

BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL
PLACE OVERVIEW AND SCRUTINY COMMITTEE

Minutes of the Meeting held on 16 June 2022 at 6.00 pm

Present:-

Cllr S Gabriel – Chairman

Cllr R Lawton – Vice-Chairman

Present: Cllr S Bartlett, Cllr L Dedman, Cllr L Fear, Cllr A Jones, Cllr C Rigby,
Cllr V Slade, Cllr M Davies and Cllr Dr F Rice

Also in attendance: Cllr P Broadhead

11. Apologies

Apologies were received from A Hadley and Cllr B Dion. It was noted that Cllr J Kelly was now on the Executive and therefore no longer a member of the Committee

12. Substitute Members

Cllr F Rice was substituting for Cllr Hadley and Cllr M Davies was substituting for Cllr B Dion

13. Declarations of Interests

There were no declarations of interest made on this occasion.

14. Confirmation of Minutes

The minutes of the meeting held on 24 May were approved as a correct record subject to an amendment to clarify that Cllr L Dedman and not Cllr A Hadley was nominated as Vice-Chairman.

15. Public Issues

There were no public petitions or questions. A statement was received, as follows from Mr Alex McKinstry, in relation to minute number 16, and read out on his behalf by the Democratic Services Officer a copy was also sent to all Committee members:

I hope the FuturePlaces business plan is debated tonight in open session. My chief concern is the funding mechanism proposed under Part 7: the company receives a fee for development schemes approved by BCP Council, then uses this fee to service its £8 million loan. My worry is that councillors may approve schemes indiscriminately, simply to amortise the loan monies. Other worries include the company's limited progress to date (Part 2.1 of the plan); the Council's leadership sitting on the company's

board (Part 4.4); and the millions of pounds of residents' money, invested in a company ostensibly providing guidance only.

16. Scrutiny of the BCP Futureplaces Ltd - Revised business plan and funding mechanism Cabinet report

The Portfolio Holder for Development, Growth and Regeneration and the Director for Regeneration presented a report, a copy of which had been circulated to each member and a copy of which appears as Appendix 'A' to these minutes in the Minute Book. The Director of Regeneration and representatives from FuturePlaces were also in attendance and provided responses to a number of enquiries. A number of points were raised and responded to in the ensuing discussion including:

- Clarification was sought on how the loan would be financed, through the Public Works Loan Board or by other means. It was confirmed that a working capital loan of £8million would be financed by borrowing which would be lent at a commercial rate to the company through the PWLB.
- It was noted that the anticipated 30 percent profit margin was reflective of the industry norm. The Council procured other services on a cost-plus basis and in order to demonstrate best value these were compared against day rates. There was relative confidence that this had been benchmarked and fell within industry ranges.
- In response to a question, it was confirmed that the company was 100 percent owned by BCP Council. There was scope for dividends, but these would flow straight back to the Council.
- Concern was raised regarding the lost £3 million in the first year of operation for a company formed by a London Borough. A point was raised regarding potential losses by the company if the Council did not subsequently agree the individual business cases brought forward by the company. The Portfolio Holder advised that this was why Councillors were members of the Board to ensure that there was follow through on a collective vision. The Gateway process followed a full process of several stages from concept to final approval.
- In response to an enquiry the Committee was advised that there was a benefit to having a division with a singular focus and expertise.
- It was noted that Seascape's purpose was to purchase homes to house homeless persons and other direct purposes, but it was also able to make a profit. A Councillor commented that they were confident in the Portfolio Holder and Officers to deliver development.
- This was the first time using a specific funding methodology which would be reviewed annually. It was suggested that this needed to be more frequent, perhaps quarterly. It was explained that this was in line with other Council companies where an annual update was received through Cabinet. Regular updates on individual projects would come forward through the gateway process.
- In response to a line in the report a query was raised regarding when it would not be appropriate for Futureplaces to repay borrowed monies. Payment to the company would allow this to be repaid and it was confirmed that it was always appropriate for debt to be repaid.

- There were a number of headline projects within the business plan. It was noted that some of these were comprised of sub-projects which would be deployed over a number of different phases. Such as Boscombe Regeneration and the Holes Bay site. Futureplaces would work on the greater overall masterplan visioning, with sub-projects coming forward for Council approval.
- The intent to raise the capital threshold to £1.3 billion and whether some of this would come from Council borrowing, it was suggested that it would still require considerable third-party financing because the gross sum of all of the projects would be considerably greater than this amount. Assurance was sought that there would be financing available. The Portfolio Holder advised that they were continually investing in the future rather than disposing of assets. However, although the schemes were investing and acquiring assets there was only a certain amount which the local authority should be doing. Developers were needed and it was not good if it was felt that the Council would do everything itself. Part of the reason for creating Futureplaces was to ensure that fully developed project plans including arrangements for financing were both credible and deliverable.
- The number of full-time employees of the company and whether there was a dependency on consultants and sub-contractors. It was suggested that the company wanted to be almost completely separate from the Council, in terms of location, communication, HR, etc.. It was noted that the company did procure a number of support services from the Council. Once the company were fully staffed it was expected that there would be 24 full time equivalent members of staff, comprising two core teams. One enabling team and one delivering project management. However, from time to time there would be a need to buy-in additional resources and expertise which would be more costly to hire on a permanent basis.
- In response to an enquiry, it was confirmed that it was hoped to bring together the core team in a traditional way in its own premises.
- Concerns were addressed regarding some of the allegations made on social media regarding members of staff. The company would seek to protect staff from this type of social commentary, but they would always want to be transparent and open and would respond to any direct questions on these issues.
- With reference to the sustainability impact summary, there was an emphasis on low carbon, energy efficient buildings but there was no mention of active travel measures, it was suggested that this should be added to the report. It was also recognised that throughout the document there was little emphasis on social value. The Portfolio Holder agreed with the comments on active travel and wanted to encourage people to use different means to travel. The Portfolio Holder advised that he was happy that this be included. It was noted that the social value mix would become apparent the core vision of Futureplaces was using development as a catalyst for the place we wanted to live in. High end developments would provide the opportunity for more affordable properties within the same site. It was noted that it was a 360-degree process to ascertain what the societal value of a project was.

- The staffing level to deliver the number of projects outlined was queried. It was confirmed that some of the projects were quite modest with short timeframes. Whilst there were a range of skills needed these were not necessarily required for the life of a project and there would be a degree of buy-in to fulfil skill needs.
- Clarity was sought on the situation regarding VAT and payment of corporation tax on profits. It was confirmed that this would need to be paid on profits and whilst some development services were exempt VAT would be charged as appropriate.
- Queries were raised regarding the overall strategy in terms of what was important and why even seemingly very modest projects were being filtered through the company. One of the reasons given for the company was to reduce the list of consultants but it seemed to be employing them through different means. It was noted that some of the projects has been around for a long time within the Council. It was clarified that Barclays House was not a Futureplaces project. Any profit margin received would be fed back to the council through dividend or through liquidation if no longer required.
- Further clarity was sought on the use of the PWLB for projects. The Portfolio Holder advised that the government wanted local authorities to take a leading role in regeneration. The use of the PWLB was discouraged for projects on a purely yield basis rather than for mixed use schemes. The section 151 officer would also input into this and specific guidance on what constitutes regeneration was being sought. The Managing Director of Futureplaces offered to discuss this further with anyone who wished to.

The Chairman thanked everyone for their attendance and welcomed the opportunity to discuss Futureplaces and address openly some of the issues previously raised.

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17. Bournemouth Development Company LLP Winter Gardens Scheme – Project update

The Portfolio Holder for Development, Growth and Regeneration presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'B' to these minutes in the Minute Book. A number of points were raised and responded to in the subsequent discussion, including:

- In relation to Futureplaces looking at the potential redevelopment of the Bournemouth International Centre (BIC), whether the Council should proceed with the current consented scheme or would be reconsidering and moving forward with the redevelopment of the entire area including the BIC. There were two options currently available, and the Winter Gardens scheme would be paused until consideration had been given to the full redevelopment potential for the area.
- Whether the Winter Gardens scheme was being paused because redeveloping the BIC was now being considered or whether the approved scheme was no longer viable. Futureplaces had been asked to

look at BIC redevelopment which was the reason the current scheme for the Winter Gardens was paused. If the redevelopment of the BIC was not considered viable the Winter Gardens scheme would proceed.

- In relation to the £5million provision the Council had included for potential losses in connection with the Winter Gardens Scheme, the Portfolio Holder advised that there was no financial loss, but the funding provision was made to be prudent and to make provision regarding the different development potential.
- The BIC project was inherited through the previous administration. The BIC was not quite at the level which the market wanted, demand had moved on and it was hoped to use the opportunity to develop the area. The Portfolio Holder advised that it was not correct that wider opportunities were being considered because the Winter Gardens scheme was unviable. The BDC didn't have the option of the wider site provision but Winter Gardens was absolutely viable if the Council wished to proceed.
- Concern was raised that the redevelopment of the BIC was a project which would take years and the Winter Gardens Scheme had already been considerably delayed.
- The BIC was a key site within the town but was not well utilised as there was a lot of area for active frontage which could be improved. Redeveloping the BIC site along with the winter gardens site would present opportunities for the reprovision of facilities across the sites.

The Chairman thanked officers and all committee members taking part in the discussion.

18. Work Plan

The Chairman presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'C' to these minutes in the Minute Book.

The Corporate and Community Overview and Scrutiny Committee was asked to consider and identify work priorities for the year ahead. The Chairman had set out a number of items to be included in the Committees Work Plan and asked Committee members could advise of any items which needed to be included within the Plan in addition to those outlined. Those suggested included:

- Annual Climate Plan report
- Update on the Local Plan
- Local Transport Plan

It was pointed out that there were only three ordinary meetings remaining this year. The number of items currently suggested would require 4 items on each agenda and there were a number of potential issues which may come forward.

19. Future Meeting Dates

The dates outlined for future meetings of the committee were agreed as follows:

Wednesday 21 September 2022

Wednesday 16 November 2022

Wednesday 1 March 2023

The meeting ended at 7.56 pm

CHAIRMAN