

Portsmouth
the **great** waterfront city



Commercialisation, income generation & trading case study





30 MINUTES TO NEAREST AIRPORT



£2BN INVESTMENT PLAN

9.2M VISITORS PER YEAR

UP 7%

TOP 20 CITY FOR JOBS GROWTH

TIPNER 3,600 NEW JOBS 2,370 NEW HOMES

NEW MOTORWAY JUNCTION

NEW PARK & RIDE

TOP 20 AREA FOR START-UPS

£4.7M BOOST FOR SUPER FAST BROADBAND AND WIFI

3,700 PERMANENT JOBS

6,800 BUSINESSES

23,000 UNIVERSITY STUDENTS

£17 MILLION INVESTMENT PROJECT FOR PORT

ONLY 70 MILES FROM LONDON

HOME OF BEN AINSLIE RACING'S AMERICA'S CUP TEAM

50 MPH FOILING

POPULATION 209,000 WORKING AGE POPULATION 145,000

BIRTHPLACE OF CHARLES DICKENS

AND BIRTHPLACE OF SHERLOCK HOLMES

Why a commercialisation and income generation focus?

- Since 2011-12 grant cut by £68m - 42% of our controllable budget
- Determined to avoid becoming a hollowed-out shell of a council
- Medium Term Resources Strategy - *'In year' expenditure matches 'in year' income over the medium term whilst continuing the drive towards regeneration of the City, being entrepreneurial and protecting the most important and valued services*

Four-strand Strategy:

- I. *Transforming to an entrepreneurial council - through income generation*
- II. *Reduce the extent to which the population needs council services - through improving prosperity and managing demand*
- III. *Increasing efficiency & effectiveness - by improving value for money across all services*
- IV. *Withdraw or offer minimal provision for low impact services*

Transforming to an entrepreneurial council

- Income generation
- Maximise return from property and assets
- Invest for commercial gain
- Develop and establish commercial entities to sell services
- Capital investment for jobs and business growth (increase Business Rates)
- Establishing strategic partnerships / share service arrangements to reduce costs and increase resilience

Property Investment Fund

Part of our approach:

- Borrow money from Public Works Loans Board
- Invest in commercial assets with established tenants with a revenue stream
- Sound investment and profitability are overriding objectives (more so than supporting local economy)
- Last year profit (allowing for cost of borrowing) was £4.3m pa

Property portfolio - over £108m on 10 assets

Waitrose supermarket - Somerset (£13.2m)	DHL warehouse - Warwickshire (£12.4m)	Mercedes Benz showroom - Eastleigh (£8.75m)
Estate of trade units - Leeds (£13.75m)	Lidl and Dunelm retail units - Worcestershire (£8.3m)	Sharps Bedrooms factory -West Midlands (£11.5m)

'The great town hall property buying spree –

Cash-strapped authorities have become real estate investors to raise funds'

Oliver Shah

The Sunday Times, April 9 2017

Marketing our services

Shared services and shared resource increasingly important

- s151 officer is the s151 officer for Portsmouth, Isle of Wight and Gosport
- Joint DPH with Southampton
- Director of Adult Services is also the Chief Operating Officer of the Portsmouth CCG
- Internal audit for 11 external clients

Marketing our services

- Website and a trading services booklet – but relationships really important
- Sometimes you don't need to market - reputation counts for a lot
- Existing sizeable market with schools - education and support services - worth £4m
- Move to academies threatens market - if it doesn't make much profit or add to core sustainability should we offer the service?

Other income generation

Maximise income from other assets

- Own and run Portsmouth International Port
- Taken over a shipping company
- Sold leasehold of Isle of Wight ferry terminal to an insurance company - £73m lump sum - £2m p.a. revenue funding
- Built road and warehouse to unlock new development - Fat Face moved in
- Setting up a charity for care leavers – not for statutory responsibility – adds social value and easier to raise funds



Other income generation

- in-house utility management and energy efficiency driven engineering projects - Investment of £10.2m over 3 years; Annual Savings £1.3m; Annual Income £500k
- Solar panels - 3.5MW installed, 4 MW planned this year - income and savings over £600k pa
- LED lighting (6 year payback)
- CHP for leisure centre - £550k up front - 4 year payback

Can we plug the gap?

We haven't yet but we are working towards it.
Needed savings for 2017-18 of £9m:

- ❖ £6.7m efficiency savings
 - Property income
 - Prevention through earlier intervention
 - More efficient debt servicing
- ❖ £1.4m new income
- ❖ £0.9m through service cuts

Some key issues

- Be crystal clear on objectives
- Only a small part of the total operation
- Explain strategy to staff, partners and public
- Recognise different perspectives
- Risk identification, analysis and management
- Access to top advice – internal and external
- Beware chasing the money and losing the (p)lot

Some lessons we have learnt



Some lessons we have learnt

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Seeing red: Portsmouth FC fans react with outrage at plans to repaint the city's Spinnaker tower... in the colours of rival club Southampton

- Paint job is part of £3.5million sponsorship deal with Emirates Airlines
- Carrier's logo is red and white - but so is strip worn by Southampton FC
- Portsmouth fans started petition to block change with 6,500 signatures

By CHRIS PLEASANCE FOR MAILONLINE
 PUBLISHED: 20:49, 6 June 2015 | UPDATED: 11:32, 7 June 2015

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Portsmouth fans have reacted with outrage to plans to paint the town's Spinnaker tower white and red - the same colour as the football strip worn by their biggest rivals Southampton.

Portsmouth council agreed to the paint job as part of a £3.5million sponsorship deal with Emirates airline, whose colours are also white and red.

However, fans of long-suffering Portsmouth FC, which faced going bankrupt until being bought by its supporters in 2013, are less than pleased.



Good relationship with Emirates meant a solution was found - £3.5m over 3 years!



Thanks for listening

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