

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

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## 1. Purpose

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

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

## 2 Recommendation

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

## 3 Background

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

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

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

#### 4 Reason for the recommendation

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

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

### *Current status of the project and total spend*

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

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

It also outlines:

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

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

### *Consideration of alternative options and timeline for future decisions*

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

Alternative options – the Council’s role as LPA

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

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

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

Option 2A: Regeneration of existing area

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

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

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

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

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

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

Option 4: Container Park for Port use

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

Option 5: Resident proposal

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

Option 6: Nature reserve

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

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

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

5.15 The recent Inspector's Interim Report<sup>1</sup> on Havant Borough Council's submitted Local Plan, following their examination hearings over the summer, illustrates the deliverability evidence required and level of scrutiny that proposed site allocations would undergo at examination. The main points are as follows:

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

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

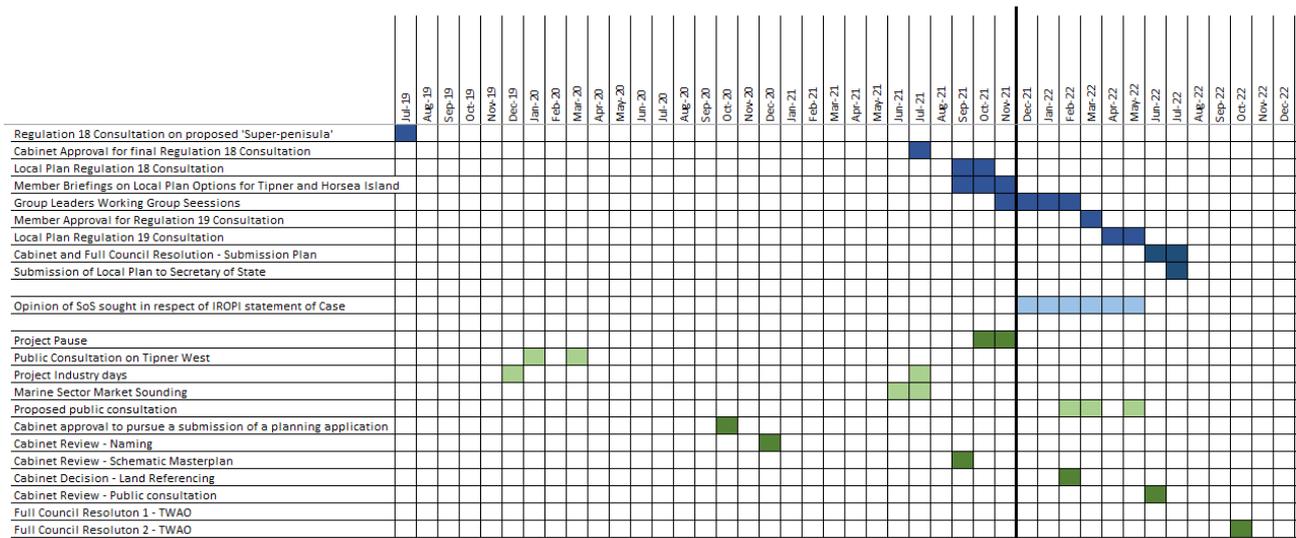
<https://cdn.havant.gov.uk/public/documents/CR18%20The%20Inspector's%20Interim%20Findings%20Report.pdf>

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

**Timeline for further decisions**

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

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



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

## 6 Financial implications

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

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

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

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

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

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

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

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

#### Financial appraisals - the Council's role as developer

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

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

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

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

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



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

**7 Legal implications**

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

Tristan Samuels

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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:

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