

Title of meeting:	Cabinet and Full Council
Date of meeting:	21 June 2022 and 19 July 2022
Subject:	Queen Alexandra (QA) Hospital Emergency Ward Support
Report by:	Tristan Samuels, Director of Regeneration
Report Author:	Ian Maguire, Assistant Director Planning & Economic Growth, Regeneration
Wards affected:	All
Key decision:	Yes
Full Council decision:	Yes

1. Purpose of report

- 1.1. To consider an application for Community Infrastructure Levy ('CIL') Funding of £864,354.26 by Portsmouth Hospitals University NHS Trust ('the Trust') for community infrastructure outputs at Queen Alexandra Hospital (QA).

2. Recommendations

Cabinet

- 2.1. to note the content of the report.
- 2.2. to recommend to Full council, to approve the recommendations of the Report.

Full Council to approve:-

The granting of £864,354.26 from Community Infrastructure Funding to Portsmouth Hospitals University NHS Trust for the provision of infrastructure in accordance with the Community Infrastructure Levy Regulations 2010 (as amended) ("CIL Regs") to be funded from Capital Infrastructure CIL.

3. Background

- 3.1. Portsmouth City Council has been charging CIL since April 2012. CIL is a set charge, based on the gross internal area floorspace of buildings, on most new development to help fund the infrastructure needed to address the cumulative impact of development across the City.
- 3.2. The CIL charging schedule sets out the charging rates applied to different forms of development. In summary, this schedule advises:

Type of development	Charge
All development types unless stated otherwise in this table	Full Basic CIL rate
A1 - A5: In-centre retail of any size and small (< 280m ²) out-of-centre retail	Reduced CIL rate
B1(a); B1, B2, B8: Office and Industrial	Zero rated
C1: Hotels	Reduced CIL rate
C2: Residential Institutions	Reduced CIL rate
D1: Community Uses	Zero rated

- 3.3. The CIL collected by the Council includes a proportion of 15% which is reserved to be spent as 'Neighbourhood CIL' on projects of a more local nature, a further 5% is reserved for Administration Costs, with the remainder available for use in the Council's capital programme towards the cost of eligible schemes. The Neighbourhood CIL element is subject to a separate procedure operated by the Planning service in consultation with Ward Members for the ward where a project is proposed.
- 3.4. The Portsmouth City Council Infrastructure Funding Statement, last updated December 2021 includes "the infrastructure list", the necessary statement in accordance with Regulation 121A(1)(a) of the CIL Regulations detailing the infrastructure project and types of infrastructure which the Council intends will be or may be wholly or partly funded by CIL. That list is:
- Transport (including road networks, transport interchanges and park & ride)
 - Flood Defences (including Portsea Island Coastal Defence Strategy)
 - Schools (including academies and free schools)
 - Hospitals (including healthcare and social care facilities)
 - Green Infrastructure (including play areas, open spaces and parks)
 - Recreational Facilities (including cultural and sports facilities)
 - Community Safety Facilities (including police stations).
- 3.5. The infrastructure list includes elements of community infrastructure, such as police stations and hospitals, which the City Council is not responsible for. There is however no current adopted mechanism for those public authorities who are responsible for delivering this essential public infrastructure to access CIL funding. In the absence of an adopted procedure the Council has nevertheless received a request for funding from Portsmouth Hospitals University NHS Trust.
- 3.6. The Trust has been engaging with the Council on the issue of CIL for some time. Under the current CIL charging schedule PCC levies CIL on new floorspace created within hospitals, which falls within the description of Use Class C2 in the table at 3.1 above. The Trust therefore is in the position that it must make CIL payments to the City Council proportionate to new floorspace created but that

same floorspace is itself a community infrastructure output that CIL funding can be put towards.

