

## Appendix 3

# Summary of Business Case

On 10<sup>th</sup> March 2021, BCP Council identified that its significant regeneration agenda – a level of investment that is expected to exceed £3 billion – was out of step with its historic capacity for delivery of regeneration. Cabinet agreed to explore appropriate mechanisms to deliver the development of these sites within an accelerated timetable, to support the continued growth of the area.

The business case considered the potential options for suitable delivery mechanisms and worked through a systematic process to consider the benefits and risks of each of these options.

To do so, the business case development team worked through the below process, which is based upon a HM Treasury Green Book approach.



### Case for Change

The opportunity for the Council, in regeneration development terms, is estimated to be almost £2bn<sup>1</sup>. However, current delivery against housing targets in the region is low: in 2019/20, there were 1703 completions, despite some of the BCP area falling into a ‘presumption’ classification, where a presumption in favour of sustainable development applies. Whilst much of the delivery of housing targets is outside of the control of the Council, an increase in the direct intervention by Council in sites – particularly those that are Council-owned – will be needed to drive a step change in the delivery of sites within the region.

BCP Council has some internal capacity to support a regeneration programme in terms of development related skills and in support functions such as finance, legal and HR. However, additional capacity will be required to provide the focus and emphasis that will deliver acceleration of the scale and pace desired by the Council.

Therefore, BCP Council will need to look at both the internal resource requirements alongside those that will be identified as essential for the safe and efficient running of the commercial vehicle, to be fully resourced to deliver the programme.

### RECOMMENDED OPTION

Following the detailed evaluation of two key options (Do Minimum and Enhanced Provision), the enhanced provision option was recommended:

Enhancing the provision for housing and regeneration delivery as well as strategic regeneration and place shaping. This would be undertaken through a direct delivery model by

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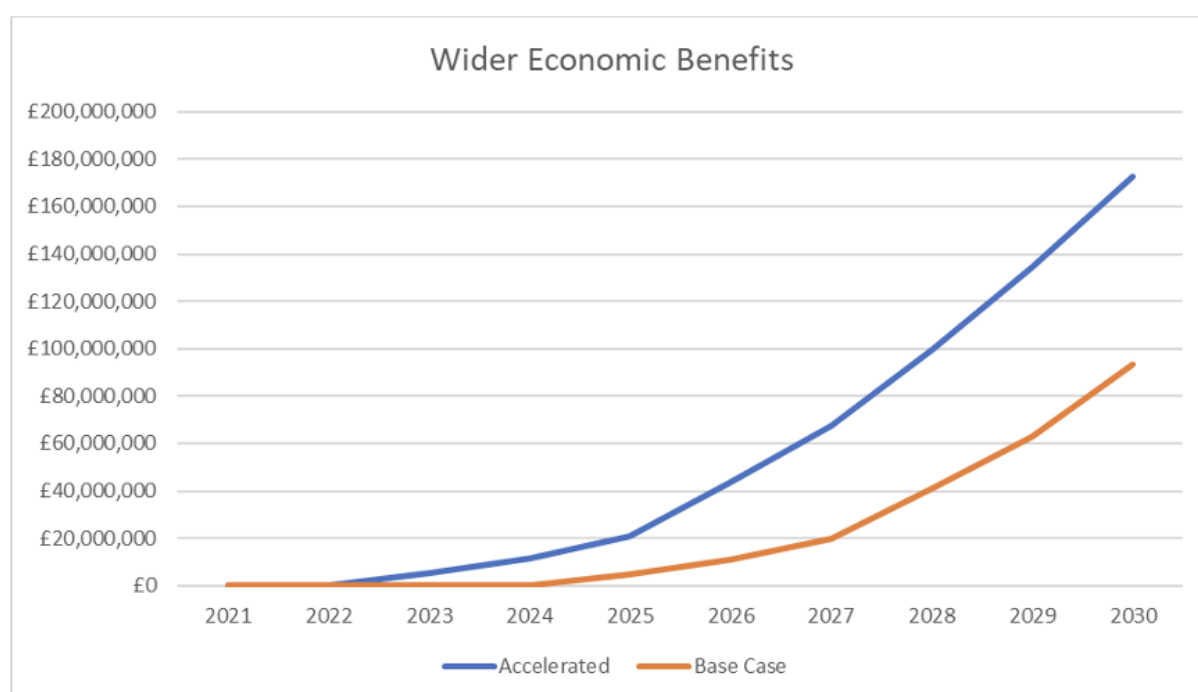
<sup>1</sup> Business Case Framing Report, 2021 by Inner Circle Consulting.

setting up a wholly-owned company, supported by a robust client-side commissioning team to ensure that the wholly-owned company remains aligned to the strategic needs of the Council.

The business case team assessed the Investment Required, Key Risks, and Expected Outcomes of the options. An assessment of cost difference between an in-house team and a wholly-owned company was undertaken, a summary of which is provided below:

Comparison URC vs BCP in house	Annual Cost	Set-up costs	Total 10-year costs
URC	£3,087,930	£150,000	£31,029,300
BCP - in house	£2,847,314	£0	£28,473,140
<b>Difference</b>	<b>£240,616</b>	<b>£150,000</b>	<b>£2,556,160</b>

The wider economic benefits of the approach were modelled, showing an increase in the achievement of benefits linked to the acceleration of these projects.



NPV	Wider Economic Benefits
Base Case	£93m
Accelerated Case	£173m
<b>Additionality</b>	<b>£80m</b>

## NEXT STEPS

The business case developed in May was predicated upon the concept of an acceleration of projects in order to evaluate the wider benefits.

As the proposition emerges and is further developed, this business case should be revisited to consider wider, longer term benefits to the area – including the value proposition of stewardship. This work will be undertaken as the URC moved forward to the creation of a business plan.