

# Notice of Corporate and Community Overview and Scrutiny Committee



Date: Wednesday, 20 September 2023 at 6.00 pm

Venue: Committee Room, First Floor, BCP Civic Centre Annex, St Stephen's Rd, Bournemouth BH2 6LL

---

## Membership:

### Chairman:

Cllr S Bartlett

### Vice Chairman:

Cllr S Aitkenhead

Cllr P Broadhead  
Cllr L Dedman  
Cllr B Dove  
Cllr C Goodall

Cllr S Moore  
Cllr L Northover  
Cllr Dr F Rice  
Cllr K Salmon

Cllr M Tarling  
Cllr T Trent  
Cllr O Walters

---

All Members of the Corporate and Community Overview and Scrutiny Committee are summoned to attend this meeting to consider the items of business set out on the agenda below.

The press and public are welcome to view the live stream of this meeting at the following link:

<https://democracy.bcpCouncil.gov.uk/ieListDocuments.aspx?MId=5755>

If you would like any further information on the items to be considered at the meeting please contact: or email

Press enquiries should be directed to the Press Office: Tel: 01202 454668 or email [press.office@bcpCouncil.gov.uk](mailto:press.office@bcpCouncil.gov.uk)

This notice and all the papers mentioned within it are available at [democracy.bcpCouncil.gov.uk](https://democracy.bcpCouncil.gov.uk)

GRAHAM FARRANT  
CHIEF EXECUTIVE

12 September 2023

**DEBATE  
NOT HATE**



Available online and  
on the Mod.gov app

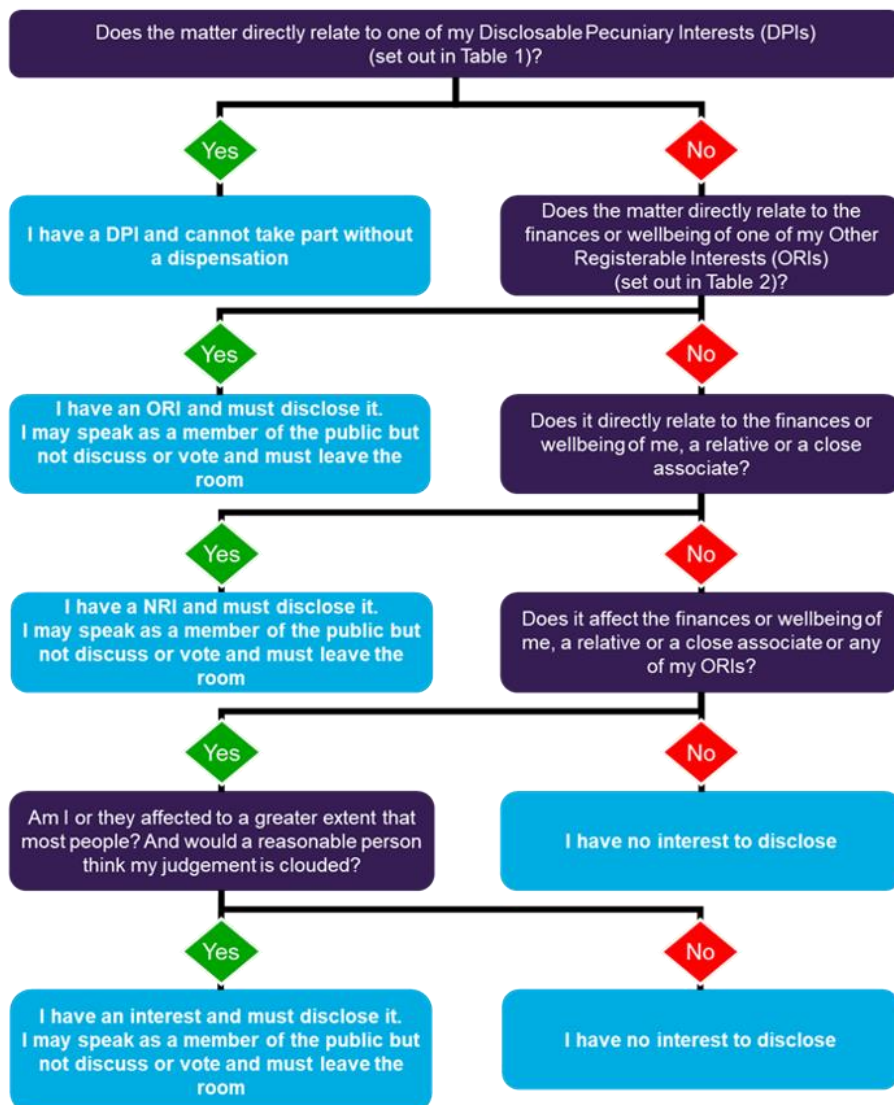


## Maintaining and promoting high standards of conduct

### Declaring interests at meetings

Familiarise yourself with the Councillor Code of Conduct which can be found in Part 6 of the Council's Constitution.

Before the meeting, read the agenda and reports to see if the matters to be discussed at the meeting concern your interests



What are the principles of bias and pre-determination and how do they affect my participation in the meeting?

Bias and predetermination are common law concepts. If they affect you, your participation in the meeting may call into question the decision arrived at on the item.

#### Bias Test

In all the circumstances, would it lead a fair minded and informed observer to conclude that there was a real possibility or a real danger that the decision maker was biased?

#### Predetermination Test

At the time of making the decision, did the decision maker have a closed mind?

If a councillor appears to be biased or to have predetermined their decision, they must NOT participate in the meeting.

For more information or advice please contact the Monitoring Officer  
([susan.zeiss@bcpcouncil.gov.uk](mailto:susan.zeiss@bcpcouncil.gov.uk))

### Selflessness

Councillors should act solely in terms of the public interest

### Integrity

Councillors must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships

### Objectivity

Councillors must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias

### Accountability

Councillors are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this

### Openness

Councillors should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing

### Honesty & Integrity

Councillors should act with honesty and integrity and should not place themselves in situations where their honesty and integrity may be questioned

### Leadership

Councillors should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs

# AGENDA

Items to be considered while the meeting is open to the public

## 1. **Apologies**

To receive any apologies for absence from Councillors.

## 2. **Substitute Members**

To receive information on any changes in the membership of the Committee.

Note – When a member of a Committee is unable to attend a meeting of a Committee or Sub-Committee, the relevant Political Group Leader (or their nominated representative) may, by notice to the Monitoring Officer (or their nominated representative) prior to the meeting, appoint a substitute member from within the same Political Group. The contact details on the front of this agenda should be used for notifications.

## 3. **Declarations of Interests**

Councillors are requested to declare any interests on items included in this agenda. Please refer to the workflow on the preceding page for guidance.

Declarations received will be reported at the meeting.

## 4. **Confirmation of Minutes**

To confirm and sign as a correct record the minutes of the Meeting held on 12 June 2023.

5 - 10

## 5. **Public Issues**

To receive any public questions, statements or petitions submitted in accordance with the Constitution. Further information on the requirements for submitting these is available to view at the following link:-

<https://democracy.bcpCouncil.gov.uk/ieListMeetings.aspx?CommitteeID=151&Info=1&bcr=1>

The deadline for the submission of public questions is 3 clear working days before the meeting.

The deadline for the submission of a statement is midday the working day before the meeting.

The deadline for the submission of a petition is 10 working days before the meeting.

## ITEMS OF BUSINESS

## 6. **The future of BCP FuturePlaces Ltd, investment and development**

11 - 42

This report makes recommendations following a review of BCP FuturePlaces Ltd's (FuturePlaces) work programme and business plan to enable BCP Council to deliver financially sustainable investment and development.

No other items of business can be considered unless the Chairman decides the matter is urgent for reasons that must be specified and recorded in the Minutes.

This page is intentionally left blank

**BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL**

**CORPORATE AND COMMUNITY OVERVIEW AND SCRUTINY COMMITTEE**

Minutes of the Meeting held on 12 June 2023 at 6.00 pm

Present:-

Cllr S Bartlett – Chairman

Cllr S Aitkenhead – Vice-Chairman

Present: Cllr B Dove, Cllr C Goodall, Cllr K Salmon, Cllr M Tarling, Cllr T Trent, Cllr O Walters and Cllr K Rampton (In place of Cllr P Broadhead)

Also in attendance: Cllr J Hanna and Cllr V Slade

1. Apologies

Apologies for this meeting were received from Cllr P Broadhead and Cllr Dedman

2. Substitute Members

Cllr K Rampton substituted for Cllr P Broadhead.

3. Election of Chair

In accordance with the Constitution Meeting Procedure Rules Councillor Tarling was selected by the Committee members prior to the start of the meeting to preside over the over the meeting for this item and the preceding items. A nomination was received and seconded for Councillor S Bartlett. There being no further nominations it was:

**RESOLVED that Councillor S Bartlett be elected Chair of the Corporate and Community Overview and Scrutiny Committee for the 2023/24 municipal year.**

4. Election of Vice-Chair

A nomination for Vice-Chair was received and seconded for Cllr S Aitkenhead. There being no further nominations it was:

**RESOLVED that Cllr S Aitkenhead be elected Vice-Chair of the Corporate and Community O&S Committee for the 2023/24 municipal year.**

CORPORATE AND COMMUNITY OVERVIEW AND SCRUTINY  
COMMITTEE

12 June 2023

5. Declarations of Interests

There were no declarations of interest made on this occasion.

Cllr M Tarling advised for the purpose of transparency in relation to agenda item 9, Pay and Reward that his wife was an employee of BCP.

6. Confirmation of Minutes

The minutes of the meeting held on 6 February were approved as a correct record subject to an amendment to include the correct wording for the first public question and a minor amendment to the questioners name in the response to the second questions.

**RESOLVED: That the minutes of the meeting were confirmed subject to the outlined amendments.**

7. Public Issues

There were no public issues on this occasion.

8. Overview and Scrutiny Annual Report

The Overview and Scrutiny Specialist 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. In addition, the Scrutiny Specialist referred to a power point presentation, a copy of which is published on the Councils website.

The Committee was advised that Overview and Scrutiny was a statutory function of all councils operating an executive model of decision making. In relation to this the Committee was advised that in BCP Council, O&S activity is carried out by four O&S committees formed of councillors and co-opted members. In addition, the Committee was informed that there is a requirement to report on the work of O&S to Council, to ensure good visibility of the function and Council ownership of any improvements required. The Committee was advised that the annual report contains a summary of O&S activity undertaken over 2019-23, reflections on working practices and an action plan identifying strategic improvements to the O&S function. In relation to this the Committee was informed that all O&S Committees had received the annual report for consideration, providing opportunity for comment prior to the supply of the final report to Council.

In the subsequent discussion a number of points were raised including:

- A reasonable notice of issues coming forward needed to be provided to the Overview and Scrutiny bodies.
- There were also opportunities for the Committee to add value, plan and contribute to various issues.

CORPORATE AND COMMUNITY OVERVIEW AND SCRUTINY  
COMMITTEE

12 June 2023

- There were only 4 meetings remaining for the remainder of the year and therefore there was a need to be really careful about how work was selected.
- There would be a need to work outside of the Committee if the Committee was able to achieve meaningful scrutiny.
- It was noted that any Councillor was able to request items to come forward to Overview and Scrutiny Committees.
- There would be regular meetings between the Chairs and Vice-Chairs of the Overview and Scrutiny bodies.
- Special meetings can be constituted if they are required for particular issues. However, the Committee would need to be mindful of resource across the Council and within Democratic Services. There were also opportunities for work outside the committee and this would need to be managed appropriately.
- Use of Scrutiny's powers to effectively look at policy document and build a picture around the issue by calling people to account and effectively investigating different issues.
- The Committee would need to develop its own work programme and would need to find ways to address this effectively. The Chairman commented that the more robust overview and scrutiny is the better the democratic process is.
- Ways of working. The Chairman advised that there may be a need to require sub-Committees and hoped that the Committee would be able to effectively utilise the use of rapporteurs.
- That the work programme for the Committee can change and whilst there was a need to be agile there needed to be a flexible process in agreeing the agenda.
- The importance of Overview and Scrutiny to the democratic process which should be done thoroughly and competently.

9. Pay and Reward

The Portfolio Holder for Transformation and Resources 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. The report provided an update on the progress to date with the Pay and Reward project. The report shows evidence on the massive amount of work which has been undertaken to date in the development of this project.

The Portfolio Holder also noted his appreciation of the work undertaken by all members of staff since the inception of BCP Council and it was hoped that this would be resolved and implemented as soon as possible. The Director for People and Culture advised that the purpose of the programme was to resolve the discrepancies in the inherited terms and conditions and



CORPORATE AND COMMUNITY OVERVIEW AND SCRUTINY  
COMMITTEE

12 June 2023

grading structures. Staff were TUPEd across from the preceding Councils and these were on different terms which employees remained on.

In February 2023 the entire offer for Pay and Reward was handed over to the trade unions and following a period of review the unions came back with a number of queries around the offer which needed to be resolved if they were to agree to move forward to ballot their members. It was hoped that this would be able to be resolved as soon as possible in order to bring forward the completion of this project.

In the subsequent discussion members made a number of comments, including:

- Whether it was legal to dismiss and reengage an employee on different terms and conditions. If in the event an agreement could not be reached with trade unions this would be considered as the Council would have a duty to address the equal pay issues within the organisation. It was confirmed that the process was lawful but would be a last resort.
- What percentage of staff were members of the negotiating trade unions. The Committee was advised that this information was not available as the trade unions were not obliged to share it and had chosen not to but the unions do act on behalf of all Council staff regardless of the percentage in membership.
- It was confirmed that BBML sat outside of this process and the arrangements for their terms and conditions were considered separately. At present there was no plan to review this. There were a number of companies within the companies portfolio. It was anticipated that there would be a members induction session on the various companies to ensure there was a real understanding of the relationships.

The Chair commented that the Council was progressing this and hoped that agreement would be reached with the unions.

10. Forward 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 (O&S) Committee was asked to consider and identify work priorities for its next meeting pending a wider review of its Work Plan in dedicated workshop. The Chairman asked the Committee if there were any comments or suggestions for items for the next meeting.

The Scrutiny Specialist advised that there was a work plan currently in place for the Committee but it was acknowledged that with a new Committee membership there was a need to review this. Members were asked if they could submit any items in advance of the work programming workshop.



CORPORATE AND COMMUNITY OVERVIEW AND SCRUTINY  
COMMITTEE

12 June 2023

The Chairman raised an issue concerning Blue Badges and the process of applying for a badge. There was a general consensus that this should be looked into by the Committee and the membership for the group was agreed.

The Scrutiny Specialist confirmed that this proposal was for a member led process to gather information to evaluate whether to take this forward.

The Committee noted the work plan and the proposal to hold a work programming workshop in July.

The meeting ended at 7.29 pm

CHAIRMAN

This page is intentionally left blank

**CABINET**

**DRAFT FOR SCRUTINY**



Report subject	<b>The future of BCP FuturePlaces Ltd, investment and development</b>
Meeting date	27 September 2023
Status	Public Report
Executive summary	This report makes recommendations following a review of BCP FuturePlaces Ltd's (FuturePlaces) work programme and business plan to enable BCP Council to deliver financially sustainable investment and development.
Recommendations	<p><b>It is RECOMMENDED that Cabinet:</b></p> <ul style="list-style-type: none"> <li>a) <b>Agrees the outcome of the FuturePlaces business plan projects' review, as set out in Table 12.1.</b></li> <li>b) <b>Agrees to Option 1, the closure of FuturePlaces company and the bringing in-house of the development and investment activities of the company.</b></li> <li>c) <b>Agrees the principles, as set out in Appendix 3, to be applied to the closure of FuturePlaces financial accounts in respect to work in progress.</b></li> <li>d) <b>Delegates to the Director of Finance in consultation with the Chief Operations Officer, Portfolio Holder for Finance and Leader the implementation of these decisions and application of these principles (Appendix 3) to enable closure of FuturePlaces accounts and to report the final outcome position back to Cabinet.</b></li> <li>e) <b>Notes the estimated range of between (£2.23m) and £1.24m for the orderly closure of FuturePlaces accounts after the provision already made.</b></li> <li>f) <b>Notes the £636k additional cost for the in-house delivery of development for the period 1 November 2023 to 31 March 2024.</b></li> <li>g) <b>Agree to include in the proposed general fund base revenue budget of the council, from 2024/25 onwards, £1.526m to recognise the additional cost for the in-house delivery of regeneration accompanied with a principle of capitalising such costs where appropriate to do so.</b></li> </ul>

	<p><b>It is RECOMMENDED that Cabinet recommend that Council:</b></p> <p><b>h) Approves the disposal of the former civic offices in Poole and Christchurch on such terms to be approved by the Chief Financial Officer, also acting in his capacity as Corporate Property Officer, in consultation with the Portfolio Holder for Finance.</b></p>
Reason for recommendations	To achieve the corporate vision of delivery of dynamic places. To respond to the DHLUC governance review report, in particular the recommendation to set out a clear portfolio of projects with timescales for delivery for FuturePlaces, and to meet the ambitions of the new administration. To exercise appropriate controls on commitments for expenditure on development and to facilitate the Council taking the leading role on delivery of investment and development projects.
Portfolio Holder(s):	Vikki Slade, Leader and Cabinet Member for Dynamic Places
Corporate Director	Jess Gibbons, Chief Operations Officer
Report Authors	Jess Gibbons, Chief Operations Officer Sarah Good, Head of Delivery
Wards	Not applicable
Classification	For Decision

## Background

1. In May 2021 BCP Council's Cabinet agreed to set up an Urban Regeneration Company (URC), FuturePlaces. The reasons for this decision are set out in the May 2021 report as:
  - a. To enable greater focus and capacity for realising the significant opportunities for delivering homes and jobs on sites owned, or controlled, by the council and increasing the scale and pace of delivery.
  - b. The current internal capacity of the council is not sufficient to deliver the scale of ambitions set out in the Big Plan and additional support and expertise is required, which after an options appraisal, is considered to be best met by creating a URC.
2. In October 2021 BCP Council's Cabinet agreed the initial commissioning model and business plan for FuturePlaces, inclusive of a commissioning plan (Background paper).
3. In June 2022 Cabinet agreed a revised business plan and funding mechanism for FuturePlaces. This included an increase in the working capital loan facility from £400k to £8m from July 2022 aligned to an alternative payment mechanism based on approval of project business cases leading to the achievement of a capitalisation

event (where the cost can be included in the future value of the asset) or other value realisation event (i.e., a sale) and a recommendation to Council to approve the FuturePlaces business plan. The revised funding model enabled the Council to charge all FuturePlaces costs through capitalisation of the project costs if they were legitimate charges for developing specified capital projects. This enabled the Council to remove any revenue provision from its budgets, reducing the net cost to the Council in revenue terms. The projects agreed in both the October 2021 and June 2022 business plans are set out in Appendix 1.

4. The setting up of FuturePlaces allowed the Council to increase its capacity to manage and deliver development projects across the BCP area and enabled professional expertise to be attracted into the area which has clearly benefited the ambition and aspirations around place-making and the stewardship model. The expertise has been applied to a wider range of development objectives than was originally envisaged and that has enabled a more aspirational approach to be taken to investment and redevelopment projects ranging from the Holes Bay former power station site to the Boscombe masterplan utilising the Towns Fund. However, the economic environment has changed, and we are no longer in a period of readily available capital investment and low interest rates and the Council needs to focus its resources on the delivery of key sites.
5. Since 2021 BCP's financial position has been increasingly challenging. During 2022 the then Leader requested the Council apply for a Capitalisation Direction from the Department for Housing, Levelling-up and Communities (DHLUC) under the Exceptional Finance Support scheme to fund the Transformation programme. As part of this direction DHLUC required an independent governance review of the Council, which included the Council's governance of FuturePlaces and how it had applied its objectives.
6. Up to July 2023 FuturePlaces have drawn down £4.75m from the loan facility for delivery of work towards their business plan. Subject to cashflow requirements over the next 6 months FuturePlaces are forecasting a further £500k to cashflow the continuing activities during close down, or more for a continuing model. Five projects have moved to Outline Business Case: (1) the former college site at Constitution Hill, was approved to proceed to Full Business Case via an Officer Decision Record and is being progressed by the Council's Housing Delivery Team, (2) the Chapel Lane Car Park and (3) Beach Road Car Park Outline Business Cases were approved to progress to Full Business Case by Cabinet on 8 February and 8 March 2023 respectively, whilst the Christchurch (4) and Poole (5) Civic Centres were approved by Cabinet on 8 March 2023 but deferred for a decision by Council until after the election. The Council, under the revised funding model, has paid £546k to FuturePlaces for the development of these schemes from prudential borrowing. For further information on all the work delivered by FuturePlaces please refer to the FuturePlaces annual review (link provided in background papers).
7. The DHLUC governance review report was published on 3 August 2023 alongside a Best Value Notice to BCP Council. The review recommended that "The Council agrees a business plan for BCP FuturePlaces Ltd by September 2023 which sets the purpose of BCP FuturePlaces Ltd and a portfolio of priority projects with timescales for delivery."
8. The governance review report states that *"some concerns have been expressed to me about the transparency of the governance of BCP Future Places Ltd. The original governance structure did not reflect good practice in terms of governance and elected*

*Members were too involved in the day-to-day operational management of the company and in commissioning activity. BCP Future Places Ltd now has an independent chair and three new non-executive directors. There have also been concerns expressed about mission creep and a lack of clarity around the priority projects. The new Chair and Board of BCP Future Places Ltd recognise this and are committed to working to build positive relationships with Councillors and officers. The Chair (then Sir Bob Kerslake, who sadly passed away, following which this was taken up by the interim Chair Karima Fahmy) has initiated a review of key aspects of the work of BCP Future Places Ltd and has begun the process of developing a Business Plan for agreement with the Council. The Council should review its original purpose for BCP Future Places Ltd and agree an annual business plan which sets out clear priority projects and timescales for delivery.”*

9. The findings of the review carried out by FuturePlaces non-executive directors can be found at Appendix 4.
10. Several economic factors have significantly changed since the decision was made to set up a BCP Urban Regeneration Company these include:
  - a. The cost-of-living crisis including rising energy and fuel costs.
  - b. The rising cost of construction.
  - c. Rising interest rates increasing the cost of borrowing.
  - d. Worsening financial position for BCP Council, including a £44m gap in the MTFP in 2024/25, alongside a depleted reserves position.
  - e. Rising demand for social and affordable housing with increasing numbers of individuals, couples and families presenting to BCP Council as homeless or facing homelessness.
  - f. Demand for housing from Government Refugee schemes.
  - g. Housing affordability ratio becoming increasingly poor in the BCP area compared to UK average.
11. As the economic environment has changed the mitigation of risks in the FuturePlaces funding mechanism and operating model have become more difficult to manage. These risks include:
  - a. Capitalisation can only be applied to capital work delivery. It is not applicable to revenue-based work such as public workshops (charettes), planning frameworks and reference masterplans unless they generate a capitalisation event, where the cost can be included in the future value of the asset. All costs may be capitalised if procured as part of a package of advice if associated with an approved capital scheme. The changing economic climate is impacting on how quickly projects get to a capitalisable point in time.
  - b. Where a capitalisation event does not occur following works completed by FuturePlaces it is difficult for BCP Council to pay these revenue costs within the June 2022 agreed funding mechanism. However, it should be noted that some of these projects, such as charettes and planning frameworks may contribute to enabling the wider programme, including specific capitalisable events.
  - c. While the agreement of a “three times cost” charge was market tested and shows value for money when applied to FuturePlaces internal and staffing

costs, its application to work commissioned by FuturePlaces adds unnecessary cost to the Council and cannot represent best value.

- d. The Council has awareness of expenditure through a range of mechanisms within the governance model but can only control FuturePlaces' expenditure through the agreement of the annual business plan at Cabinet. The company has control of expenditure decisions between the annual approval processes.
- e. FuturePlaces value is held in its Intellectual Property (IP). The Company seeks to protect its IP to protect its financial position. In practice this means FuturePlaces is minded to only release final reports to its customers on confirmation of payment for work. This runs counter to the shareholder agreement which enables the Council to access any documentation on request. This juxtaposition has become increasingly challenging for the Company and Council to navigate over time.

### Current position

12. Since the Three Towns Alliance came into administration the Leader, and the Lead Member for Regeneration Projects have been working with officers and FuturePlaces to review the position of each of the projects identified in the FuturePlaces business plan and assessing how they should be taken forward. Table 12.1 sets out this assessment.

**Table 12.1 Outcomes of review of Future Places projects and proposed next steps.**

Ref in FP BP	Site	Next steps
1.	Beach Road Car Park	Estates Team to progress to sale of southern part of site for residential development.  Infrastructure and Commercial Teams to maintain northern car park and progress scheme for improvements.
2a, b, c	BIC/Winter Gardens	Continue under development delivery model to be agreed by Cabinet.  Note: The Winter Gardens site is included in the BDC option agreement.
3.	Boscombe phase 2	Stop and reconsider on completion of Towns Fund programme.
4 a, b	Chapel Lane	Continue under development delivery model to be agreed by Cabinet.
4 c, d, e, f	Poole Old Town and Quay	Continue with outline design for the quay public realm improvements to be led by Infrastructure.
5.	Christchurch Civic Offices	Estates Team to progress to sale.
6.	Poole Dolphin Leisure centre (formerly part of the Heart of Poole Scheme)	Priority delivery project. Continue under development delivery model to be agreed by Cabinet.
7 a, c, d	Holes Bay former Power Station	Priority delivery project. Continue under development delivery model to be agreed by Cabinet.



7 b	Carters Quay	Activity passed to Housing delivery team.
8.	Poole Civic Centre	Estates Team to progress to sale.
9.	Turlin Moor	Housing delivery team to review viability and Homes England appetite to support.
10.	Wessex Fields	Reassess options under development delivery model to be agreed by Cabinet.
11.	Port of Poole	Pause options on the possible marina development. Review in late 2025.
12.	Constitution Hill	Passed to Housing delivery team under previous decision.
13.	Extra Care Village	Stop investment and development input.
14. a	Cotlands Road and Lansdowne	Continue under development delivery model to be agreed by Cabinet.  Note: The Cotlands site is included in the BDC option agreement.
16.	Poole Station Quarter	Longer term project to progress under development delivery model agreed by cabinet. Rename as Poole Town Centre North to reflect the wider town centre north area and infrastructure.
17.	Seafront	Completed work to be passed to Destination team.
18.	Thematic studies, not site specific	Stop.
19.	Cross cutting projects not site specific	Stop.

13. Cabinet approved Outline Business Cases produced by FuturePlaces for both the Poole Civic Campus and the Christchurch Council Offices on 8 March 2023. However, Council deferred a decision to progress the development of Full Business Cases until after the election. As part of this report, Council approval is sought for the disposal of these sites. In accordance with the Council's capital strategy the net receipts from these disposals, after taking account of all relevant disposal costs, will be made available to fund the Council's Transformation Investment Programme. The disposal will reduce the need to sell income generating assets to fund the Transformation programme. This course of action will mean the recommendations within the previous business cases for these assets, prepared by FuturePlaces, will not be taken forward, the council will lose direct control of the place-shaping of these sites but will no longer be subject to the development and investment risk associated with these assets.

14. Cabinet also approved the Beach Road Car Park Outline Business Case produced by FuturePlaces on 8 February 2023. It is proposed that should Council agree to progress Option 1, as set out in this paper, then the Estates and Infrastructure teams will bring forward a report to Council in December setting out recommendations to modernise and improve the northern section of the site to be

retained as public car parking and to dispose of the southern section of the car park on the open market, subject to a future cabinet resolution to appropriate the site for planning purposes.

### **Options for future delivery of development and investment in Bournemouth, Christchurch and Poole**

15. The Council has been reviewing the options for taking forward the development and investment agenda across the BCP area in a more controlled and cost-effective manner, with a focus on delivering priority project sites. While the breadth of delivery and intellectual application of the stewardship approach have been strong, and the agenda has been widely recognised as appropriately aspirational and well-articulated. FuturePlaces has not resulted in the release of key sites sufficiently quickly (e.g., Beach Road car park) or the rapid delivery of outcomes on the key sites, such as the Holes Bay former power station site, or a tangible deliverable proposal for the development of key economic drivers such as the Bournemouth International Centre or Wessex Fields.
16. Table 12.1 sets out a more focused and achievable investment and development programme across the BCP area in line with the changing economic environment and the change in priorities and clarity of focus from the new administration. This position has been achieved through collaborative working between BCP Council and FuturePlaces using the knowledge and skills of both organisations.
17. There are many models and means of Councils taking forward development. There are different variations on the options set out in this report. Following careful consideration, the following four options for the future delivery of BCP Council's reprioritised development programme, are considered to be the key options for Cabinet to review and consider.

#### ***Option 1: The closure of FuturePlaces company and the bringing in house of the development and investment activities of the company. Recommended.***

18. While internal capacity of the council may not have been sufficient to deliver the scale of ambition set out in the Big Plan and shown in the Future Places original business plan (Appendix 1) with the revisions to this programme (Table 12.1), and a carefully managed transition of the FuturePlaces work and team into the Council, this should no longer be the case.
19. By internalising and integrating these functions, the Council will be able to bring together our current in-house Housing Delivery team, our Council Newbuild Housing and Acquisition Strategy, and our delivery team with Investment and Development functions. This will enable greater focus and capacity for delivering homes and jobs on sites owned, or controlled, by the council and the new team to build on the value of the work completed and initiated by the FuturePlaces team.
20. The Housing Delivery team have a strong track record of delivery and completion of schemes on the ground for example: 45 active development sites through its Council Newbuild Housing and Acquisition Strategy (CNHAS) – 5 completed, 10 on-site/under construction, 7 with planning permission for 275 homes, 26 at substages along the feasibility pipeline. In total a potential of 1150+ homes. The street acquisition programme has delivered 89 homes since mid-2021 for a variety of needs groups. 145 homes have external DLUHC grant associated with them – 40

for the Rough Sleeping Accommodation Programme (successfully delivered 2021-2023) and 70 for the Single Homelessness Accommodation Programme (to be delivered 2023-2025) and 35 for the Local Authority Housing Fund (Q4 2022/23 -Q4 2023/2024).

21. The Council's internal development programme team have a strong track record of commissioning and programme management, as evidenced by the progress of our £22m Town Deal in Boscombe, and delivery of award-winning major development schemes via the Council's joint venture the Bournemouth Development Company in partnership with Muse Places.
22. The FuturePlaces team, brought into the Council, will bring with them the project development and design quality management practice they have evolved, the detailed knowledge they have formed of the development projects and potential investors and developers, alongside a strategic view of stewardship and long-term investment partnerships. This will be helpful in relation to the former power station site at Holes Bay, Wessex Fields, the Bournemouth International Centre (BIC), and Poole Dolphin Leisure Centre, where project due diligence has been undertaken already.
23. Under a new Investment and Development Director, the new Development Team and those moved in-house will be able to work transparently and openly to ensure focused delivery on the ground of the development programme set out in Table 12.1.
24. Together these teams will be able to take advantage of opportunities such as the Brownfield Infrastructure Land Fund (BIL) and preserve public and private investor confidence in the delivery of development by BCP Council.
25. Part of development delivery considerations moving forward will be a more focused strategic and operational relationship with Homes England. A broad spectrum of sites will be eligible for capital grant support. Discussions are taking place between Council and Homes England senior officers.
26. In recognition of the valuable knowledge and skills of the FuturePlaces non-Executive and Company Directors, the recommendation in Option 1 includes the setting up of an Investment and Development Advisory Board. Detailed terms of reference will be set up for the Board, with Membership to include Independent Investment and Placemaking expertise, the Leader and the Lead Member for Regeneration Projects. The Advisory Board will be supported by the Director of Investment and Development, and the Chief Operations Officer. The Advisory Board would be independently Chaired and will meet quarterly to provide advice on the progress against projects set out in Table 12.1.
27. Option 1 seeks to transfer the people and assets from FuturePlaces into the Council in the shortest possible timeframe to minimise disruption and provide certainty and long-term stability while maintaining momentum on priority development delivery.
28. Option 1 delivers on the recommendations of the DHLUC governance review through the implementation of a revised portfolio of priority projects and responds to the current issues set out in paragraphs 10 and 11 by providing the Council with greater control of operational decisions.
29. Option 1 is the recommended option.
30. Option 1 would be delivered on the following timeline:

**Table 28.1: Timeline for Option 1.**

Action	Deliverable	Date
Cabinet decision	Option agreed	27 September 2023
Programme team appointed	Insourcing team set up including FuturePlaces programme lead and Council programme team	Beginning October 2023
Council decision	Agreement on asset disposal	5 October 2023
Future Places staff team transfer to BCP Council	Formal staff process inclusive of TUPE	Formal transfer November 2023
Data, reports, and IP collation	All data, reports and IP secured from FuturePlaces and passed into Programme team.	September to the latest December 2023
Investment and Development delivery	Ongoing programme activity to deliver development on priority sites	Continues on transfer of Future places staff
Formal company closure	Formal company closure procedures to be completed	Quarter 1 2024

31. Option 2: Maintain the status quo.

32. Maintaining the current development functions as delivered by FuturePlaces, with the same funding model, is not a financially sustainable option, and does not respond to the changing market and economic conditions or the recommendations of the DHLUC governance review. See further information on the financial impacts of this option in paragraphs 57 to 62 below.

33. Option 2 is not recommended.

### **Option 3: Continue BCP FuturePlaces Ltd under a revised funding model**

34. Under this option, the FuturePlaces leadership team would bring forward a revised funding model to meet the delivery of the revised programme set out in Table 12.1, which responds to the DHLUC recommendation to set out a clear portfolio of priority projects. This option would maintain FuturePlaces as a specialist arm's length company wholly owned by BCP Council but with a more focused remit delivering site-specific development projects.

35. A line would be drawn under the present business model which is dependent on capitalisation points to repay the loan made to FuturePlaces by BCP Council. A formula for funding FuturePlaces' forward employment costs, overhead and project related working capital would be agreed on an at-cost basis; with charge/payment points agreed on a clear schedule.

36. This option would not address the lack of transparency and control experienced under the existing business plan and operating model of Future Places. It would not lead to the benefits achieved by bringing together FuturePlaces skills and

experience with Council teams as achieved by Option 1. Further information on the financial impact of this option is set out in paragraphs 63 to 68 below.

37. Option 3 is not recommended.

**Option 4: BCP Council pauses all non HRA Housing development activity.**

38. The Council faces a significant budget deficit in 2024/25 and future years. To address this deficit, it is bringing forward options to cease funding and stop significant areas of non-statutory services and possible reductions to statutory service spend. This option would support that position by closing FuturePlaces, transferring all work completed by the company inclusive of Intellectual Property into the Council to be held for future use, at a time when the Council is financially able to move forward with development.
39. This option would include the removal of the development commissioning functions currently held within the Council. This would deliver a £261k annual saving from 2024/25. Housing Delivery would continue under this option as part of the Housing and Communities Directorate. Alongside the pausing of the projects delivered to date by FuturePlaces, this would see the partnership work with Bournemouth Development Company continue to be paused.
40. While BCP Council's financial position must be managed, the Council must also seek to create sustainable communities for the future where our residents have affordable homes in safe and healthy places and spaces. The Council cannot meet the needs of the future without investing in development today.
41. Option 4 is not recommended.

**Table 30.1: Summary of options**

	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>	<b>Option 4</b>
<b>Strengths</b>	Investment and development reprogrammed to meet changing economic climate. The Council has full control of the scope of activity and spend.	There would be no disruption to staffing and they could continue to deliver the existing FuturePlaces business plan.	Investment and development reprogrammed to meet changing economic climate.	The only strength of this option is it would present a saving to the Council's revenue budget.
<b>Risks</b>	There is a medium risk that knowledge and capacity could be lost should key staff decide not to transfer to the Council. As the Council considers budget pressures in the future there is a risk the budget could be identified for potential saving.	This option does not respond to the changing economic climate and risks significant spend against the loan facility which may not be able to be capitalised in the future.	Continuing lack control and lack of transparency on project delivery. The risk of running and operating the company remain. Unrecoverable debt would need to be written off.	The Council would not be able to meet the needs of our communities in terms of delivering housing and development. We would not be able to create the communities we need to be a sustainable place in the future.
<b>HR impact</b>	Opportunity for all Future Places officers to TUPE into Council unless alternative arrangements are agreed on an individual basis prior to the date of transfer.	FuturePlaces employees will continue to be employed in their current capacity.	The impact upon staffing will need to be determined if a revised funding model is agreed, as a revised project programme will require a reduced staff team.	All affected staff will be subject to consultation regarding the redundancy of their roles. Two separate redundancy programmes will be required, one for BCP staff and one for FuturePlaces staff.
<b>Annual cost of model in 2024/25</b>	£1,526k pressure	*see below	£1,680k pressure	£261k saving

\*As at the 8 September FuturePlaces had £3.25m headroom left in the £8m loan facility with the council. The cost of the model to the council in 2024/25 would be a combination of any additional revenue provision it would need to make over and above the current £4m accrued, plus any council approved expenditure on schemes which could not be capitalised, plus any previously approved capital expenditure which would need to be written off. For FuturePlaces the directors would need to continually assure themselves that the company model is sustainable.

### **Summary of financial implications**

42. This report considers the various options in relation to the future of BCP FuturePlaces, investment and development. The Council has significant financial exposure from the £8m working capital loan facility currently provided to FuturePlaces of which, as at the date of this report, £4.75m has been drawn down. As a matter of prudence, the 2022/23 Financial Outturn report to Cabinet in July 2023 highlighted that £4m had been provided to cover risks associated with this loan.

43. The sections below set out the potential financial implications under each of the outlined options.

#### **Option 1: Bring development delivery back into the Council.**

44. This option would involve the orderly closure of FuturePlaces with the TUPE transfer of FuturePlaces employees, into the new Investment and Development Directorate, unless alternative arrangements are agreed on an individual basis to end employment prior to the transfer date.

45. Direct company costs including secretariate and management overheads would be avoided.

46. Under this option the Council would need to write off to the 2023/24 general fund revenue account the current £4.75m working capital loan and any adjustment to FuturePlaces' trading position in the period to closure. It would be able to offset against this the £4m provision made as part of the 2022/23 accounts. This provision was made as a matter of prudence based on the uncertainty associated with a number of FuturePlaces business case decisions deferred by Council until the new administration.

47. In establishing the predicated balance on the trading position of FuturePlaces, as at the point of the transfer of its operational staff, it has been necessary to develop and apply a set of principles to any work in progress. These principles are set out in appendix 3 for Cabinet approval.

48. Subject to their approval these principles will be applied and any funding implications associated with their application determined. The outcome will be subsequently reported to Cabinet and will set out in the final position for BCP FuturePlaces.

49. As at this stage it is difficult to be precise regarding the final trading operational position of FuturePlaces. It is, though, assumed that any such costs will relate to those reasonably and properly incurred. Therefore, as a matter of prudence it is recommended that the current £4m provision is increased by £1.24m.

50. In addition, this option will require the establishment of the new Council Development Service. The maximum annual additional revenue cost from 2024/25 for this service is estimated as follows, it is impacted by the final number of staff transferring under TUPE:



£720k	Direct staffing
£446k	Indirect staffing costs (central support costs)
£175k	Project delivery (15%)
£185k	Loss of BCP income from recharged support costs via the resource agreement
<b>£1,526k</b>	<b>Total additional annual costs from 2024/25</b>
<b>£636k</b>	<b>Total cost for the period 1 November 2023 to 31 March 2024.</b>

51. This cost will be combined with those of the development commissioning team and the housing delivery team to create the new Investment and Development Directorate.

52. A summary of the estimated position is as follows.

**Table 30.1. Orderly closure of Future Places**

Min	Max	
£4.75m	£4.75m	Write off working capital loan drawn down by FuturePlaces
£1.06m	£1.06m	FuturePlaces Operating costs until closure.
(£4.04m)	(£0.57m)	Work in progress payment to FuturePlaces range
<b>£1.77m</b>	<b>£5.24m</b>	<b>Sub Total</b>
(£4.00m)	(£4.00m)	Release provision made as part of the 2022/23 accounts.
<b>(£2.23m)</b>	<b>£1.24m</b>	<b>Total after provision already made</b>
£0.64m	£0.64m	New BCP Investment and Development directorate costs
<b>(£1.59m)</b>	<b>£1.88m</b>	<b>Total</b>

53. In summary the Council is advised to assume up to £1.88m additional cost over and above the provision made in last year's accounts in connection with the orderly closure of FuturePlaces and the operation of a new development service from November 2023 to March 2024. This scenario will create a 2023/24 in year service pressure of £1.88m, which, as part of the quarter two budget monitoring report, mitigations to cover the pressure will need to be brought forward.

54. In the optimistic scenario it may be possible to reduce the previous 2022/23 provision of £4m by £1.59m, depending on the opportunity to offset the £4.04m of work in progress against already approved revenue and capital budgets. As highlighted this scenario is dependent on FuturePlaces securing £4.04m income for their work in progress. In all likelihood if this value was achieved it would require the council to identify additional revenue and capital budgets not already approved which would impact on the overall financial equation.

55. Funding for future years will need to be identified as part of the formal annual budget process. For 2024/25 that allocation will formally be made at Council on 20 February

2024. However, the recommendation of this report, without prejudice, asks Council to recognise the intent for the proposed 2024/25 budget to include £1.526m to finance the in-house delivery of development. The opportunity will be taken to offset any such costs against capital and other sources of funding where it is appropriate to do so.

56. Council should consider the extent to which this option is affordable bearing in mind the referenced £44m funding gap in the MTFP for 2024/25 which includes a £30m structural deficit due to the use of earmarked reserves to fund the 2023/24 budget.

**Option 2: Maintain the status quo.**

57. This option assumes FuturePlaces continues with no changes to their scope or the funding model.
58. Current economic conditions including interest rates and material costs are challenging the viability of large development schemes. This has led to a review of priorities and risk.
59. This option has been discounted as it would require the Council to continue to take the development and investment risk associated with the business cases on the current FuturePlaces deliverables. As such this would require the Council to enter into further general fund borrowing and to take additional risk with council taxpayers' resources. By implication the Council would be foregoing any gains or returns that such proposals may have delivered for the Council.
60. Without the fees generated through Council-approved business cases, FuturePlaces would have no mechanism for repaying the working capital loan from the Council and would require the loan to be further extended.
61. For context the 2023/24 working budget for FuturePlaces assumed an expenditure base of £7.534m and therefore they would be reliant on income generated from successfully approved business cases to operate within the boundaries of the £8m working capital loan facility.
62. Due to the uncertainty regarding the ability to recover the loan repayments and associated interest due, the debt would prudently need to be written off to the BCP revenue account, consequently the provision would need to be increased.

**Option 3: Continue BCP Future Places Ltd under a revised funding model**

63. A new model, likely to be a hybrid approach with revenue and capital funding, would still require the current situation to be right sized as detailed under option 2. This would need to be resolved by either additional funding, or unrecoverable debt being written off.
64. New activity would need to be commissioned with a clear funding source agreed in advance. Any activity not specifically linked to the creation of an asset would require revenue funding and become a pressure in the councils MTFP as it arises. For those schemes considered capitalisable the same working capital loan provision (albeit at a reduced level) plus the risks regarding the Council making positive decisions and therefore the ultimate ability for FuturePlaces to repay the debt would remain. In essence the risk of operating and running a company remain.
65. In respect of future activity, the council could change its position between outline business case (OBC) and full business case (FBC) therefore the risk of abortive

works remains, and in this situation the council would experience an adverse in-year budget variance when the decision to cease is made.

66. The council would continue to generate income via the resource agreement.
67. On a like for like basis with the costings in option 1 the cost of maintaining the current staffing levels in FuturePlaces to deliver the revised objectives would be:

£868k	Direct staffing*
£392k	Indirect staffing costs* (central support costs)
£175k	Project delivery
£185k	Support costs via the resource agreement
£60k	Direct company operating costs
<b>£1,680k</b>	<b>Total annual costs from 2024/25.</b>

\* excluding any bonus payments

68. As per option 1 the opportunity will be taken to offset any such costs against capital and other sources of funding where it is appropriate to do so.

#### **Option 4: BCP Council pauses all non HRA Housing development activity.**

69. Pausing all development activity would not avoid the up to £1.24m additional potential cost associated with the orderly closure of FuturePlaces as referenced in Option 1 and the issues associated with its funding.
70. It would however avoid the need to fund the additional cost of the new Investment and Development Directorate and would create an annual saving in respect of the current £261k budget for the development commissioning functions currently held within the Council.
71. There would be a loss of income to BCP from recharged support costs via the resource agreement currently in place with FuturePlaces, this also applies to Option 1.
72. This option in isolation, excluding any redundancy cost implications, would have the greatest short-term positive impact on the referenced funding gap in the MTFP for 2024/25. However, this option does not help address the housing shortage which is creating revenue pressure elsewhere within the Council's budget.

#### **Summary of legal implications**

73. FuturePlaces is a wholly owned subsidiary of the Council established under the Companies Act 2006. On 25 January 2022 the Council and FuturePlaces entered into a shareholders' agreement (the SA) which details those matters which are reserved to the Council (i.e., a decision of the company would only be effective if approved by the Council or contained in the business plan approved by the Council.) This includes the passing of a resolution to wind up the company.
74. A letter has been issued to FuturePlaces assuring them of the Council's support of ongoing trading pending the results of a review and a formal decision on regeneration services. The letter was issued by the Chief Executive under his delegated powers and recorded in an officer decision record (see background papers).
75. If the decision is made to wind up the company, then

- a) the procedures set out in the Insolvency Act 1986 and the Insolvency (England and Wales) rules 2016 would need to be adhered to at the appropriate time.
  - b) The company secretary will be required to ensure that the formalities for deregistration of a company are dealt with at Companies House and HMRC at the appropriate time.
76. If the decision is taken to bring the delivery of development services in-house the Transfer of Undertakings (Protection of Employment) Regulations 2006 would apply to all BCP FuturePlaces employees currently undertaking such work. The appropriate procedures would need to be followed.
  77. The Council is empowered to undertake development for various purposes by virtue of existing legislation. The work to support a programme of development and investment can be undertaken by an in-house team.
  78. Further, the Council is empowered to enter into land disposals and option agreements. This is subject to the proviso that the land is sold at the best consideration reasonably obtainable. To satisfy the "best value duty" requires an assessment of the commercial or monetary value of the asset/interest in the asset being disposed of. This is a question to be determined by a valuer and an appropriate valuation should be carried out prior to completion of the disposal.
  79. Legislation requires that contracts relating to the sale of land must be concluded in writing. The formalities of the disposal will be concluded as part of the transaction to convey legal title to the land and documents will reflect the terms and conditions of the disposal as approved by the Director of Finance.

## **Summary of human resources implications**

### **Option 1 – Bring the development delivery back into the council immediately**

80. If option one is agreed, TUPE Regulations will apply to the transfer in of employees working for FuturePlaces. Employees will be eligible to transfer to BCP Council, regardless of their length of service with FuturePlaces (unless separate agreements have been reached with any individual employees to end their employment prior to the date of transfer).
81. All transferring employees will be subject to formal consultation under TUPE and this process will not conclude until full approval has been given to the transfer. Further HR work is required to determine which sections of the Council transferees will move to. Work will also be required to align posts with appropriate Korn Ferry role profiles from the existing suite of profiles and, if necessary, create new Korn Ferry role profiles if no suitable profiles exist. This process is required, as all transferees will be subject to the outcome of the Pay & Reward review.
82. It is recognised that not all FuturePlaces officers will want to transfer into the Council and there may be vacancies because of this. Further discussions will be required with staff during the consultation process on an individual basis, including with company directors.
83. Development functions will be brought into a new Directorate within Operations reporting to the Chief Operations Officer. This Directorate will be led by a Director of Investment and Development, post to be confirmed. The team structure will include Housing Delivery, Programme management, and Development delivery inclusive of a Head of Service for each of these areas.

## **Option 2 – Maintain the status quo.**

84. There are no HR implications in maintaining the status quo and employees will continue to be employed by FuturePlaces in their current capacity. It is noted that this option is not recommended.

## **Options 3 – Continue BCP Future Places under a revised funding model.**

85. Employees will continue to be employed by FuturePlaces but there may be potential HR implications associated with this option. The impact upon staffing will need to be determined if a revised funding model is agreed. It is noted that this option is not recommended.

## **Option 4 – BCP Council pauses all non HRA Housing development activity.**

86. If development activity is paused all affected staff will be subject to consultation regarding the redundancy of their roles. Two separate redundancy programmes will be required, one for BCP staff and one for FuturePlaces staff. It is noted that this option is not recommended.

## **Summary of sustainability impact**

87. If the Council decides to approve the recommended option to bring regeneration activity back in-house, with a prioritised programme of activity, some projects will stop or pause whilst other projects will be accelerated, particularly where there is a community benefit and the scheme is aligned to Council priorities such as the delivery of affordable housing.
88. Whilst there may be some impact in terms of sustainability as a result of this decision, the Council has declared a climate and ecological emergency and as such all its development and investment projects, whether delivered in-house or via a partner, are required to contribute to the Council's Climate Emergency action plan by ensuring new development is resource efficient, adopts low carbon technology and leads to sustainable communities which are resilient to climate change and contribute to Biodiversity Net Gain either on site or through natural capital and landscape strategies.

## **Summary of public health implications**

89. The council remains committed to development and investment and providing these services via an in-house team will ensure that development projects remain aligned to council priorities.
90. A more focused programme of development and regeneration will contribute to creating and sustaining jobs and prosperity across the BCP area, improving housing and high-quality open spaces, with well designed, walkable, inclusive neighbourhoods that help promote health and well-being.

## Summary of equality implications

91. An EIA conversation/screening document has been completed for this report setting out the Council's intention to close its urban regeneration company –FuturePlaces Ltd – and to progress its development plans at key sites via an in-house team to ensure that projects remain aligned to council priorities. It is not, therefore, anticipated that service users (residents or visitors) will be affected by the change.
92. By internalising these functions, the Council will be able to bring together its current in-house Housing Delivery Team, and the Council's Newbuild Housing and Acquisitions Strategy (CNHAS) with Investment and Development functions enabling greater focus and capacity for delivering homes and jobs on sites owned, or controlled, by the Council.
93. The Council does not hold personal data for FuturePlaces staff, including protected characteristics, which makes assessing any possible negative impacts difficult to quantify currently. However, should the Council decide to approve the recommendation to close the company then any equalities impacts will be assessed and considered as part of the programme to wind-up the company and as part of any TUPE process.
94. In relation to Council staff, any resultant restructure will follow approved HR policies and any equalities implications will be considered as part of this process. The EIA was reviewed on Wednesday 30 August. The panel approved the proposal, concluding that the EIA provided sufficient evidence that the public sector equality duty had been met.

### Summary of risk assessment

95. The key risks associated with the four options are summarised below:

Risk	Option 1: Bring development delivery in-house immediately	Option 2: Maintain the status quo	Option 3: Continue BCP FuturePlaces Ltd under a revised funding model	Option 4: Pause all development activity
<b>Loss of staff</b>	<p>Medium</p> <p>There is a high risk that the decision to bring development activity in-house results in a loss of some staff from the FuturePlaces' team. However, this risk is reduced to medium with mitigating actions including regular staff briefings and the application of TUPE legislation to protect employees. This option envisages the transfer in the shortest possible timeframe to minimise disruption and provide certainty and long-term stability whilst maintaining momentum on priority development project delivery.</p>	<p>Medium</p> <p>Should the council decide to retain the services of FuturePlaces in its current form, it is likely that staff and momentum will still be lost due to the uncertainty associated with the current financial model and changing market conditions, and the need to respond to the recommendations of the DHLUC governance review.</p>	<p>Medium</p> <p>Should the council decide to retain the services of FuturePlaces under a revised funding model, it is likely that staff and momentum will still be lost due to the uncertainty associated with the adoption of a new funding model and a reduced portfolio of projects.</p>	<p>High</p> <p>This option would see the removal of all FuturePlaces staff and the in-house team. All knowledge and capacity would be lost and all development activities apart from housing delivery will cease.</p>
<b>Value for Money</b>	<p>Medium</p> <p>By internalising development functions, the council can bring together various related investment and development functions to ensure greater efficiency in ways of working, less reliance on external consultants, and that transparent and rigorous financial controls</p>	<p>High</p> <p>Maintaining the development function as currently delivered by FuturePlaces is not financially sustainable and the council would continue to take the development and investment risk associated with FuturePlaces projects and would require further</p>	<p>High</p> <p>Should the council decide to retain the services of FuturePlaces under a revised funding model with a reduced portfolio of projects, the council would continue to take the development and investment risk associated</p>	<p>Low</p> <p>Whilst this option would see savings from both the closure of FuturePlaces and the removal of the in-house team, all development activities would also cease until such time as the council was able</p>



	are in place.	general fund borrowing.	with FuturePlaces projects and would require further general fund borrowing.	to reinstate these functions.
<b>Reputational Damage</b>	<p>Low</p> <p>There is a low risk that the council's reputation is damaged due to a change in investment and development delivery model. However, this risk is reduced to low with mitigating actions including a comprehensive communications and stakeholder engagement plan, a reduced and prioritised portfolio of schemes and new in-house team structure to reassure third parties of delivery.</p>	<p>High</p> <p>Should the council decide to retain the services of FuturePlaces in its current form, there is a high risk of reputational damage if the council is not seen to respond adequately to the governance review undertaken by DHLUC.</p>	<p>Medium</p> <p>Should the council decide to retain the services of FuturePlaces under a revised funding model with a reduced portfolio of projects, the reputational risk is reduced in comparison to option 2. However, this option does not address the lack of transparency and control experienced under the existing business plan and operating model of FuturePlaces and there is still a risk of reputational damage if the council is not seen to respond adequately to the governance review undertaken by DHLUC.</p>	<p>High</p> <p>Ceasing all development activity will result in reputational damage for the council from third parties and the public due to likely loss of investment and inaction.</p>

## Background papers

### Published Works:

- The Future of Regeneration in BCP – Cabinet Paper 10 March 2021(<https://democracy.bcpCouncil.gov.uk/ieDecisionDetails.aspx?AllId=6335>)
- Proposed Regeneration Vehicle Options Appraisal – Cabinet Paper 26 May 2021 (<https://democracy.bcpCouncil.gov.uk/ieDecisionDetails.aspx?ID=388>)
- Accelerating Regeneration and Investment in the BCP Area – Cabinet Paper 29 September 2021  
(<https://democracy.bcpCouncil.gov.uk/ieDecisionDetails.aspx?AllId=7827>)
- BCP Commissioning Plan for Regeneration and Development and Urban Regeneration Company Business Plan – Cabinet Paper 27 October 2021 (<https://democracy.bcpCouncil.gov.uk/mglIssueHistoryHome.aspx?Id=13678>)
- BCP FuturePlaces Ltd – Revised Business Plan and Funding Mechanism – Cabinet Paper 22 June 2022  
<https://democracy.bcpCouncil.gov.uk/ieDecisionDetails.aspx?AllId=9577>
- External Assurance Review of Bournemouth, Christchurch, and Poole Council - <https://www.gov.uk/government/publications/bournemouth-christchurch-and-poole-council-external-assurance-review/external-assurance-review-of-bournemouth-christchurch-and-poole-council>
- Officer Decision Record – Letter of Assurance to BCP FuturePlaces Limited (*Link to be added once published pre-Cabinet*)

### Appendices

Appendix 1 – Future Places October 2021 and June 2022 project lists.

Appendix 2 – EIA Screening Document

Appendix 3 – Principles to be applied to the closure of Future Places accounts.

Appendix 4 – FuturePlaces Governance Review

This page is intentionally left blank

## Appendix 1: BCP Future Places Ltd Business plan October 2021 and June 2022 project sites

	Business Plan		Site	Work identified
	Oct 21	Jun 22		
1			Beach Road Car Park	Asset optimisation
2a			BIC/ARC	Redevelopment & regeneration of key site
2b			Winter Gardens Revision	Place making input
2c			BIC	Capacity Study and Re-Provision: requested by Council due to changing market and policy circumstances.
2d			Westover Road	Charette and urban design strategy: Activation of ARC project deploying stakeholder engagement techniques and co-design processes.
3			Boscombe	Area based regeneration
4			Poole Old Town & Quay	Area based regeneration
4a			Chapel Lane (North)	Poole Old Town and Quays to include Chapel Lane (North) mixed use development
4b			Chapel Lane (South)	Poole Old Town and Quays to include Chapel Lane (South). Pilot green car park recognising important role this high-quality car park plays in visitor patronage of Poole Centre.
4c			Poole Quays Design Code (DHLUC Pilot)	DHLUC Pilot
4d			Poole Town Quay – design and delivery	BCP design / delivery commission
4e			Poole Promenade (West Quay to Hunger Hill)	Design and delivery – key integrative project unlocking regeneration of the Poole Waterfront; coordinating live development proposals and optimising EA flood mitigation investment to produce high quality public realm.
4f			Poole Waterfront	Technical studies, aggregate impacts, development of evidence base to support Poole Quays projects.
5			Christchurch	Area based regeneration & asset optimisation
5b			Christchurch Civic Centre Green Car Park	Pilot green car park recognising important role this high-quality car park plays in visitor patronage of Christchurch Centre.
5d			Christchurch High Street to station	Urban Design strategy. Project adopted recognising important of securing improved connectivity to railway station and optimising adjacent development sites.
6			Heart of Poole	Area based regeneration & asset optimisation
6b			Carters Quay Design Quality Exercise	Design quality management and place making
7			Holes Bay	Area based regeneration & asset optimisation

7a			Holes Bay	Land remediation, stabilisation, and flood mitigation strategy. Technical studies with early point of capitalisation.
7b			Holes Bay	Meanwhile Use Masterplan and delivery: Recognising incremental approach to delivery.
7c			Holes Bay	Water, waste and energy strategy. Technical approach to optimise potential of site to meet key regulatory requirements and produce innovative solutions.
7d			Holes Bay	Water front and Public Realm. Linked to Poole Promenade project, generated by need to secure design coordination with Carters Quay scheme.
8			Poole Civic Centre	Area based regeneration & asset optimisation
9			Turlin Moor	Place making inputs & development strategy
10			Wessex Fields	Place making inputs & development strategy
11			Port of Poole	Capacity and connectivity issues; optimisation of asset
12			Constitution Hill	Asset optimisation
13			Extra Care Village	Extra Care provision strategy
14			Cotlands Road	Area based regeneration & asset optimisation
14a			Lansdowne	Charette and Design Code: DHLUC pilot to secure urban design framework for area and public realm approach.
16			Poole Station Quarter	MoU in discussion with Network Rail and SW Rail to optimise opportunity to secure a multi-modal movement hub supporting sustainable travel.
17			Seafront	Project support to delivery of Seafront Strategy
18			Thematic studies, not site specific	The Big Conversation – project to explore resident and stakeholder values to guide placemaking programme.  Place Potential Plan and Studies – Technical studies to develop emerging place narrative into a coordinated approach to regeneration and place-making.
19			Cross cutting projects, not site specific	Charettes programme; Design Codes; Green Car Parks; Super loos; High streets renaissance, strategic landscape and natural capital investment approach.

## Appendix 2

### Equality Impact Assessment: Conversation Screening Tool

[Use this form to prompt an EIA conversation and capture the discussion. This completed form or if needed, a full EIA report (form 3) will be published as part of the decision-making process *\*Please delete prompts before publishing*]

<b>What is being reviewed?</b>	The recommendation to close BCP FuturePlaces Limited and for the Council to bring regeneration activity in-house.
<b>What changes are being made?</b>	<p>In response to the DHLUC governance report (<a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/614441/External_assurance_review_of_Bournemouth_Christchurch_and_Poole_Council_-_GOV.UK.pdf">External assurance review of Bournemouth, Christchurch and Poole Council - GOV.UK (www.gov.uk)</a> which recommended streamlining the work of FuturePlaces, and to meet the ambitions of the new administration, this proposal will see the Council's wholly owned urban regeneration company closed, and regeneration activity brought back to in-house delivery.</p> <p>This is due to several factors including:</p> <ul style="list-style-type: none"> <li>• Rising cost of construction</li> <li>• Increased cost of borrowing</li> <li>• Worsening financial position for BCP Council</li> <li>• Rising need for social and affordable housing.</li> </ul> <p>A budget is being requested from Council to fund the in-house team to support delivery of a reduced and prioritised programme of regeneration projects to support the Council's corporate priority to create dynamic places.</p> <p>By internalising these functions, the Council will be able to bring together its current in-house Housing Delivery Team, and the Council's Newbuild Housing and Acquisitions Strategy (CNHAS) with Community Investment and Regeneration functions enabling greater focus and capacity for delivering homes and jobs on sites owned, or controlled, by the Council.</p> <p>As part of the Cabinet report proposing the closure of FuturePlaces and internalising of regeneration functions, four options in total have been considered. These include:</p> <p>Option 1 – Bring Regeneration delivery back into the Council immediately. This is the recommended option as set out above.</p> <p>Option 2 – Maintain the status quo – this option is not recommended as it does not respond to the factors listed above.</p> <p>Option 3 – Continue with FuturePlaces under a revised funding model. This option is not recommended as, whilst it might address some of the external factors above, it would not address the transparency or control issues raised by the DHLUC governance report.</p> <p>Option 4 – BCP Council pauses all regeneration activity – this option is not recommended as the council will not be able to meet</p>

	the future needs of our communities without investing in regeneration today.
<b>Service Unit:</b>	Operations
<b>Participants in the conversation:</b>	Graham Farrant, Jess Gibbons, Ian O'Donnell, Julian McLaughlin, Sarah Good, Cllr Vikki Slade and Cllr Mark Howell
<b>Conversation date/s:</b>	Following work with the new administration during Strategy Week (13 June 2023) a review of the FuturePlaces work programme was undertaken and the best mechanism to deliver regeneration across BCP has been discussed at numerous meetings throughout July and August. These meetings have included those officers listed above along with members of the FuturePlaces team and Company Board.
<b>Do you know your current or potential client base? Who are the key stakeholders?</b>	BCP Council - staff BCP FuturePlaces Limited – staff
<b>Do different groups have different needs or experiences?</b>	Changing the delivery model for regeneration will affect both Council and FuturePlaces staff.  Details of the FuturePlaces staff make-up, including equality monitoring data are not yet available to the Council. However, any transfer of staff will follow Transfer of Undertakings Protection of Employment Rights (TUPE) legislation that protects employees, and their benefits, when employment changes hands.
<b>Will this change affect any service users?</b>	The Council intends to progress its regeneration plans at key sites and will be requesting budget to support the creation of an in-house team to ensure that projects remain aligned to council priorities.  It is not, therefore, anticipated that service users (residents or visitors) will be affected by the change.  However, the projects being prioritised for delivery by the council will see the greatest benefits for the community – for example the former power station site at Holes Bay which envisages infrastructure improvements, new green space, and approximately 850-1000 new homes.
[If the answer to any of the questions above is 'don't know' then you need to gather more evidence. The best way to do this is to use forms 2 and 3. <i>*Please delete prompts before publishing*</i> ]	
<b>What are the benefits or positive impacts of the change on current or potential users?</b>	There are no positive or negative equalities impacts identified because of this change for potential service users.
<b>What are the negative impacts of the change on current or potential users?</b>	There are no positive or negative equalities impacts identified because of this change for potential service users.



<p><b>Will the change affect employees?</b></p>	<p>The Council does not hold personal data for the FuturePlaces staff affected, including protected characteristics, which makes assessing any possible negative impacts difficult to quantify at this time.</p> <p>However, should the Council decide to approve the recommendation to close the company, then any equalities impacts will be assessed and considered as part of the programme to wind-up the company and as part of any TUPE process.</p> <p>The Council intends to progress its regeneration plans at key sites and will be requesting budget to support the creation of an in-house team to ensure that projects remain aligned to council priorities. Any resultant staff restructure will follow approved HR (Human Resources) processes and relevant Council policies.</p>
<p><b>Will the change affect the wider community?</b></p>	<p>The Council intends to continue its regeneration plans in-house and it is not, therefore, anticipated that the wider community will be affected by this change.</p>
<p><b>What mitigating actions are planned or already in place for those negatively affected by this change?</b></p>	<p>Should the Council decide to approve this recommendation, then a structured programme, including appropriate communications and governance, will be instigated to ensure the smooth transition of these services back to the Council.</p> <p>The change will affect both FuturePlaces and Council staff. Mitigating actions will include robust governance of the transition and adherence to HR policies for any restructure of the in-house provision.</p> <p>In relation to FuturePlaces staff, TUPE legislation will be followed, where appropriate, and a comprehensive communications strategy will be developed to ensure staff are kept apprised throughout the process. Any other opportunities for redeployment will also be considered.</p>
<p><b>Summary of Equality Implications:</b></p>	<p>No positive or negative equality impacts have been identified from the recommendation is for the Council to close its urban regeneration company – BCP FuturePlaces Limited – and to progress its regeneration plans at key sites via an in-house team to ensure that projects remain aligned to council priorities. It is not, therefore, anticipated that service users (residents or visitors) will be affected by the change.</p> <p>By internalising these functions, the Council will be able to bring together its current in-house Housing Delivery Team, and the Council's Newbuild Housing and Acquisitions Strategy (CNHAS) with Community Investment and Regeneration functions enabling greater focus and capacity for delivering homes and jobs on sites owned, or controlled, by the Council.</p> <p>The Council does not hold personal data for FuturePlaces staff, including protected characteristics, which makes assessing any</p>

	<p>possible negative impacts difficult to quantify currently. However, should the Council decide to approve the recommendation to close the company then any equalities impacts will be assessed and considered as part of the programme to wind-up the company and as part of any TUPE process.</p> <p>In relation to Council staff, any resultant restructure will follow approved HR processes and relevant Council policies, and any equalities implications will be considered as part of this process.</p>
--	--

Form Version 1.2

## Principles to be applied to the financial closure of BCP FuturePlaces Ltd

The purpose of this document is to set out for Member consideration the principles to be applied to closure of BCP Future Places Ltd financial accounts in respect to work-in-progress. This framework will help in determining the eligibility, value and funding sources for work being acquired by the council.

### Principle 1: Eligibility

Information and advice would be considered eligible subject to the following considerations.

1. All items purchased must be for a clear rationale in line with existing council objectives and priorities.
2. All documents and advice must be reviewed and signed off by the relevant officer and subject matter expert.

### Principle 2: Valuation

Information and advice would be valued subject to the following considerations: -

1. On an open book arrangement, the council would seek confirmation of any third-party external spend incurred by FuturePlaces and apply a multiplier of [1.8] (based on the standard ratio of external to internal costs experienced by the company.)
  - The council can place confidence in the value of third-party costs due to BCP FuturePlaces adhering to the same procurement process of the council due to its Teckal status.
2. Where there are no third-party costs, FuturePlaces would need to evidence any time spent on a project via timesheets. The council would consequently be willing to pay 3 times the base salary cost of the time incurred.

### Principle 3: Funding

Information and advice would be funded subject to the following considerations: -

1. For **continuing** schemes that have already experienced a capitalisation point, any additional costs could continue to be **capitalised** in line with pre agreed budgets.
  - Should the required expenditure create an additional funding need then the necessary approvals would need to be sought to increase the budget within the capital programme.
2. For any **new** schemes that are clearly supporting the acquisition or construction of a capital asset, then these costs could also be **capitalised** subject to:
  - Sufficient clarity on the intended outcome.
  - A business case including funding source approved in line with the financial regulations.
  - The scheme and the associated budget being included in the council capital programme.

3. For any schemes earmarked for **disposal**, then costs incurred could be funded from the **disposal proceeds**.
  - Subject to adhering to the parameters allowed, particularly noting the 4% cap on non-housing disposals.
  - Depending on the timing of the disposal it may be necessary to raise a capital debtor at year end to cover the cost incurred.
4. For any **general** information and advice relevant to feasibility studies or assisting with policy setting then these costs would require a **revenue** funding source.
  - No provision currently exists for such expenditure therefore the necessary approvals would need to be sought for inclusion in the council's MTFP.
5. Any packages of information the council does not require would not be purchased and remain as an unrecoverable cost burden in the company.

#### **Principle 4: Assets**

As at the 31 October 2023 BCP FuturePlaces Ltd is predicted to hold the following assets.

£23,217	ICT Equipment (Service Pro and Laptops)
£7,120	Glass Partitions
<b>£30,337</b>	<b>Total Asset Valuation</b>

The council would pay the net book value for these assets and then capitalise the costs funded by prudential borrowing with the revenue charge part of the cost of the new Investment and Development Directorate.

## **BCP FUTUREPLACES LIMITED – GOVERNANCE REVIEW**

### **BACKGROUND AND SCOPE**

As part of the Board's broader review of FuturePlaces, I have undertaken a review of certain governance aspects. As outlined in Lord Kerslake's email to the FuturePlaces Board dated 18 April 2023, I have approached the review as a stocktake, rather than a comprehensive review and have focused on considering lessons learned over the first year of operation, and on considering how the original operational model (developed before the company commenced) and practice can be improved upon, and adapted to present operational and market conditions.

In undertaking my review, I have met with: Graham Farrant (Chief Executive, BCP Council), Julian McLaughlin (Service Director – Infrastructure, BCP Council), Sarah Good (Head of Delivery – Regeneration, BCP Council), Cllr Phil Broadhead (former Leader, BCP Council), Gail Mayhew (MD, FuturePlaces), Craig Beevers (COO, FuturePlaces) and Rob Dunford (Corporate, Business Case & Commercial Manager, FuturePlaces). My sincere thanks go to all who have taken part for their assistance with this review.

I have additionally been provided with, and reviewed relevant sections of, several documents including: BCP Urban Regeneration Company Commissioning Plan; Smart Growth Associates Review of Business Model of BCP FuturePlaces; FuturePlaces Business Plan 2021/23 (October 2021); FuturePlaces Business Plan Refresh (May 2022); FuturePlaces Annual Review 2022-23; FuturePlaces Headline Programme; FuturePlaces Governance & Reporting Schedule & Terms of Reference; FuturePlaces-Members Engagement Forum (MFEF) Terms of Reference.

### **SUMMARY FINDINGS**

There was general consensus that there is genuine need for FuturePlaces and, in particular, the specialist regeneration and private sector real estate expertise and experience which FuturePlaces brings. It was observed that there were good levels of engagement between FuturePlaces and relevant departments within BCP Council, as well as stakeholders in the BCP community and more broadly (eg Homes England). There was a strong desire, from everyone I spoke to, for FuturePlaces to be successful in delivering much-needed regeneration for Bournemouth, Christchurch and Poole.

It was a recurring theme in the conversations I had that there was lack of a shared vision and alignment on the aims & objectives of FuturePlaces. It was generally acknowledged that the operational model under which FuturePlaces is currently operating is quite different to the model devised at inception and, as a result, there is a lack of clarity and consistency between BCP Council and FuturePlaces on, amongst other things, respective roles & responsibilities, and commissioning & funding processes and procedures. It was felt that now was an opportune moment to "reset" on these various aspects.

Although not the focus of my review, issues were raised in relation to the breadth of work being undertaken by FuturePlaces. Concerns were raised as to the capacity within BCP Council and FuturePlaces – from both a resource and funding perspective – to deliver all the projects currently being worked on.

### **MOVING FORWARD**

I have set out below, for consideration and discussion, some observations and suggestions arising from my review.

1. **Aims & Objectives:** The current lack of alignment on the aims & objectives of FuturePlaces is problematic and should be addressed. There would be benefit in the BCP Council and FuturePlaces teams working together to reach agreement on a short and simple statement of the Purpose, Aims & Objectives for FuturePlaces. This statement should align with and support the delivery of the

Regeneration Strategy of the in-coming BCP Council Leadership and should recognise FuturePlaces's status as a wholly-owned Teckal company of BCP Council.

2. **Roles & Responsibilities:** Similarly, the current lack of clarity and consistency in relation to respective roles & responsibilities is giving rise to frustration and the potential for duplication in some areas and gaps in resource in other areas. Included within the output from (1) above should be a clear articulation of the respective roles & responsibilities of FuturePlaces and each of the relevant departments and functions within BCP Council. This should address, amongst other things, which matters are within (and what is out-with) the scope of FuturePlaces; the support and resource to be provided by BCP Council departments and functions to FuturePlaces; and respective roles & responsibilities with respect to the commissioning process (see further on commissioning at (3) below). Once projects are commissioned, there would be merit in establishing project-specific roles & responsibilities using a RACI matrix or similar tool to provide clarity and streamline decision-making at project level.
3. **Commissioning:** The intended process and framework for commissioning is set out in the BCP Urban Regeneration Company Commissioning Plan. My observations on the Commissioning Plan are as follows:
  - (a) It is not clear to me, from the conversations I had, that the structure, framework and principles set out in the Commissioning Plan have been consistently implemented.
  - (b) There are a number of aspects of the Commissioning Plan which are out of date or require refreshing, for example, to ensure alignment with the Regeneration Strategy of the in-coming BCP Council Leadership, and the current structure and resource within the Client Team.
  - (c) A key area which is out of date and requires updating is Section Three on Financial Strategy. I am aware that a separate review is being undertaken to consider appropriate funding models.
  - (d) The Commissioning Plan makes reference to a Commissioning Agreement and Resource Agreement as key documents which underpin the smooth functioning of the Commissioning Plan. As far as I understand, neither the Commissioning Agreement nor the Resource Agreement have as yet been entered into.
  - (e) The Commissioning Plan includes, as FuturePlaces's Initial Workplan, a list of 20 Site-specific and Thematic Projects, as well as a number of Cross-Cutting Strategic Initiatives. Given current capacity within BCP Council and FuturePlaces, from both a resource and funding perspective, this list should be significantly rationalised down to focus on a small number of priority projects which can be seen through to delivery. For each of these priority projects, a clear scope, budget, deliverables, timeline and key milestones should be agreed; and a change control process established and adhered to.

The critical importance of having a workable, robust and transparent process for commissioning and funding the work of FuturePlaces is self-evident, and yet appears to be lacking. Once this process is defined and in place, it should be strictly adhered to.

4. **Ways of working:** I am aware that Ways of Working exercises have previously been undertaken between FuturePlaces and BCP Council teams and that formal and informal collaborative working practices have been put in place. Given the importance of ensuring continuous and effective communication, collaboration and cooperation between FuturePlaces and BCP Council teams, these ways of working practices should be kept under review and regularly discussed and refreshed to ensure they continue to remain relevant and fit for purpose.

**Karima Fahmy**  
**7 June 2023**