- 3.7. The Trust has, to date, paid £1,016,887 in CIL to PCC arising from two developments carried out at Queen Alexandra Hospital, a new ward block and a new public car park. The Trust has also expressed concerns, in a letter from their Chief Executive of 1st February 2021, about the impact this payment has on their own financial management as this cost is not covered by the capped national funding award they received to bring forward these proposals. They have also expressed similar concerns about the CIL liability that has been identified for their proposed new Emergency Department development, which was granted Outline Planning Permission by the Council in 2021 and when brought forward will be liable for a CIL charge of £508,000.
- 3.8. As a result, in February 2021 Members instructed Officers to advise the Trust that they would consider an application for CIL funding from them to an amount equivalent to that already paid in CIL associated with the development of the ward block and car park. The Trust, in a letter of 9th February 2022 (see appendix A), in response to this in principal agreement has written to the Council to request funding of £864,354.26. This is equivalent to 85% of the CIL paid by the Trust to PCC. Similar request for £152,533, equivalent to 15% of that paid, has been applied for by the Trust in two tranches through the established Neighbourhood CIL procedure and, following consultation with local Ward Members approved in April 2022.

4. Reasons for recommendations

- 4.1. As noted above the provision of Hospitals, including healthcare and social care facilities, is recognised in the adopted Infrastructure Funding Statement as a form of infrastructure that can be funded through CIL within Portsmouth. The Trust has confirmed in their letter of application that funding applied for will secure the delivery of the new ward and car park as well as the following additional elements:
- a new patient garden (part utilising the neighbourhood CIL contribution) which is due to be constructed alongside in the Spring and be open by August 2022
 - the introduction of new barrier-less access to the car park reducing queues and on-site congestion whilst enabling an easier way of paying for spaces when charging is reintroduced
 - the introduction of electrical car charging infrastructure (part utilising the neighbourhood CIL contribution)
 - provision of improved signage and variable messaging signs for public parking information
 - access improvements to the pedestrian routes between the new car park and the north entrance
 - a range of further measures to promote sustainable travel supported by the Trusts Green Travel Plan (currently being developed)

- 4.2. Officers are satisfied that the projects and benefits described are of a type and kind that constitute community infrastructure necessary to support growth within the city and are thus capable of being funded by CIL. For clarity it can be confirmed that Officers have already advised that these schemes are capable of being partly funded from those funds considered to be Neighbourhood CIL.

5. Integrated impact assessment

- 5.1 See appendix

6. Legal implications

- 6.1 Under Regulation 59(1) of the Community Infrastructure Regulations 2010 (amended ("CIL Regs")), as a charging authority, PCC must apply CIL to funding the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area.
- 6.2 Under Regulation 59 (4) of the CIL Regs may pass CIL to another person for that person to apply to funding [the provision, improvement, replacement, operation or maintenance of infrastructure.

7. Director of Finance's comments

- 7.1 The Council's approved Capital Strategy seeks to maximise the Capital Resources available for the Council as well as seeking to ensure the maximum flexibility in the use of any Capital Resources available. This is achieved by avoiding any "ring-fencing" of Capital Resources except where that is statutory. In achieving such flexibility, the Council has more freedom to direct Capital Resources to its highest priorities.
- 7.2 Whilst there are requirements for the use of CIL funding, there remains a reasonable degree of choice in how to apply that funding in accordance with the "infrastructure list" set out in paragraph 3.3. Accordingly, Capital Infrastructure CIL is made available to the Council each year as part of the Annual Capital Budgeting process for allocation to new Capital Schemes. The allocation of Capital Infrastructure CIL therefore is reserved for Full Council.
- 7.3 The Capital Programme approved by City Council on 15th February 2022 is not relying on the CIL receipt arising from the QA hospital developments to fund the approved schemes within the Capital Programme. As a consequence, the amount can be awarded to QA hospital without any impact on the current capital programme. However, resources available for future years' capital starts which will be approved in February 2023 will be lower by £864,354 than they would otherwise have been and there will be £152,533 less Neighbourhood CIL for Ward Members to allocate within their Ward.

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Signed by:

Appendices:

Appendix A - Letter of application for CIL funding from Portsmouth Hospitals Universities NHS Trust dated 9th February 2022

Background list of documents:

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

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Signed by: