

Title of meeting: PRED

Date of meeting: 2nd December 2014

Subject: Portsmouth Regeneration and Development Board & Regeneration and Development Team

Report by: Kathy Wadsworth

Wards affected:

Key decision: No

Full Council decision: No

1. Purpose of report

To set out arrangements for a bi-monthly review and report board, chaired by the portfolio holder PRED, and taking reports from officers, with support service teams, working on development and regeneration projects.

To update the portfolio holder PRED on work to establish a core working group, with support service leads, to form a regeneration and development team.

2. Recommendations

That the portfolio holder of PRED:

- Note that arrangements will be put in place to establish a bi-monthly regeneration management board, chaired by the portfolio holder of PRED and attended by:
 - i. The Director of Regeneration
 - ii. Support service lead officers (legal, financial)
 - iii. Project managers with leadership of individual projects
- Instruct the Assistant City Solicitor, Regeneration and Projects, (with the s151 officer) to advise on the delivery models to support individual projects, wider regeneration aims, and the maximisation of revenue income to the city council.
- Note that a regeneration and development team of project officers will be established to support the regeneration and development board, reporting to the strategic director of regeneration, and supported by the legal services projects and regeneration team, the planning department, housing services, procurement, traffic and transport and finance.

3. Background

The city council review the major corporate projects via the corporate project board. The board receives regular updates on progress being made on all of its major projects, including regeneration projects such as Tipner, City Deal, City Centre, Northern Road Bridge, Dunsbury Hill Farm, Flood Defences etc. The board is chaired by the Chief Executive and has representation from the political parties represented by their respective leaders.

Each project is managed by using the councils adopted methodology of corporate project management to drive through the delivery of the project. This model has been successful to date, with major projects that have been delivered by the council, such as Northern Road Bridge, Tipner Junction and Park & Ride, Super Connected City, Somerstown Community Hub and more coming to completion on time and within budget.

While it is not intended to change this process, the city council is now examining how it can ensure that it is proactive and has the necessary skills and capacity to develop and delivering projects. The cabinet executive have an appetite to examine opportunities to build more homes on council owned land, build student accommodation in the city centre, purchase property as income generators, consider an invest and development role in its city centre, develop, build and manage Dunsbury Hill Farm, and take a wider strategic view of the seafront as a development and visitor attraction destination. In order ensure that the city council can best operate as a direct developer, and enabler of development, it is prudent to consider how to deliver this broad agenda, and to consider approaches to delivery, for example through joint venturing, separate special purpose vehicles.

3.1 Housing - The city council owns many plots of land, considered suitable for housing development in Portsmouth and Havant. These sites could accommodate numerous housing units, as a mixture of social, affordable, private rented and private sales. The development team could take the sites through the planning process and once planning permission is obtained, they could commission, by tender process, a house builder to build the units. The houses could then be managed by our Housing Service, as social, affordable or private rented, or sold off at market value. The income from capital sites or rental income, will repay the initial capital outlay and profits/surplus return to the city council.

If this option is considered by members to be the type of operation they are keen to develop, a detailed business case will be developed for each site or package of sites with financial models and projections, and also a legal view on the most appropriate legal structure to use in order to ensure the most efficient tax position, to maximise profit, and to deliver services to any company created to hold the houses. Consideration will need to be given to the most appropriate legal structure.

3.2 Student Accommodation - Currently, there are developers at the Greetham Street site and expect to build student accommodation. The owners of the Zurich site are now in pre-planning negotiations, and intend to build accommodation for up to 1000 students, in addition to 100 private dwellings and a 120 room hotel. The University of Portsmouth had planned for student accommodation at Victoria Park, even though that

has been put on hold, it may come back in to the market. Brunel House is currently being prepared to be a mix of housing and student accommodation.

The city council currently has the opportunity to develop Chaucer House, perhaps as student accommodation, and also some smaller city centre sites on car park sites that are now surplus to requirements, specifically Dorothy Dymond and Isambard Kingdom Brunel surface car park, that can come forward for development.

Consideration will need to be given to the most appropriate legal structure, issues around title constraints, and under the right to buy

3.3 Business Park Development - Dunsbury Hill Farm is at the stage of being ready to build the new road infrastructure. This will be a 12 month programme - January 2015 - December 2015. The land value is anticipated to rise considerably once the road is in place, and the site is expected to be much more attractive to the market in terms of either selling the land or indeed developing the site ourselves and seeking end users. Members will be presented with a full report on these options in February/March 2015, following a detailed demand and supply study, carried out by Lambert Smith Hampton (LSH).

However, assuming members wish to retain the site, and develop the business park as we sign up end user businesses, this can be done by a regeneration development team. Full consideration would need to be given to appropriate legal structures, and a financial case.

3.4 City Centre Development - The future of this scheme may take a variety of forms. Choosing that form will arise out of engagement with the current party to the development agreement, but also with an engagement with the market, and the development of an appropriate strategy for structure and delivery - taking into account risk and reward, efficiency, control, influence, and vision for any scheme.

3.5 Acquire Property as Income Generators - A new property specialist, who will take the lead in looking at investment opportunities for the city council, via purchasing commercial property has recently been recruited. This commercial property may be within the City council's boundary or not. It is not intended to be for operational use, but purely as an investment opportunity which will enable the city council to get a good return on investment. There are many agents that will gladly put opportunities forward to the city council, but this post holder will be pro-active in finding commercial opportunities and analysing the different options and return on investment. This will be reported to an informal board, chaired by the portfolio holder for PRED, to help consider options before making an investment decision.

4. Reasons for recommendations

The projects that are currently being delivered, and opportunities discussed in this paper, will require a mix of professional and managerial skills; Property, Planning, Project Management, Legal, Finance and Procurement are the generic skills required. Other specialist skills, such as architecture, heritage, housing, environmental, flood defence, contaminated land skills, habitat regulations etc. are required, as and when appropriate.

Projects are currently operational, and are well-supported and are clearly managed under the corporate project board and project board structure. However, there is an opportunity to cross-link skill sets to embed knowledge and ensure that all opportunities are coordinated as seamlessly as possible.

This can best be achieved by linking up, within a core group, project advisers and managers, and individuals with skills which fall within the theme of regeneration and development.

Their work will be supported by focussed expert support services who will provide dedicated advice, and who will report regularly to the strategic director of regeneration and the Regeneration and Development Board.

There is no proposal at this stage to change or seek to change job roles or reporting and line management structures, however it is recognised that colleagues may more successfully carry out their roles in a coordinated "team" environment. The rationale to have a focussed team working fully on the major projects is to ensure that projects are prioritised, make speedy progress, the team can share knowledge and good practice, they can work across projects and the team will not be distracted by other less urgent work. Some thought will need to be given, in the event we need to back fill some posts that currently carry out other duties.

Experience elsewhere has demonstrated that if Members wish to pursue a direct development approach, it is essential that they are fully committed to it. Previous work carried out by the Planning Advisory Service has demonstrated the difficulties that can arise, if the resources necessary to implement such an approach do not follow the initial enthusiasm.

5. Equality impact assessment (EIA)

An equality impact assessment is not required as the recommendations do not have a negative impact on any of the protected characteristics as described in the Equality Act 2010.

6. Legal comments

Legal services will support the work of a team by creating a dedicated group of legal advisers who together will have the range of legal skills across the disciplines (housing, property, planning, environmental, corporate, procurement, highways etc), and working under the Assistant City Solicitor, Regeneration and Projects.

Legal and regeneration team colleagues will work closely together develop options, and deliver whichever variant approaches best fit the objectives and the market preference on given projects. As legal adviser to the Solent LEP, the legal team is well placed to advise on all means of project delivery.

7. Finance Comments

There are no additional financial costs arising directly from the establishment of the regeneration development team unless it is necessary to backfill posts of any transferred staff. If this is required a funding source would need to be identified to fund the backfilling of posts.

If in due course it is decided to establish a separate legal structure, this will be discussed in a separate report.

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Signed by:

Kathy Wadsworth
Director for Regeneration

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

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Signed by: