarter of 2023; therefore, the recommendation contained in paragraph 2.1.3 falls within the remit of the approved capital budget for the project.

## 7. Director of Finance's comments

7.1 The deliverables as outlined in paragraph 3.6 exceed the outputs as set out in the conditions of the City Deal grant. The original grant conditions stated that the Council needed to deliver 2,370 Homes and 58,000 square meters, 3,742 new permanent jobs as a minimum.

7.2 To date the Council has spent £10.8m of the City Deal Fund. This is summarised below:

	£'ms
Master planning Consultant Fees	4.6
Land Acquisition	3.8
Internal Fees	1.8
Survey Costs	0.6
Legal Fees	0.2
<b>Total</b>	<b>10.8</b>

7.3 The proposals contained within this report recommend that a further £7,505,000 is spent to progress design works for the purposes of obtaining the necessary planning applications under the Town and Country Planning Act ('TCPA') and the Transport Works Act 1992 ('TWA') and to prepare an Outline Business Case to enable the Council to bid for additional external funding (as set out in appendix 2). The Council will also need to incur costs related to internal fees.

7.4 The Council has been working with a multi-disciplinary team of specialist consultants to evidence a financially viable scheme that will allow it to develop the Tipner peninsula. A high level financial appraisal has been carried out that shows in order to deliver a development that will produce the outputs of the project as at 3.6, further public money either from the Council or Central Government would be required, and that could be more than £100m.

7.5 The recommendations contained within the report require that before the Council embarks on further significant expenditure on this development that it must gain greater clarity over the likely viability of the scheme and have a "reasonable expectation" that the "viability gap" is capable of being closed. Appendix 5 sets out a map of potential funders and their objectives in providing funding. At this stage, it is expected that Homes England would be the most

likely funder of sufficient scale to substantially address the current viability gap. Preliminary discussions with Homes England to secure funding have commenced but are at an early stage. Notably, the level of subsidy required is not dissimilar to other schemes around the country with similar size outputs.

- 7.6 Alternatively or additionally, other external funders and / or modifications to the scheme may need to be identified which also have a "reasonable expectation" of delivery.
- 7.7 Due to the current scale of the "viability gap", the as yet uncertain prospects for further funding and the desire to avoid any potentially abortive expenditure it is recommended that approval to spend up to £7,505,000 is approved in principle but subject to the criteria and gateways described within the recommendations to this report.
- 7.8 In addition, compensatory land is required to be purchased as part of the development in order to increase the land mass at the Tipner peninsula. Since the development is in an area of Special Scientific Interest, the Council are required to purchase compensatory land with the aim of ensuring there is no net loss of habitat. The exact amount and cost of compensatory land required in order increase the land mass is as yet unknown but a prudent estimate has been made within the overall viability assessment referred to in paragraph 7.4 above. Negotiations with other land owners on the peninsula in order to complete the land assembly are also required. Any decision to acquire these land ownerships will be subject to a satisfactory financial appraisal and reasonable expectation of overall scheme viability with any acquisition costs to be funded from the City Deal Grant.

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Signed by: Tristan Samuels  
Director of Regeneration

**Appendices:**

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

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

<b>Title of document</b>	<b>Location</b>
Appendix 1- TRP- IIA	
Appendix 2- TRP- Task Breakdown	Confidential
Appendix 3- TRP - Funding Map	
Appendix 4- TRP- High Level Programme	
Appendix 5- TRP- Roadshow Feedback Q1	

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

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Signed by: