



# FuturePlaces.

Business Update FY22/23

DRAFT

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## 1 Introduction

BCP FuturePlaces Ltd (“FuturePlaces”) was incorporated to use a Teckal exemption by BCP Council in June 2021 with the intention of accelerating and enhancing the regeneration of the Bournemouth, Christchurch and Poole area.

FuturePlaces will drive regeneration, regenerative development and property market transformation to secure the BCP area’s place potential both across key sites owned by the Council and the wider area to support the aspirations set out in the Council’s Big Plan. The company’s work is led by a desire for place-making and will deploy patient capital, sourced from BCP Council, central government, co-investment partners or on commercial terms elsewhere to secure value enhancement across a range of socio-economic measures and to seek best returns over the medium / long term.

FuturePlaces published its initial business plan in October 2021. At this time, it committed to submitting a revised business plan during Spring 2022. This is that document.

### 1.1 Reasons for new business plan

Although the fundamental purpose of FuturePlaces as set out in the initial October 2021 business plan remains unchanged<sup>1</sup>, a new business plan is required to reflect three fundamental operational changes:

#### 1.1.1 A need to reflect a revised approach in BCP Council Budget 2022/23 to FuturePlaces funding

The BCP Council 2021/22 budget assumed FuturePlaces would provide development advice funded via a contractual agreement, with regular payments from the Council to FuturePlaces for work done. Due to the current challenging public sector budgetary environment (affecting all Local Authorities), a revised approach was proposed and determined to be desirable by the Council. The revised approach would enable the Council to purchase development advice for each specific scheme as part of its normal due diligence. This would therefore be considered capitalisable and funded from capital resources including borrowing.

The 2022/23 Council budget assumed a revised approach to the financing of the company. Instead of funding via regular contractual payments allowed for as part of the Council’s revenue budget, an alternative mechanism was proposed by the Council which sought to explicitly link payment for advice to capitalisable projects to the fullest extent possible.

The new approach to funding the company will mean that FuturePlaces will require a working capital loan facility up to a maximum of £8m to fund its operations prior to presenting schemes to Council for business case approval. Approval of a single option proposal and its inclusion within the Council’s Capital Investment Programme, will trigger an invoicing event at which time it is agreed that FuturePlaces may invoice for work to date on the project, and periodically thereafter for any further work contained within the approved business case. The income to FuturePlaces would enable the company to repay its working capital loan over the portfolio lifecycle so long as the majority of projects are taken forward by the Council (As described

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<sup>1</sup> To be a municipal stewardship entity to secure regenerative development and transformative place-making, whilst accelerating delivery of housing and communities. See October 2021 FuturePlaces Business Plan.

further below in Section 7). The intention is that this should provide sufficient headroom to cover aborted projects and other costs and provide capacity for the adoption of new projects over time.

Each scheme (or, in the case of large, long or complex projects, each sub-project or stage) will require a supporting business case, setting out the proposal, anticipated outcome, the funding, delivery and exit strategy together with approximate funding quantum required. The business case will in each case detail any pertinent risks foreseeable at the time of presentation.

### 1.1.2 Additional Projects

BCP Council has asked FuturePlaces to look at additional projects as it became clear that FuturePlaces has the relevant knowledge and experience to undertake them. Some of these are site specific and fit within the funding mechanism outlined above. Others relate to place-making and support for existing council functions without being directly connected to a particular site, such as financing of Council assets, development of design codes and of the Big Conversation etc.

One of the key issues addressed in this document is the provision of resource necessary to deliver upon additional projects as these are identified, and the next steps in the execution of the original projects.

Any such additional projects that cannot be funded from FuturePlaces' own funds will only be undertaken if sufficient funding can be secured, such as by means of grant money, external financing or funding by BCP Council from its revenue budget. Any incremental funding would require prior approval from BCP Council.

### 1.1.3 Streamlining of the Governance Process

During the initial start-up phase FuturePlaces and the BCP commissioning team have reviewed the Project Gateway process developed by Inner Circle Consulting. From the outset this process was known to be somewhat unwieldy, and this concern was brought to a head by the March 2022 Audit & Governance Committee which commented that a more streamlined approach with more clearly defined governance oversight, review and approval points should be considered. FuturePlaces has worked with BCP Council to review the gateway process and has streamlined it as detailed in section 5. The process maintains the same number of "touchpoints" for scrutiny and approval but reduces the number of documents needed to achieve the result. There is a reduction in documentation by sharing common narrative, policy and principle across all relevant projects.

FuturePlaces is reviewing its internal governance, oversight and transparency procedures and this will be tested during Q1 FY22/23.

## 1.2 Stewardship Proposition

The October 2021 business plan set out the case for innovating delivery of regeneration and sustainable growth through the adoption of a municipal stewardship approach, highlighted by the Building Better Building Beautiful Commission. This has precedents in pre 2010 Urban Regeneration Companies with a broad regeneration remit; in the New Town/Development Corporation Model, and in the private sector where increasingly the master-developer

approach is being adopted for large scale sites and is increasingly becoming recognised both within government and by private sector developers and investors.

FuturePlaces is demonstrating that municipal stewardship model can provide a template for how regenerative growth can be delivered nationally to help address levelling up and securing high quality transformational development.

This business plan sets out the case for a model that can produce market-focussed regeneration and place-making funded through a revolving loan facility until a single option has been determined and the project invoiced to the Council. The model would facilitate a continuing stream of regeneration schemes and provide the means to take them through the process of inception, briefing, project development, due diligence and optimisation to a point of at which an investment decision can be made. This will place BCP in a stronger position with respect to attracting government funding and institutional support, underpinning a sustainable program of regeneration and place-making.

Where appropriate and proportionate to the scheme and its site fundamentals, a patient capital approach to investment in land and buildings will be adopted to achieve places that are built not just for the present, but to provide quality environments over the long term, with associated lower operating costs and the energy efficiency that comes from building well. All of this flows naturally from the decision and capacity to invest for the long term.

The municipal stewardship model adopted by FuturePlaces and agreed with BCP Council places the needs of those who choose to live, work, grow and play in the area at its core and aims to accommodate all life stages and needs. The stewardship approach engages with both the developers of land and property AND the investors and management in the current standing stock to curate best outcomes. In the case of BCP Council, this could in many cases be simplified because frequently one or more of these parties will be internal.

There are a number of **key principles that support the Stewardship Approach**, outlined below:

## KEY PRINCIPLES SUPPORTING A STEWARDSHIP APPROACH

1. A project champion is crucial, with a long-term interest in the project and the financial means to remain committed throughout
2. Determine the best long-term use for the site, to support place potential and produce an efficient use of land, resources and infrastructure
3. Adopt a longer time horizon than the reporting cycle led developer model, so “value of place” can be realised objectively
4. Move to methods of valuation that align with the longer timeframe of a patient capital investor, considering area improvement, long term cost of use and social value [Stewardship Kitemark]
5. Hard wire good design in from project inception. Secure good quality design and placemaking through design, to construction and then asset management. Create mechanisms to ensure continued quality, through contract and covenant.

(Source: Building Better, Building Beautiful Cost & Value Report)

These differ from traditional development approaches in the following ways:

Standard Development	Stewardship
Consult the Community once design well under way, generally after submission of planning application	Engage the Community and other stakeholders from the outset and on a continuing basis. Look for alignment of interest with the LPA.
Maximise the most immediately valuable use class and volume of building envelope on site, without regard for long term placemaking	Identify the most appropriate development for the physical location given economic and social needs, to drive desirability of the wider area over the long term
Make contribution to local community via s106 or CIL; negotiate down as far as possible	Consider what the wider area needs over the long term
Use high quality designers to secure planning permission then value engineer quality out of scheme	Build design quality management into every key decision on critical path.

Acquire planning permission and trade on to possibly multiple delivery providers	Build design quality, social infrastructure and place making criteria into contracts & covenants; and maintain controls through ongoing role in SPVs/JVs.
Driven by short-term returns	Driven by the creation of long-term value

Table 1: Standard vs Stewardship approaches (Source: The Stewardship Initiative)

A Stewardship Kitemark has been promoted by The Stewardship Initiative as a potential benchmark setting out measurable standards to help embed the key stewardship characteristics into schemes. This has attracted the attention of DLUHC, Homes England and the Archbishop of Canterbury’s Commission on Housing. It is proposed that BCP FuturePlaces adopts the Stewardship Kitemark to pilot the standard across its schemes.

In order to deliver BCP Council’s ambitions for the area, it is proposed that BCP FuturePlaces will adopt an Operating Model founded on the four key principles illustrated below.

## REQUIREMENTS FOR A SUCCESSFUL STEWARDSHIP APPROACH



Figure 1: Requirements for a successful stewardship approach

### 1.3 Company Objectives

FuturePlaces was created by BCP Council to be the Council’s centre of excellence on place-making and to deliver advice on smart growth across the area. The regeneration FuturePlaces will facilitate connects social, economic, and environmental aspirations through an approach to the built environment that creates places that are attractive to live, work and play in, that attract investment, nurture economic vitality and provide an environment that improves quality of life for residents, businesses and visitors of all ages and needs. This is not simply building beautiful buildings. It embeds a range of ESG objectives, that are not just good to look at, but are also beautiful to interact with.

### 1.3.1 Services

The primary services that will be provided by the URC will be development management activities such as:

1. **Project scoping** work on council owned sites including project inception, briefing, capacity studies, masterplans and project viability testing and financial modelling.
2. **Commissioning professional and technical work** from architects, quantity surveyors, civil engineers, planning consultants, master-planners, urban/landscape designers, and other professionals necessary to prepare designs from the early concept stage through to detailed planning and contractor procurement.
3. **Preparing business cases** ensuring that schemes are **developer/investor ready** and the necessary market studies, budgets, contractor procurement routes, delivery strategy, design quality management and, if appropriate, exit routes have been clarified.
4. **Design and Review of proof-of-concept due diligence process**
5. **Providing commercial advice and interpretation to the Council** on market demand and investor appetite across key property sectors and segments e.g., residential, commercial, retail, leisure, industrial.
6. **Providing urban development and place-making advice** and best practice guidance to the Council to ensure that schemes optimise place potential; have a low carbon impact; provide sustainable returns; create attractive, walkable; liveable communities and are resilient to climate change.
7. **Promoting development opportunities** on BCP Council sites to the investment market including Institutional Funders and private investors and developers.
8. **Providing advice to the Council on suitable exit routes for sites** e.g., disposal, retention, and direct build, development with a JV partner.
9. **Preparing 3rd party funding** bids on behalf of the Council to external bodies such as Homes England and MHCLG.
10. **Managing assets on behalf of the Council** in cases where it has been agreed that management of assets should transfer to the URC<sup>2</sup>.
11. **Identifying asset acquisition strategies** in support of regeneration, income generation and other policy objectives.
12. **Managing community consultation and stakeholder engagement** work on behalf of the Council to support the advancement of agreed schemes through planning.
13. **Representing the Council**, where agreed, in meetings with Government and public agencies.
14. **Supporting efforts to attract inward investment to the BCP region** and managing investor relations, where agreed
15. **Contributing place-making input to departmental strategies** (e.g., Marketing & Inward Investment; Destination Proposition & Hotels Strategy; High Streets Strategy; Green Infrastructure Strategy, Cultural Strategy etc.)
16. **Developing thematic place-based projects to support market transformation proposition** - bringing key URC inputs of place-making, enabling, collaborative project definition, design quality management, agile delivery, strategic investment - subject to corporate agreement via Project Outline Case (POC).

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<sup>2</sup> It should be noted that it has not been agreed at this time that any assets, or the management of any assets, will be transferred to FuturePlaces. Should this happen in the future, it would need the approval of BCP Council.

- 17. **Providing urban development and place-making advice to the council** to support the regeneration of local areas drawing upon identified best practice.
- 18. **Identifying leading edge planning and development practices** to develop the BCP area as a national centre of excellence in stewardship driven development.

### 1.3.2 Regeneration & Place-Making Principles

The FuturePlaces’ Business Plan and Commissioning Plan support the delivery of the BCP Council Big Plan to achieve BCP’s place and economic potential. Quality of Life and wellbeing are at the heart of the place proposition, which is manifested through several key maxims:

- Sustainability is built into the urban form, through encouraging the enhancement or emergence of mixed use walkable neighbourhoods that are easily accessible to all demographics, using a full range of healthy and low carbon modes of mobility, together with the use of sustainable materials and consideration of whole-lifecycle energy efficiency and content of the built environment.
- Beauty of place is key. People do not want to live in ugly environments that do not have usability and accessibility built in.
- Good quality place-making is the product of a well-developed process which considers the needs of the stakeholders of all types, ages, and needs, carefully considers Council policy and priorities, and which engages leading edge professional inputs.

The key principles guiding the place-making objectives of the company, that align to BCP Council's Corporate Objectives are illustrated below:



Figure 2: Key place-making principles – BCP FuturePlaces Business Plan, Commissioning Plan and Regeneration Strategy

### 1.4 Roster of Projects

14 projects were initially identified to be overseen by FuturePlaces and the company was charged with co-authoring the BCP Regeneration Strategy. It was anticipated from the outset that FuturePlaces would also provide expert place-making advice to the council. The company has since been commissioned by the council to deliver three additional projects (Carters Quay Design Quality Management, design work on Poole Town Quay in support of the Seafront Strategy and initial feasibility work on Poole Station Quarter). In addition, workstreams around thematic studies, whilst incorporated in the works and budgets approved in the October 2021 budget have been separated into separate projects. The total number of projects is therefore now 19. These are further described in Section 3.6 below. In addition, FuturePlaces has collaborated with BCP Planning Department to secure a DLUHC Design Code pilot project to support the delivery of two design codes at the Lansdowne area and Poole Quays. These are separately funded.

### 1.5 Environmental Social and Governance (ESG) Standards

FuturePlaces has adopted a set of ESG and quality standards. These standards will help to inform decisions on project prioritisation, and the assessment of value for money both in the context of returns on investment and wider best value considerations.

STANDARD	SOURCE / Governance
The Big Plan Aims & Objectives	The Big Plan
Smart Growth Principles	BCP Council Regeneration Strategy / Tests of Smart Growth (BRE)
Urban Village Standard	BCP Council Regeneration Strategy / The Princes Foundation
The Stewardship Kitemark (testing exercise)	The Stewardship Initiative
BREEAM Good / Excellent	BRE / BCP Council Climate Strategy
<i>Towards Zero</i> Standard	BCP FuturePlaces
Equalities & Perspectives Checklist	BCP FuturePlaces
Design Quality Management Protocol	BCP FuturePlaces

Figure 3. Proposed ESG Standards

The adopted standards will be reviewed from time to time and adjusted either through decisions taken by the Board or through the business plan process.

## 2 Progress To Date

### 2.1 Corporate Progress

Since operations started in late August 2021, FuturePlaces has achieved a number of key corporate deliverables. These include:

- Business Plan delivered and agreed in October 2021
- Senior Management Team appointment, team structure revised and recruitment of the deeper team well underway.
- Non-Executive Director (NED) recruitment process underway. It is expected that the NEDs will be appointed by September 2022
- Set up of key business processes with HR, procurement, marketing & comms, legal, IT and finance initially outsourced to BCP Council. Dedicated resource is now being brought online to address bottlenecks in Finance, Marketing and Comms and procurement. Legal capacity and availability of relevant specialisms remains under review.
- Set up of office – a key aspect of FuturePlaces has been adoption of an in-person led working model. FuturePlaces management believes that this is necessary to encourage the rapid cross fertilisation of ideas in a creative, innovation led start-up environment whilst enabling remote working when this is appropriate. FuturePlaces is currently working to identify appropriate longer term office space.
- Two wide-ranging business planning events held. FuturePlaces board, appropriate BCP Council staff and full FuturePlaces team met to ensure buy-in and full communication of the company objectives and ethos.
- Creation of the FuturePlaces' brand and related marketing materials.
- Commissioning and delivery of *The Big Conversation, which is moving to Rollout*.
- Identification of linked *Place Potential* exercise to contribute place-making inputs to the formulation of the local plan vision, regeneration strategy and an investment prospectus.
- London launch of FuturePlaces event, attended by key figures from central government, senior management from large, aligned long term investors and other stakeholders. This has proved invaluable in founding relationships with government which are now being expanded into other areas.
- MIPIM preparation and attendance, at which FuturePlaces and its business model was introduced to over 50 UK and international companies and institutions, with a view to attracting investment, securing design expertise for specialist assets, and engaging government participation.
- Internal 'ways of working' exercise to establish working method with BCP council counterparts Regular meeting schedule established with Planning, Housing & Growth & Infrastructure.

- High level engagement with Homes England, Department for International trade (DIT) and the Department for Levelling-Up, Housing and Communities (DLUHC).
- *Building BCP* – industry interface in process of establishment.
- Engagement with potential key partners, both local stakeholders and best in class advisors and investors:
- Establishing an innovative process of project inception, scoping, and design quality management to secure best quality place-making and design outcomes
- Commissioning and delivery of 30 project enabling and due diligence workstreams.

Further non-core deliverables:

- Support to council on project to determine optimal financing structures both for a variety of council owned assets and future acquisitions. This work is on-going; however, a number of potentially interesting structures have been identified.
- Engagement with planning department on transformation process, planning strategy and local plan.
- Discussions with key local stakeholders on property needs to support and facilitate long term employment and growth in the area.

## 2.2 Project Progress

Considerable progress has been made across the project programme. This is noted in more detail in Section 3 below.

An initial set of projects will be brought forward to Council for approval during Autumn 2022 – these include Beach Road Car Park, Chapel Lane Car Park, Constitution Hill, Poole Civic Centre; Christchurch Civic Centre and the Green Car Park project.

Development work is in hand on longer term strategic projects including Holes Bay, Heart of Poole, Wessex Fields, Boscombe, Christchurch/Two Rivers Meet and the Bournemouth Arc – including Westover Road.

Working with BCP Planning Department FuturePlaces secured a DLUHC Design Code pilot to develop design codes for the Lansdowne area and Poole Quays which are now in production.

Design improvements facilitated by FuturePlaces for Carters Quay phases 4-6 were successfully integrated into the transaction which completed in November 2021.

Works are also under way on

- Delivery of Poole Town Quay;
- Development of the Poole Promenade overall public realm design concept building on the EA investment in the flood defences and bringing coordination to diverse sites to form a coordinated waterfront public realm.

- Winter Gardens Review/BIC capacity study and re-provision.
- Regeneration/place-making strategy for Poole Old Town linked to the identification of the Poole Quays Design code.
- Regeneration/place-making strategy for Lansdowne area – the second Design Code pilot.
- Regeneration/place-making strategy for Westover Road – as part of the Bournemouth ARC project.
- Design quality management inputs at Carters Quay.

Some thematic cross-cutting projects have also emerged either in response to a critical regeneration/sustainability issue or as a response to the management of overall project risk.

### 2.3 Resourcing

All of this has been done in a period of intense change in the property sector and employment markets. Post lockdown, the tightness of employment markets is well documented and competition for skills is intense. Despite this, by carefully articulating its offering, FuturePlaces has managed to hire excellent talent. However, competition for suitably qualified staff in the property sector remains intense, and this continues to drive salary levels upwards. Despite this, FuturePlaces is still managing to operate within budget.

The new hires are now coming on-line, and it is expected that the pace of delivery will accelerate as staff are added during Q2 and Q3 2022.

### 3 Delivery

This section sets out how FuturePlaces will deliver against its main objectives and sets out the key targets and goals for delivery, the critical, and details of how these will be addressed.

#### 3.1 Volume of Delivery

Estimates have put the number of new homes needed in England at up to 345,000 per year, accounting for new household formation and a backlog of existing housing. In 2019/20, the total housing stock in England increased by around 244,000 homes<sup>3</sup>. Within the BCP area, the Council's Big Plan calls for 32,000 new homes over 16 years, against a housing stock currently in the region of 186,000 homes.<sup>4</sup> This calls for ambitious delivery: an average of 2,000 new homes per year.

The “*Fixing our Broken Housing Market*” Housing White Paper (2017)<sup>5</sup> identified a threefold problem of “not enough local authorities planning for the homes they need; house building that is simply too slow; and a construction industry that is too reliant on a small number of big players.” In the BCP area, this has been further exacerbated by stalled sites failing to deliver on sites granted planning permission. This exacerbates an already low rate of delivery of new homes, with consequent pressure on the supply demand dynamic, which is driven by wealthy inward migration and buyers seeking second homes. Affordability becomes even more of a problem in a market that already suffers from some of the worst affordability ratios in the UK.

The Letwin Report<sup>6</sup> highlighted the issue of absorption rates which is a critical factor in inhibiting the level of growth that an area can sustain versus the desire to improve the built environment and sense of place. However, given the low levels of supply into the local market at present, it is anticipated that take-up rates of proposed volumes can be sustained especially where this is supported by high quality place-making.

The local property market is characterised by some pockets of high property value, however elsewhere, there are concentrations of HMOs, low intensity single use development and a history of stalled sites failing to deliver. Commonly, the design response to schemes neither fully optimises the place potential of the location, mixed use nor delivers wider community benefit.

There are many areas across the BCP area that need regenerative development to secure new housing, jobs, amenities, and services and to unlock the opportunity to create better places. Land use intensification to meet the pressure for growth equally needs to be managed to support sustainability through the creation and enhancement of walkable neighbourhoods, and support place-making and lifestyle choice.

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<sup>3</sup> [CBP-7671.pdf \(parliament.uk\)](#)

<sup>4</sup> <https://www.bcpCouncil.gov.uk/About-the-council/Our-Big-Plan/Our-Big-Plan.aspx>

<sup>5</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/590464/Fixing\\_our\\_broken\\_housing\\_market\\_-\\_print\\_ready\\_version.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf)

<sup>6</sup> <https://www.gov.uk/government/publications/independent-review-of-build-out-final-report>

### 3.2 Quality of Delivery

As well as the pressing demand for new homes there is a crisis in terms of housing quality. “According to Shelter, 51% of new homeowners said they have suffered problems with their new properties, including failures with the utilities, complications with the state of construction and barely finished fittings.”<sup>7</sup> However, this does not identify the full extent of the problem. The quoted statistic only identifies problems with implementation issues -

items that should work but do not, or which do not measure up to the original specification. It does not address the lack of quality in the original specification. Standard housebuilding has little incentive to invest in sustainable technology that can reduce lifecycle costs to homeowners and reduce the burden on the environment of household heating, lighting, waste and water processing and similar services. The investment in such technologies can only be passed on as a cost to the house purchaser making schemes uncompetitive in an environment where buyers are already stretched to meet the initial purchase price and may be unable to determine a present value for consequential costs that could occur in the future.

Equally, standard residentially-led development frequently fails to deliver on infrastructure, community servicing, a sufficient affordable component and place-making elements.

### 3.3 Quality of Place

As identified by the Building Better, Building Beautiful Commission, all too often schemes do not deliver attractive, sustainable places where people will be proud to live, work and raise families. Identikit, low quality developments - which pack maximum units onto a site - might deliver volume housing targets but can be damaging to residents’ wellbeing and quality of life. They will usually also fail to deliver on sustainability objectives as such housing is generally highly car dependent. Under-served car dependent communities are also more likely to suffer from mental and physical health problems at a cost to the individual and society, placing additional burdens on the NHS and social care<sup>8</sup>.

An important aspect of sustainable place-making is the availability of local community services and significant scale of mixed-use development. These help to support fully-fledged, walkable communities with the opportunity for people to live and work more locally, reducing car dependency. Standard housebuilding has consistently demonstrated difficulty with both the delivery of adequate social infrastructure to support large scale schemes, and also the delivery of mixed-use development which has been shown to be more sustainable (supporting significant trip reduction); better health and wellbeing outcomes; and improved lifestyle choice and local economic value capture.<sup>9</sup> FuturePlaces is committed to ensuring that its place-making is suitable for all members of the community. Accessibility and inclusivity are key tenets of the adopted design philosophy. As well as supporting specific BCP Council projects aimed at meeting the requirements of elderly residents with care needs through the development of

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<sup>7</sup> <https://adamarchitecture.com/wp-content/uploads/2020/03/Placemaking-A-patient-approach-to-creating-communitiesdigitals.pdf>

<sup>8</sup> Living with beauty: report of the Building Better, Building Beautiful Commission - GOV.UK ([www.gov.uk](http://www.gov.uk))

<sup>9</sup> Walkability and Mixed Use - Making Valuable and Healthy Communities | Knight Frank Research

an Extra Care Village, FuturePlaces aims to include a proportion of extra care homes and facilities in its strategic scale projects, where possible, supporting a housing offer that meets the needs of all life stages and circumstances. Although BCP's current provision of 398 units is in excess of the number of residents to whom BCP is providing extra care, indicating a short-term excess capacity<sup>10</sup>, using local population projections it is anticipated that there will be a need for up to 1,312 units by 2030 and 1,577 by 2040.

Accommodating differing user and occupier needs both in schemes and through its role in supporting high quality public realm design is at the heart of FuturePlaces approach and is supported by the adoption of its equalities check-listing process, systematic early stakeholder engagement and both market demand and need assessment.

### 3.4 Affordability

There is a need to explicitly address the problem of housing affordability as well as housing numbers. Simply delivering more unaffordable housing does not assist many local people. The problem is especially acute within the BCP area which is experiencing very high levels of demand from affluent relocators and second home buyers. This makes it very difficult for local residents who earn less than the national average in key employment sectors such as tourism and social care.

Data from the ONS suggests that whilst the average price of houses in the UK is currently 7.8x average earnings, within the region the figure is approximately 9.8 in the BCP area as a whole and even more in the metropolitan areas.<sup>11</sup>

### 3.5 The role of the Public Sector

Local authorities have a key role to play in addressing the housing crisis; the delivery of sustainable growth and securing place-based regeneration.

The Bournemouth, Christchurch and Poole area has a combined housing stock of approximately 186,000 homes, of which 89.7% are privately owned, and the remainder either local authority or housing association owned<sup>12</sup>. The total net supply has increased over the past 5 years by 6,589, below the targets set by the National Planning Policy Framework, and there is an urgent need to increase both the quantity and the quality of homes within the area to start addressing these sibling crises and address sustainable resilience place-making in the process.

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<sup>10</sup> See <https://democracy.bcpccouncil.gov.uk/documents/s29325/Appendix%20-%20Extra%20Care%20Housing%20Strategy.pdf>

<sup>11</sup> Source: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/20#national-and-regional-analysis>

<sup>12</sup> Local authority data: housing supply ([parliament.uk](http://parliament.uk))

In order to meet the targets, set in the Big Plan, the rate of delivery needs to be increased dramatically. But there is a risk that rapidly increasing volume could lead to the production of large quantities of low cost, standard form product.

The Stewardship Initiative undertook a systematic review of high quality, contemporary housing schemes and the commercial conditions under which these have been taken forward. In every case, high quality, residentially led urban development at scale has been shown to be the product of long-term landowner involvement, and of a patient approach to returns on capital invested.<sup>13</sup> BCP Council, as a long-term stakeholder within the area, is well placed to implement a stewardship approach to place-making within its conurbation, supporting the area now and in the future.

FuturePlaces' stewardship-led approach to delivering regeneration offers the opportunity to simultaneously address these challenges, delivering more plentiful, better homes for local residents, whilst improving the quality of life for existing residents and securing the place-making ambition set out in the Big Plan.

### 3.6 Project Delivery

At inception, FuturePlaces was allocated a portfolio of 14 sites to take forward for consideration. These varied in size and complexity from car parks identified as surplus to requirements, redundant corporate assets through to supporting complex area-based regeneration projects, such as Boscombe and Holes Bay.

Table 2: Initial FuturePlaces Project List

1	Beach Road Carpark
2a	BIC/ARC
3	Boscombe
4	Chapel
5	Christchurch
6	Heart of Poole
7a	Holes Bay
8	Poole Civic Centre
9	Turlin Moor
10	WessexFields
11	Port of Poole
12	Constitution Hill
13	Extra Care Village
14	Cotlands Road

<sup>13</sup> Stewardship Initiative: <https://www.stewardship-initiative.com>

The October 2021 business plan detailed project budgets for feasibility works through to the next gateway stage. As outlined in the gateway process BCP Council would be given the opportunity to consider and approve the expenditure needed to progress a particular option. This process enables a feasibility and options process to determine whether it is a worthwhile commercial risk to spend money on a particular option or delivery route.

During the last six months, FuturePlaces conducted option analyses on the majority of its sites; during this period project workstreams have crystallised and additional projects added into the FuturePlaces remit.

Table 3: Project List as at April 2022

	<b>Project</b>	<b>Rationale for New Project</b>
1	Beach Road Car Park	Original project list
2	BIC/ARC	Original project list
2a	Winter Gardens Review	Requested by council due to changing market and policy circumstances.
2b	BIC Capacity Study and Re-Provision	Requested by council in consequence of exercise 2a above building on work undertaken by Culture and Leisure Team.
2c	Westover Road – charette and urban design strategy	Activation of ARC project deploying stakeholder engagement techniques and co-design processes.
3	Boscombe	Original project list
4	Poole Old Town and Quays	Chapel Lane project expanded recognising importance of securing regeneration of Old Town to support wider regeneration ambitions for Poole.
4a	Chapel Lane (North) – mixed use development	Mixed use scheme
4b	Chapel Lane (South) – Green Car Park	Pilot green car park recognising important role this high quality car park plays in visitor patronage of Poole Centre.
4c	Poole Quays Design Code (DLUHC Pilot)	DLUHC 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

	<b>Project</b>	<b>Rationale for New Project</b>
		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 Local Plan Support and Capacity Study	Original project list
5a	Reuse of Christchurch Civic Centre	Original project list
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.
5c	Christchurch Civic Campus Masterplan	Original project list
5d	Christchurch High Street to station – urban design strategy	Project adopted recognising importance of securing improved connectivity to railway station and optimising adjacent development sites.
6	Heart of Poole	Original project list
7	Holes Bay	Original project list
7a	Land remediation, stabilisation and flood mitigation strategy	Technical studies with early point of capitalisation.
7a	Holes Bay Meanwhile Use Masterplan and Delivery	Recognising incremental approach to delivery
7b	Holes Bay – Phase 1a: Hamworthy Urban Village & New Park	Discrete delivery phase responding to stakeholder engagement requirements.
7c	Holes Bay - Water, Waste and Energy strategy	Technical approach to optimise potential of site to meet key regulatory requirements and produce innovative solution.
7d	Holes Bay Waterfront & Public Realm	Linked to Poole Promenade project – generated by need to secure design coordination with Carters Quay scheme (in delivery)
8	Poole Civic Centre	Original project list
9	Turlin Moor	Original project list
10	Wessex Fields	Original project list
11	Port of Poole	Response to key partner's development and investment needs to secure local business growth.
12	Constitution Hill	Original project list
13	Extra Care Village	Original project list

	<b>Project</b>	<b>Rationale for New Project</b>
14	Lansdowne & Cotlands	Original project list (as Cotlands Road)
14a	Lansdowne Charette & Design Code	DLUHC pilot to secure urban design framework for area and public realm approach.
15	Carter's Quay Design Quality Management (DQM) Exercise	Design Quality Management involvement required by council.
16	Poole Station Quarter	Memorandum Of Understanding in discussion with Network Rail and SW Rail to optimise opportunity to secure a multi-modal movement hub supporting sustainable travel.
17	Seafront – projectsupport	In discussion with Seafront Team to support their delivery programme
18	Thematic Studies: - The Big Conversation  - Place Potential Plan & Studies  - Developing BCP Industry Group	Project to explore resident and stakeholder values to guide place-making programme  Technical studies to develop emerging place narrative into a coordinated approach to regeneration and place-making  Engagement initiative to interrogate industry barriers to development delivery and to inter-mediate these with BCP Council, LEP and others.
19	Cross Cutting Projects: -Charettes Programme - Design Codes - Green Car parks - SuperLoos - High Streets Renaissance - Strategic Landscape & Natural Capital Investment Approach (inputs)	Projects with multi-locational application to deal with key place-making or sustainable development issues identified.

### 3.7 Project Delivery Timing

Projects have been allocated into five categories: Advanced Delivery Sites, Strategic Projects, Thematic Studies, Cross-Cutting Projects, and Additional Projects as set out below in more detail.

### 3.7.1 Advanced Delivery Sites

The advanced delivery projects list consists of five sites, these are:

- Beach Road Car Park
- Chapel Lane Car Park
- Constitution Hill
- Christchurch Civic Centre
- Poole Civic Centre

FuturePlaces aims to bring a business case outlining a single option proposal for each of these sites to BCP Council during the autumn of 2022. If approved, this would trigger the ability for BCP Council to capitalise the project costs and hence for FuturePlaces to raise an invoice for its works to date. From the Councils perspective, any future expenditure as detailed in the business case on a development project can be capitalised, or alternatively the asset may be released for sale if surplus to requirements.

The next stage of development of these projects will require additional work, from FuturePlaces staff and where necessary external consultants. The costs of these works are included in the revised budgets presented below in Section 6. It is important to note that this request for increased spending is not an overspend. In fact, as can be seen in Section 6, FuturePlaces has delivered the work done to date under budget. The requested budget is for further work that either depended on the option for the site selected during initial phase works, or that could not be foreseen without decisions on whether to proceed with a particular option, or that support projects that were not within FuturePlaces remit at the time the prior business plan was written.

### 3.7.2 Strategic Projects

The strategic projects are larger, more complex and longer-term projects including:

- Boscombe
- BIC/ Winter Gardens
- Holes Bay
- Poole Old Town & Quays
- Heart of Poole
- Christchurch Civic Campus (which includes a capacity study for parking and strategy to improve the environmental footprint)
- Wessex Fields

Each of these projects is being broken down into a series of stages bespoke to each project.

- **Boscombe:** Key activity is to support the submission of the Towns Fund business cases in September 2022.
- **BIC/ Winter Gardens:** A business case setting out a strategy for reprovisioning the BIC and corresponding redevelopment of the BIC and Winter Gardens sites will be brought to BCP Council during December 2022.
- **Holes Bay:** Plans are being taken forward for key remediation and infrastructure works for presentation during December 2022. A hybrid application or Local Development Order (LDO) will be brought forward during 2023.
- **Poole Old Town & Quays:** A project is being brought forward in stages with Poole Town Quay forming the first phase with a Futures Fund Bid and OBC to be delivered in the Summer 2022; a design charette across the area will be conducted during the Autumn 2022 to support the production of the Poole Quays Design Code part funded by DHLUC in March 2023.
- **Heart of Poole:** A first stage project to identify public realm improvements around the Lighthouse; bus station and to support the regeneration of Brownsea House is in hand. It is anticipated that this business case will be brought forward in Autumn 2022 and may be the subject of an application for government funding.
- **Christchurch Civic Campus:** Work is imminently due to start on a stakeholder engagement and project briefing exercise to consider the basis of an urban design approach and overall masterplan for the Civic centre and Two Rivers Meet area. This will inform the development of the masterplan during Late 2022/2023.
- **Wessex Fields:** Work is due to start on a stakeholder engagement and project briefing exercise to consider the basis of an urban design approach and overall masterplan for the Wessex Fields project. This will inform the development of the masterplan during Late 2022/2023.

### 3.7.3 Thematic studies

#### (a) The Big Conversation

FuturePlaces, working with BCP Marketing and Communications Directorate commissioned 1HQ to undertake a deep and community wide engagement exercise to understand what it is about BCP that residents value and what their future needs and aspirations for the area are. This work has been delivered and is being used to inform the future branding and communications strategy of the Council. In parallel, it will form the basis of the Place Potential exercise that FuturePlaces will use to inform the regeneration strategy. The Place Potential exercise will enable to creation of an investment prospectus and could be a valuable input to the Local Plan.

#### (b) Place Potential Plan and Strategy

This workstream is essential to underpin the production of the BCP Regeneration Strategy, to support the Local Plan Vision, inform a BCP Investment Prospectus and support bids to organisations such as Homes England and DLUHC for project funding.

#### (c) Developing BCP – Industry Survey & Group

A further area of activity has been to look at barriers to delivery such as skills shortages, supply chain issues etc. A representative group of built environment specialists and local stakeholders is being established. Membership will be dynamic and rotating so as not to favour any specific commercial interest or other group. The group will be surveyed to frame an industry view on key barriers to delivery. It will be an important interface between the industry and council on these matters to reinforce current engagement points.

#### 3.7.4 Cross-cutting Projects

The cross-cutting projects have emerged to either support the wider regeneration/place-making remit of FuturePlaces, or to produce generic solutions to key Big Plan delivery commitments or secure sustainable development. As the name suggests, these projects have implications across a number of schemes. These are:

##### (a) Charette Programme

Programme of area-based Charettes (Westover Road, Poole Old Town, Lansdowne, Christchurch High Street to Station; Seafront & Sandbanks) supporting the Design Codes programme and the development of area-based regeneration strategies.

##### (b) Design Codes

FuturePlaces worked collaboratively with BCP Planning Team to secure £120,000 of funding from DLUHC in a competitive process to fund the development of design codes for Poole Quays and Lansdowne which will be completed by March 2023.

##### (c) Green Car Parks

A greening programme has been proposed to deal with a number of environmental issues associated with traditional blacktop carparks. These include re-provisioning with porous material to facilitate sustainable urban drainage (SUD), structural planting to enhance the visual attractiveness of the sites and encourage biodiversity and the provision of low energy lighting, solar generation where possible and EV charging. A priority list is being compiled of which Chapel Lane (South) and Christchurch Civic Centre will operate as pilots. Concept technical drawings are being prepared along with other technical workstreams. Once these are completed costings can be determined and a business case will be constructed for presentation to BCP Council.

##### (d) Superloos

Public lavatories have become a topic of great concern following Covid, and the increased influx of visitors to the beaches during peak holiday periods. The Superloos project aims to deliver a number of high-quality, architect designed public lavatories in locations of high demand. A list of potential locations is being compiled for agreement with the Council. Project briefing with key user groups will be undertaken and a concept brief will be completed and

costed. A business case will be presented to BCP Council to develop the project to the next stage, including conducting an architectural competition.

#### (e) High Streets Renaissance Strategy

Building on recent work undertaken by BCP Future Lab, the company will develop an innovative approach to High Street regeneration. Initial areas of focus are: Christchurch Road, Boscombe; Poole High Street and Westover Road. A project plan is in development for each of these locations. Once these are completed, costings can be determined, and a business case constructed for presentation to BCP Council.

#### (f) Strategic Landscape Plan & Natural Capital Investment Approach

The need for a strategic approach to biodiversity net gain/water and Suitable Alternative Natural Green Space (SANGs) have been identified as critical to the Council, FuturePlaces delivery programme and also to the development industry.

FuturePlaces has been holding discussions with Council colleagues and the land management industry to develop a strategic, coordinated approach to natural capital. The objective is to coordinate requirements and secure net gain whilst also considering opportunities for revenue generation through offering solutions to third parties.

### 3.7.5 Additional projects

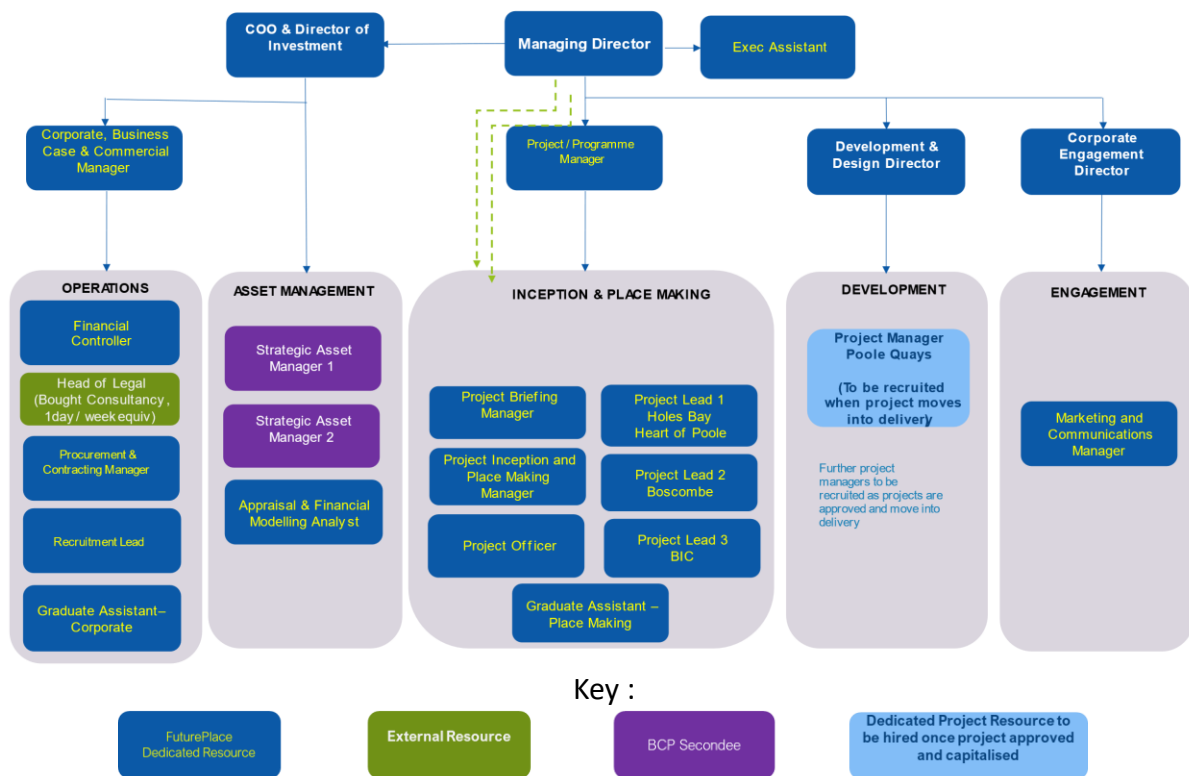
FuturePlaces has been asked to consider additional projects that were not contemplated at the time of the October 2021 business plan. These include:

- Poole Station Quarter – Network Rail master-planning has started; FuturePlaces will work with Network Rail and internal stakeholder to maximise the opportunity and ensure good integration with the Heart of Poole project.
- Bournemouth Station Quarter – Network Rail master-planning has started; FuturePlaces will work with Network Rail and internal stakeholder to maximise the opportunity and ensure good integration with the Lansdowne and easy transition into the town centre.
- Port of Poole - Working closely with the Poole Harbour Commissioners, FuturePlaces is developing plans to ensure that employment and skill development opportunities are secured for the long term on the port site. Opportunities also exist to capture business that has grown out of the trend towards “staycations” as Poole is increasingly seen as a boat haven of choice for boats of all sizes.

All of these need an approval for financing by BCP Council before any external works can be undertaken to the extent that they cannot be funded from FuturePlaces own funds, unless external funding can be secured.

## 4 Organisation & Governance

The corporate structure is shown in the diagram below.



FuturePlaces has realigned reporting lines to better reflect the functionality of the company.

The structure consists of 5 core teams and a cross cutting project management capacity linking operational management to project management & programming:

- **Operations Team:** Responsible for the operation of the company, finance, modelling and operational issues.
- **Asset Management:** Land assembly, joint venture structuring and consideration of the use of the asset, current, meanwhile and future and how revenue can be generated from it in whilst providing best quality service to the community and visitors.
- **Project Inception & Place-making:** Tasked with the processes necessary to initiate a project, such as developing the project briefing documents, managing the inception phase, organising initial works to determine site capacity and potential uses, design charettes with local stakeholders.
- **Development & Design Management:** Detailed scheme design and management of the delivery process, ensuring design quality management throughout the project lifecycle and that place-making outcomes are secured.
- **Engagement:** Responsible for communication to and from all key stakeholders, from elected representatives to local residents and other local community, business, special interest and stakeholder groups. Two-way communication is

essential to ensure that community needs are being appropriately met and fed into the design process, and that stakeholders are kept fully informed of the development of ideas as plans take shape.

As outlined in the October 2021 business plan FuturePlaces can access essential services from BCP Council via a resource agreement where appropriate. These services include IT, Finance and Legal. The provision of these services will be reviewed as the Company evolves.

The teams report into an identified member of the Senior Management Team which in turn is overseen by the Managing Director.

The SMT reports, via the board to the shareholder, BCP Council and also via regular SMT engagement meetings with the SRO, the Director of Regeneration at BCP Council.

#### 4.1 Recruitment & Staffing

FuturePlaces allows greater flexibility in staff remuneration, enabling the recruitment and retention of the best people in key fields to meet capacity and, or capability gaps.

The Company has developed a corporate induction programme and will deliver policies and training courses that facilitate an inclusive, safe and socially responsible workplace for its staff and to enhance substantive skills and performance to support high quality stewardship development.

#### 4.2 Policies

The following policies have been developed and adopted:

- Declaration of Interests, Gifts and Hospitality Policy
- Conflict of Interest and Disclosure Policy
- Leave Policy
- Health & Safety Policy
- Disciplinary and Dismissal Policy
- Expenses Policy
- Environmental Policy
- Whistleblowing policy
- GDPR Policy
- Grievance and Complaints Policy & Procedure
- Social Media Policy
- Equality, Diversity and Inclusion Policy

All members of staff are made aware of our Corporate Standards: Draft Stewardship Kitemark; Towards Zero Standard, Equalities Checklist Procedure.

It should be noted that as an external company, these policies and procedures may differ from BCP Council policies covering the same subject matter.

FuturePlaces is in the process of developing an induction programme to educate new staff on the processes needed for good place-making and design quality management that have been established by the company.

FuturePlaces will have a commitment from inception to source the best and most appropriate talent regardless of ethnicity, gender identity, sexual orientation, religion, age, disability, marital status, socio-economic background or other characteristics, whether protected or not. All staff will be empowered to fulfil their roles and seek career advancement within roles available without fear of discrimination, harassment or victimisation.

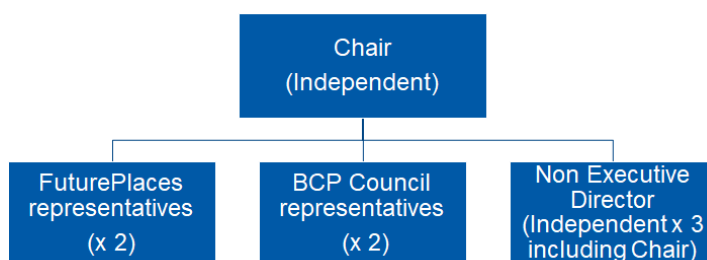
#### 4.3 Delegated Authorities

The Company's scheme of delegated authority remains unchanged and is in accordance with BCP Council's Scheme of Delegation.

#### 4.4 Board Membership

The composition of the Board is determined by BCP Council as shareholder via the reserved matters with a minimum of 3 members.

It is anticipated that at full strength the board will be composed of not less than 6 members :



It is anticipated that the Chair will be appointed for a term of three years and will normally be selected from amongst the non-executive directors. However, BCP Council retains the right to replace the directors and chair.

## 5 Approval Gateways

In support of the new funding mechanism, work has been carried out jointly between BCP Council and FuturePlaces on the appropriateness of the project gateway process originally designed by Inner Circle Consultants. Both parties agreed that the process required streamlining and simplifying to ensure project momentum whilst protecting the public interest and providing a clear and evidenced audit trail behind key decisions. Audit and Governance Committee also commented that the process would benefit from fewer but clearer points of oversight.

The new proposal seeks to simplify the content of reports and business cases required for projects to pass through the project gateways. This will be done by removing duplication from documents and ensuring that each new document builds on, and complements, its predecessor. There will not be a reduction in the work required to thoroughly investigate options for delivery of each project, nor in the quality of the information provided, but in the number of documents produced. Gateway 0 has been removed as a step, because it is a duplication of the introduction of the projects in the business plan.

The proposed process remains based on HM Treasury Green Book guidance but sees the Project Inception Document (PID) and the Strategic Outline Case (SOC) consolidated into a Project Outline, and the stages detailed below have reduced from 7 to 6.

The new process is summarised here:

- **Stage 1 - Project Outline Case (POC)** - will be created for each project and form part of the Business Plan (refreshed annually). Each year Cabinet and Council approve the Business plan along with the working capital loan.
  - For new projects - identified outside of the annual business planning process - a Project Outline Case will also be completed and considered by the Company Board or Cabinet depending on the project value and/or any feasibility funding required. The Project Outline Case will identify whether funding requirements can be met from FuturePlaces normal resources, or whether separate funding is requested.
- **Stage 2 – Outline Business Case (OBC)** - FuturePlaces uses its working capital loan to fund the work required to create an OBC for each project (some projects may be broken down into sub-projects to support phasing of delivery, each with its own OBC). The OBC will appraise options and make a recommendation to Council for approval of a preferred, single option including the anticipated outcome, the funding strategy, and details of potential risks foreseeable at that stage. Council approval of a single option constitutes a capitalisation event for the Council and allows FuturePlaces to invoice for works to date. Approval of the OBC will authorise the necessary works to develop a Full Business Case.
- **Stage 3 – Full Business Case (FBC)** – a FBC is prepared for the project, including detailed designs and costings. Council approval of the FBC is required to move forward to procurement, contracting and delivery.
- **Stage 4 - Procurement, contracting and delivery.**

- Stage 5 - Project closure.
- Stage 6 - Benefits realisation.

The project stages above are supported by a series of gateways to govern investment decisions. At each decision point a series of questions must be answered before the project can progress to the next stage. These are set out in the table below.

Stage	Gate way	Document	Decision-Maker	Key Consideration
Project Conception and feasibility	1	Business Plan or New Project Outline Case (if outside of the annual Business Planning Process)	FuturePlaces Board  Cabinet/ Council	<ul style="list-style-type: none"> <li>• What is the challenge and the potential solution?</li> <li>• How does it fit with the Big Plan?</li> <li>• What is the potential triple-bottom line value to the Council? (Financial, social, environmental)</li> <li>• Is it a good idea?</li> <li>• What are the possible uses or possible solutions/Options?</li> <li>• Is it feasible, and potentially financially viable?</li> <li>• Does FuturePlaces have the capacity (time and budget) to take it forward?</li> <li>• Approval gives green light to spend money from the Working Capital Loan to produce OBC for each site (or project) identified, and delivery programme</li> </ul>
Options Appraisal and Recommendation	2	Outline Business Case (OBC)	Cabinet/ Council	<ul style="list-style-type: none"> <li>• Brings together feasibility work, including high level designs</li> <li>• Options appraisal (Do something, No Nothing, Do Optimum, etc.) and single option recommendation for taking forward to Full Business Case</li> <li>• <b>Capitalisation point</b></li> </ul>
Detailed design and Full Business Case Development	3	Full Business Case (FBC)	Cabinet/ Council	<ul style="list-style-type: none"> <li>• Does the project deliver strategic objectives?</li> <li>• Does the project meet our design quality commitments?</li> <li>• Does the financial case meet minimum return and maximum investment conditions?</li> <li>• What is the agreed delivery mechanism (direct, JV, SPV etc.)?</li> <li>• Can we action the development programme (e.g., award contractor; enter JV; etc.). *</li> <li>• What is the final time, cost, and quality expectations for the project?</li> </ul>
Pre-Contract & Construction	4	Board Report	FuturePlaces Board*	<ul style="list-style-type: none"> <li>• Procurement*</li> <li>• Contracting*</li> <li>• Delivery</li> </ul>
Project Completion and Closure	5	Board Report	FuturePlaces Board	<ul style="list-style-type: none"> <li>• Has the project been completed to our quality requirements?</li> <li>• Have the accounts been closed off?</li> </ul>

Stage	Gate way	Document	Decision-Maker	Key Consideration
				<ul style="list-style-type: none"> <li>• <i>Successful handover to operator?</i></li> </ul> <p><i>For retained assets:</i></p> <ul style="list-style-type: none"> <li>• <i>Is a plan for ongoing operation and asset management in place?</i></li> <li>• <i>Are sufficient resources in place to allow long term stewardship of the site to retain and increase value?</i></li> </ul>
Benefits Realisation (Monitoring and Evaluation)	6	Annual Performance Report	Cabinet/Council	<ul style="list-style-type: none"> <li>• <i>What were our realised benefits?</i></li> <li>• <i>What did we achieve?</i></li> <li>• <i>What did we learn?</i></li> <li>• <i>What would we do differently?</i></li> </ul>

*\*NB. In line with PCR2015 and the Council's Financial Regulations – this may require Cabinet/Council approval or a request to delegate authority will be required at the FBC stage.*

The system will provide assurance to the FuturePlaces Board and BCP Council that:

- Projects are carefully and consistently reviewed at key project stages
- Projects and programs are delivered to a high standard, on time and to budget
- Public money is invested in projects aligned to Council objectives and socio-economic benefits are achieved.

## 6 Finance

An analysis of the underspend by FuturePlaces has been jointly undertaken by FuturePlaces and BCP Council Finance Teams. An underspend of £1.497m has been identified. Subject to final agreement by BCP council, a proportion of this amount will be made available to FuturePlaces to fund those FY22/23 activities that formed part of the prior year's approved budget. In addition, £850,000 of existing Capital project funds can be used to support near term requirements. Finally, the current £400,000 funding facility is available until this business plan can be approved.

In aggregate, these facilities are sufficient to pay for FuturePlaces operations until the £8million working facility can be approved and the company remains a going concern.

### 6.1 Budgetary Pressures

At inception, FuturePlaces was given a portfolio of 14 sites to consider. As engagement with BCP Council has been built, both sides of the commissioning process have recognised that there is a wider range of works that BCP Council would like FuturePlaces to undertake.

This includes a recent request to look at a possible re-provision of the BIC, the station quarters in Poole and Bournemouth, and their interaction with intermodal transport options. These projects will also aim to assist the green agenda, facilitate land use intensification and aid sustainable mobility. Other requests include support for further areas of the Poole waterfront to tie in with flood defence and public realm works and various bespoke projects around funding options.

FuturePlaces has, in conjunction with relevant BCP Council colleagues, run an extensive engagement campaign, The Big Conversation, engaging with local councillors, residents, businesses and stakeholders to build on the Big Plan and ensure that public views about the character of place and of the regeneration program are fed into the process at an early stage. The emerging place narrative developed with 1HQ highlights the importance to all sectors of the community of quality of life, wellbeing, active lifestyles and engagement with the wonderful natural assets of the region. FuturePlaces will build these priorities into its developing programme.

Clearly, additional projects necessarily imply additional costs. It is this cost pressure that the revised budget is designed to address. To date, FuturePlaces has absorbed additional work within its cost-base but this additional workload cannot be supported long term from within a budget designed to address a smaller project list.

It should be noted that the incremental costs are not due to over-runs or mission creep on extant projects. FuturePlaces continue to operate at 35% below budget on its operational expense and 1% below budget on its enabling works, with no call on contingency funds in either case.

Given the decision points reached, it is now prudent to undertake further works on some of the projects and commission works on the new projects commissioned by BCP Council. The total incremental cost of these works is £2.61 million and the breakdown of these costs and the revised 2022/34 budget can be found in Confidential Appendix 1.

## 7 Funding Model

FuturePlaces agreed a budget for costs and expenditure for FY 22/23 with BCP Council during October 2021. FuturePlaces recognises the Council's change of requirement to associate recognition of costs of professional advice and development management services with capitalisable projects. Although it would be more attractive from FuturePlaces' perspective to leave the prior funding arrangement in place, this option has been rejected as unattractive to the client, BCP Council.

To assist BCP Council, FuturePlaces' shareholder and client, the following funding mechanism has been developed. This will present challenges to FuturePlaces which are extraneous to its own invoicing, income recognition accounting requirements – increasing the level of risk and potentially challenging the stewardship business model.

Local Authority Accounting Code of Practice requires that in order for a cost to be taken to the Council's capital account, the Council requires reasonable certainty that a single option for a capital project will be undertaken, and a decision is taken to proceed. (From the Council's perspective, the "Capitalisation Event"; from FuturePlaces perspective, it is a trigger for an invoicing event).

The capitalisation approach based on invoicing at the point a single option scheme raises particularly acute challenges where the project is complex, has a long-time horizon or has multiple components.

This business plan is based on the need to:

- Provide a mechanism to fund all project works until a Capitalisation Event occurs. It is proposed that this is done by means of a working capital loan
- Pay for all aborted projects which do not reach a Capitalisation Event, either because they are abandoned as unfeasible or because they are not approved by the Council for other reasons.
- Pay for works commissioned by BCP Council and undertaken by FuturePlaces which are not directly attributable to a capitalisable project, such as work on the Big Conversation, the Place Potential exercise (which will contribute to the Regeneration Strategy and rationale for PWLB funding) wider Council financing and planning issues, and the like. Whilst these workstreams are desirable to the Council, a mechanism needs to be found under which they can be paid for.
- Create a mechanism that integrates with the Council budget but gives FuturePlaces the confidence it needs to enter into an agreement to the funding model proposed in this section, given that the Capitalisation Event is a decision made by the Council at its absolute discretion and which is entirely beyond the control of FuturePlaces.
- Explicitly recognises that any new projects commissioned and approved by BCP Council may need to be separately funded by the Council as being outside of the scope of the funding arrangement in this business plan. If the project can be expected to be capitalised, to the extent that loan facility headroom is available, the project costs can be supported until the capitalisation event occurs. If loan facility headroom is not

available, then consideration would need to be given to increasing the level of working capital loan before the project can be progressed. In the case of advisory work, which is not associated with a potentially capitalisable project, the Company would have to consider whether it was prudent to take on the project without other funding arrangements in place. These would be agreed on a case by case basis with the Council.

- Consider what options are available to FuturePlaces if for practical or political reasons the Council either delays the point of capitalisation or abandons schemes and how the Council then pays for works that it has commissioned.
- Explicitly recognises that in the first instance any surpluses made by FuturePlaces retained on balance sheet to form a funding buffer, or to fund other works that cannot be tied explicitly to a capital project. Since FuturePlaces is 100% owned by BCP Council, any cash on FuturePlaces balance sheet remains the property of the Council and there is no risk of leakage.

## 7.1 Working Capital Loan

The initial challenge that must be addressed is how to fund FuturePlaces workstreams until Capitalisation Events are achieved.

In the case of some projects (for example, Beach Road Car Park, Chapel Lane Car Park, Poole Civic Centre, Christchurch Civic Centre, Constitution Hill), it is expected that Outline Business Cases (OBC) will be presented during Summer 2022. These are relatively simple projects, and it is anticipated that the proposals will not be long or complex. In each case, the options presented are likely to be to either sell the site or develop using own funds, potentially in partnership with a developer subject to market appetite and commercial terms available. The desired output from discussion of the Business Case is approval of single option that FuturePlaces can move forward with, and a Capitalisation Event for the Council.

In the case of the more complex, longer-term projects – such as Boscombe, Holes Bay, Wessex Fields - FuturePlaces are looking at how the projects can be staged to produce a series of capitalisation events for discrete sub-projects each of which can be realised independently to maintain cash flow. For example, a decision to remediate a contaminated piece of land is in itself a project that adds value to the land and should be capitalisable, irrespective of a further workstream that may still be underway to determine what is to be built on that land.

On larger projects such as the re-provisioning of the BIC this incremental approach will probably not be possible. The capitalisation point will be a decision to move ahead, or not – albeit with an acceptance that if prices, markets for product or other factors change, the project may need to respond. It must be recognised that projects of this nature pose a significant amplification of risk to FuturePlaces business model. FuturePlaces will work with BCP Council to determine the desirability of taking such projects forward under the proposed funding arrangement.

All of the above presents the need for a working capital loan that allows FuturePlaces to fund its operation until works can be invoiced. Using the analysis presented at Confidential Appendix 1, it can be seen that a facility of at least £6 million under the base case is required. Allowing for a degree of prudence, the BCP Council proposed size of £8million is felt to be adequate.

It is therefore proposed and requested that BCP Council increase the size of the current £400,000 working capital facility to £8 million, which should be funded by way of a loan.

It should be emphasised that the difference between these two numbers is not due to either cost over runs (in fact, FuturePlaces continues to perform under budget) or mission creep. All of the costs to be incurred would have been necessary to progress the projects and simply reflect the decision points that have been reached by the council (for example, the desire to have FuturePlaces consider the reprovision of the BIC). The increment in funding is presented in Section 4 above.

## 7.2 Cost – Plus Charging Model

There is a preference by BCP Council to fund all invoices from FuturePlaces using capital funding where possible instead of revenue funding. The Council has a variety of capital budgets available and the ability to prudentially borrow in order to support and invest in its regeneration ambitions. Development advice provided by FuturePlaces that support the delivery of a specific capital asset shall be able to be funded via these resources upon a fully approved business case by Cabinet/Council.

The role of the FuturePlaces is effectively that of a wholly owned bespoke advisory body to BCP Council. FuturePlaces provides analysis, market knowledge, project inception, management, and development expertise together with advice on how to develop real estate and support place-making within the BCP area. Key considerations are not just volume of delivery, but also quality, longevity, environmental footprint quality of life, and overall contribution towards regeneration. The key question is how do entities that provide services of the type offered by FuturePlaces price their work, to provide benchmarking and hence demonstrate value for money?

Many professional services businesses, such as lawyers, accountants, and management consultancies, operate to a “rule of thirds” when calculating their invoicing amounts.

Interestingly, this model is also used by public sector knowledge-based businesses<sup>14</sup>. Under this model, of the total invoice amount, one third is approximately staff cost, one third is other costs and overheads (including external expense) and one third is contribution to profit and reserves. As noted in the document referenced in the footnote, this model is also used in publicly funded entities.

If this model were to be adopted by FuturePlaces and accepted by BCP Council, then so long as at least two thirds of the projects by value were approved by BCP Council at the point of

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<sup>14</sup> See [Rule of folklore | Opinion | Law Gazette](#), See also Legal Action Group Bulletin by Vicky Ling on Public Funding

their Capitalisation Event, then in theory FuturePlaces would secure enough funding to pay for any remaining projects that were aborted.

It should be noted that projects may be aborted for a range of reasons: for example, better options may present themselves, technologies may change, political priorities may change, relative desirability of different types of property may shift over time. The critical point is that the decision to proceed with a single option for a project is outside of the control of FuturePlaces: it is a decision for the Council. This presents a risk that is hard to mitigate and manage and is reflected in the company's risk register FuturePlaces will therefore need to fund the cost of any work on these projects from the contribution to reserves, or through an alternative back-stop provision.

There is an additional class of expenses besides aborted projects that will also need to be funded from reserves or otherwise. That is any work that cannot directly be attributed to a project, such as work that is not tied to an economic value add at a particular site or other real asset that can ultimately be capitalised. Already, there is work on the Big Conversation, place branding, place potential strategy and Council funding structures that is being undertaken or supported by FuturePlaces. Some of these (the Big Conversation, Place Potential exercise) are part of a strategic approach to create a collective and well-founded regeneration narrative that indirectly supports FuturePlaces delivery and the Council's corporate objectives and to date, have been funded through other funding sources. Other activities, draw upon the expertise BCP has brought together within FuturePlaces. In such cases, FuturePlaces are best placed to provide assistance rather than seeking more expensive external opinion at least in the first instance. It can be seen that this adds a high degree of complication to the sizing of the reserve account that must be built up from margins on invoiced work. If FuturePlaces were to spend one third of its time and expenses on projects of this type, then all site-based projects would have to reach a capitalisation event in order for FuturePlaces to be able to fund the non-site based projects. If a single project were to fail in this scenario, FuturePlaces would not have funds available to finance ongoing operations.

In order to work with a prudent level of headroom, FuturePlaces could be severely limited in the range of ad hoc non-capitalisable projects it could undertake or have to prioritise projects, unless agreement can be reached with the council on separate funding for such projects. The Directors will have to consider very carefully the risks of taking on big ticket single event capitalisation projects that could take multiple years to define a scheme and before there was clarity on whether a capitalisation point would be reached.

Since it is clearly desirable to BCP Council that it has the ability to access the resources within FuturePlaces as it sees fit, it is desirable to put in place some sort of funding provision to support these works.

FuturePlaces has estimated its comparable day rates based on its staffing costs, adjusted for a 50% margin and a 6% contribution to corporate overheads to give a proxy for the rate that might be charged by an external consultancy.

Job Title	FuturePlaces Implied Day Rate
Director/Principal	£1090-£1210
Director/Senior Consultant	£477-1090
Engagement Lead/Project Manager	£477-£803
Project Staff	£233-£477

In addition, it should be noted that the “third to profit and reserves” would be retained by FuturePlaces as a Council owned entity, rather than being available to fund external shareholder returns or other leakage if comparable fees were paid to an external consultancy. This reserve can be used to fund further work for the council, or ultimately if no further work is required distributed as a dividend back to the Council.

### 7.3 Success Fee Model

Another charging mechanism prevalent in the property sector is for a success fee to be charged either as a pre-agreed percentage whether on disposal, introduction of funding or another event at which value is crystallised. Agents’ industry rates vary dependant on market conditions and size of transactions. These currently range from 0.8%-1.5%, with lower rates generally charge for larger transactions. It is proposed that a fee between 0.8% - 1.25% will be payable to FuturePlaces on completion and will be negotiated dependant on the scale and complexity of the transaction.

In addition, where FuturePlaces have negotiated with a third party to acquire a turnkey solution and will be providing development management services it is proposed that a fee is applied. This fee will be based on the total development costs of the scheme excluding the land value and all finance costs. The fee applied will be between 1.5% - 2.5% and will be negotiated dependant on the level of development management services provided through the negotiation, acquisition, and delivery of the scheme through to completion.

The inherent danger in such arrangements is that they are highly risky for the consultant (reflected in the high percentage charged) and can introduce perverse incentives to best outcomes. That said there is a clarity to such arrangements that could provide the basis of a hybrid charging regime. As a general principle, FuturePlaces remit is to apply property and place-making skills to substantially enhance asset value and overall locational values. A success-based arrangement might be introduced such that on crystallisation of asset value or introduction of finance, FuturePlaces benefits from a modest success fee. This would help to build reserves and hence provide a revolving facility to fund further works.

## 7.4 Use of Reserves

As noted above, FuturePlaces is wholly owned by BCP Council. Therefore, any reserves built up by FuturePlaces still belong to the Council. These reserves cannot, under the current business plan, be used for any purpose other than paying the agreed costs of the business, funding further works for BCP Council or paying a dividend back to the council. There is no distribution mechanism to any third party therefore no leakage of funds. It is anticipated that during the current business plan period, there would be no dividend distribution back to the Council and any surplus will be used to fund further works or build a prudential reserve on the Company's balance sheet.

In summary, the primary use of any reserves will be to fund:

- i. Aborted or cancelled projects that BCP Council in its discretion decides not to proceed with, or decides to proceed with in another form such that work to date cannot be capitalised,
- ii. Works that are not associated with a capitalizable project, such as the works described above on council financing, marketing or public engagement.
- iii. New projects that might be identified to FuturePlaces by BCP Council intra-year, on a rolling basis, pending capitalisation and invoicing, reducing the need for the working capital facility in the future for any incremental works.

The possibility remains open that after all such works have been fully paid for and provision made for future works that may not be invoiced, the Directors could in consultation with the shareholder BCP Council consider whether any retained reserves should be retained for future investment or returned to the shareholder by way of a dividend.

At this time, the expectation is that any reserves will be used to fund further and ongoing regeneration of the BCP area. As such, dividend distributions are not reasonably foreseeable. However, if the Council decides that it does not wish to continue its program of urban regeneration, or wishes to continue it at a slower pace, then a decision could be made to distribute any excess funds to BCP Council as shareholder by way of a dividend.

## 7.5 Backstop provisions

There are a number of identifiable risks to FuturePlaces if there were a blanket agreement to only invoice subject to Council consent for works after a Capitalisation Event. As set out above, it is not in FuturePlaces control when or indeed if the Council will determine to proceed with a project. Since this cannot be determined by the Company, nor mitigated against, it would be impossible for the directors to be confident that there was a route to sufficient revenue that would allow the Company to repay the working capital facility.

From BCP Council's perspective, there is a desire to accurately right-size its revenue and capital account budgets for the current and next financial periods. It is inefficient and wasteful to have over-sized budgeted amounts sitting on the Council balance sheet which may never be used, however prudential accounting may require a provision to be made for some degree of invoicing of uncapitalisable amounts. All FuturePlaces works have been commissioned by

the Council and there needs to be a clear route available for the Council to pay for them. The advisability and size of any provision is a matter for BCP Council and is beyond the scope of this document.

An alternative, as noted above, is to agree that ad hoc work on non capitalisable projects that occur intra-year could be funded on a pay-as you-go basis by the Council from its revenue account or other approved funding sources, as most appropriate.

## 7.6 Size of Working Capital Facility Requested

Given the budget refresh in Section 4, FuturePlaces has given considerable thought to the size of working capital facility needed to support its business activities as currently commissioned. As explained above, this is a process that needs a number of assumptions to be made regarding matters that are outside of the control of FuturePlaces.

The key assumptions that need to be made and the values used in this analysis are as follows:

- (i) Timing of Capitalisation Events – Clearly, the longer each project spends being funded using the working capital facility, the larger the facility will need to be. If a capitalisation event can be achieved faster, then any expenditure after that point can be invoiced and the working capital loan partially repaid (or future drawdowns may be deferred or not required as the cash receipt is used to cashflow the next wave of activity), but the spend from that point on can also be invoiced. The assumed timing for the capitalisation event of each project is detailed above in Section 3 above.

Any delay in the approval of a capitalisation event (either because further work is required, or because the Council wish to cancel a project or change the deliverable) will push this timetable back.

- (ii) Timing of payment following a capitalisation event – Rightly, once a proposal to select a single option is presented to Council, there will be a period of scrutiny and debate leading to a decision. Given the size of the projects under consideration, most if not all of these will require a decision by the full Council. There is a lead-time of approximately 3 months for all consultations, publication periods and gateway stages to be met between submission of the proposal and decision. Assuming a positive decision, an invoice then needs to be raised and processed, which could take up to 30 days. The model is prudent and therefore assumes 4 months from submission of option to payment of invoice.
- (iii) Amount invoiced – As explained above at 6.2, the working assumption is that the pro-rata cost of FuturePlaces overhead and external enabling works would together be assumed to be approximately 2/3<sup>rd</sup>s of total invoiced amount, with a contribution to reserves and ability to cover un-invoiced costs made by the remaining third.
- (iv) Buffer against cancelled projects - If all projects proceeded to capitalisation as planned, and there were no requests for ad hoc project work by BCP Council, then there would be no need for an additional buffer. However, prudence and good management practice require that a downside should be considered. In order to do this, FuturePlaces have assumed that four projects from the current project list fail to reach a capitalisation event and thereafter 15% by value of any new projects taken on by FuturePlaces fail to reach

capitalisation. This is a necessary assumption in order to provide a capacity to absorb a reasonable level of written off business.

As can be seen in the projection below at Figure 7.6, using the above assumptions the working capital facility would have a peak utilisation of just under £5.4 million. It is therefore considered that, allowing for a degree of conservatism, the size of facility proposed by BCP Council of £8 million is appropriate.

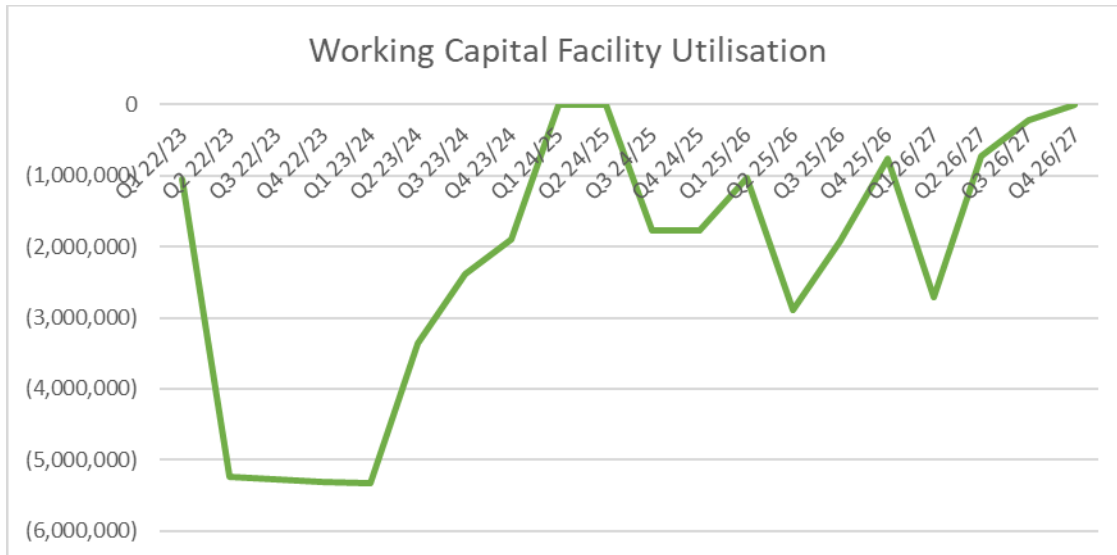


Figure 7.6

It can be seen that the company can, under the above scenario, repay its working capital facility plus accrued interest by Q1 24/25. However, in the modelled scenario the assumption is that BCP Council then commissions work on further projects from FuturePlaces, which necessitate a redrawing of the working capital facility. This further drawing and interest is repaid by Q4 26/27. It is entirely within the gift of BCP Council whether to commission any such further work.

## 8 Communications Strategy

The communications and marketing strategy will support the FuturePlaces business plan and team, by providing proactive communications, to raise our profile nationally, and help engage communities locally.

The communications and marketing strategy is vital in telling the story, attracting inward investment, and garnering trust from residents and visitors alike.

The pioneering municipal stewardship approach to regeneration which BCP Council coupled with the scale of the regeneration projects across Bournemouth, Christchurch and Poole means that there will be wide scale interest from many quarters including Westminster, Homes England, and other such high-profile stakeholders.

### 8.1 Aims

- To build trust and support locally across Bournemouth, Christchurch and Poole through targeted audience led communications.
- To attract inward investment through proactive.
- To accelerate FuturePlaces led regeneration projects across Bournemouth, Christchurch and Poole through better informing stakeholder and partners.
- To engage with local industry groups to better understand market dynamics, drivers and barriers to delivery.
- 

### 8.2 Objectives

- To raise awareness of FuturePlaces and inspire confidence to invest in Bournemouth, Christchurch and Poole.
- To position Bournemouth, Christchurch and Poole as UK leaders in the stewardship approach to future regeneration and development.
- To create and deliver targeted content to position FuturePlaces within central government as the UK's leading urban regeneration company.
- To gain recognition of the FuturePlaces approach as a leading example of regenerative development in the UK and a pioneer on place-making, design quality management and stewardship-led development within a local authority context.
- To achieve participation in consultation and engagement from local communities on a site-by-site basis.
- To inform the local market to ensure barriers and opportunities to regeneration are acknowledged and actioned.

### 8.3 Audiences

Creating awareness of FuturePlaces will be vital to the local, national, and international market for two reasons: promoting the opportunity, and the pioneering approach to unlocking the Bournemouth, Christchurch and Poole region's potential.

To capture the extremely diverse audience-base, our communications and marketing strategy will be as ambitious as BCP Council's Big Plan and be smart to ensure the impact is felt by those we target. Therefore, a multi-channel approach will be directed at varying levels. We have identified three high level audience segments – investment, local market and community.

### 8.4 Establishing the Brand

Our brand has been designed and positioned to stand out in the marketplace and become synonymous with Bournemouth, Christchurch and Poole. The Company's corporate image will be presented and recognised as a professional, world leading and pioneering brand which attracts interest and funding from central government, national and international investors. This process is well underway with corporate "look and feel" implemented on all Company materials, and the image being presented in all company events and documents.

## 9 Risk Management

Risk Identification, Mitigation and Management is key to the ethos of Stewardship: Risk management is not risk elimination particularly over longer timeframes where risks can evolve, and new risks present themselves. In any project risks remain, either because they cannot be hedged or because to do so is disproportionately expensive given the consequence. A process by which risks are identified and sorted by consequence and probability is a first necessary step. Once this is in hand, then mitigation strategies for those that can be reduced or eliminated can be implemented, and management strategies can be put in place for those that cannot. All of the risks and mitigants presented in the October 2021 business plan remain, with the management plan remaining unchanged. However, some new risks have been identified. These are discussed below.

### 9.1 Interpretation of rules for PWLB Funding regarding regeneration activity

Access to PLWB funding is critical to regenerative activity at BCP and has been adopted as the most likely source of capital for development projects. However, we understand that there is a perceived lack of clarity round the interpretation of PWLB rules and guidelines within BCP Council. This potentially presents a barrier to delivery as PWLB is the most attractive, funding source available to BCP Council.

FuturePlaces is in the process of securing a definitive opinion from suitably qualified Counsel.

### 9.2 Invoice at point of capitalisation model

For reasons described in Section 6 above, BCP Council wishes to move to an “invoice at point of capitalisation” funding model. Whilst there are a number of clear benefits to the Council, such an arrangement does present incremental risks to FuturePlaces. Since FuturePlaces is owned by the Council, ultimately those risks belong to the Council. The issues are well rehearsed at Section 6 above. Ultimately, it is a matter for the Council as shareholder to determine if these risks are acceptable. Given that the power to mitigate them rests entirely with the Council, FuturePlaces will seek early engagement with BCP Council and other key stakeholders through its public engagement process, to determine as early as possible any potential barriers to the progress of projects through the key decision points.

### 9.3 Adoption of Stewardship Model

Whilst there is growing practice of stewardship-led development in the private sector, there is limited (though growing) interest and adoption in the public sector. In order to support its forward business planning process, and as a potential mitigant to internal issues around PWLB funding, FuturePlaces has commissioned Knight Frank and Castletown Law to inform the evolution of the business model and investigate alternative funding methods. Rettie and Co have developed a model designed to increase affordability of housing, whilst at the same time giving homebuyers confidence that other stakeholders are bought into the stewardship concept. This is important following the widely reported bad press around ground rents and management companies that have very limited mandates. FuturePlaces is in early stage

discussions with Rettie and Co to determine the suitability of their model as a mechanism to improve affordability within the BCP area.

Separately, Space Syntax have supported the development of a prudent, stewardship model with consideration of how their Integrated Urban Model might be deployed to create a dynamic master-planning tool for option and impact testing, and to support demonstration of the inter-dependencies of an overall Strategic Outline Programme.

Knight Frank have reported, and their report has been presented to BCP Council, validating the adoption of a Stewardship model. In addition, Homes England have recognised FuturePlaces as a thought leader in the development of quality urban regeneration.

#### 9.4 Changing Economic Circumstances

Latest Bank of England forecasts suggest that what was initially reported to be a “transitory” spike in inflation is becoming more systemic. In particular, many commentators are suggesting that it is no longer to treat the current inflation as transitional. The effects of COVID, the current geopolitical situation and a step change in the nature of demand for energy combined with the ongoing tight labour market all mean that expected reduction in material and labour costs are not flowing through to sites. Accurately costing development and hence assessing viability is going to become increasingly challenging, to an extent not seen in a generation. However, the need for housing and other regeneration remains.

FuturePlaces will continue to use the best available data to assess costings as it works up proposals for sites, whilst recognising the potential for cost inflation. FuturePlaces has sufficient headroom to finance its operations given any reasonably foreseeable inflationary scenario (up to 10%). Any Business Case put to BCP Council will contain the most up to date forecast of costs available, together with a scenario analysis of what impact increased costs might have on total project costs and economic returns. Since FuturePlaces does not presently have return models for its projects, it is not yet possible to present a full scenario analysis. This will be presented as part of the business case for any projects brought forward to Council for approval.

#### 9.5 Capacity of BCP Council departments to take on FuturePlaces related work

BCP Council, like most public authorities, works in a cash constrained environment. Sizing of Council departments is designed to allow delivery of necessary or forecast services. As such, there is limited excess capacity to take on additional projects. In the case of FuturePlaces, the workload is both “lumpy” and aperiodic. This is in part why the Company has elected to adopt the ultimately lower cost model of outsourcing specialist functions that cannot be deployed continuously – it is cheaper that way than having specialist full time staff who cannot be fully deployed in their specialist field. Where FuturePlaces requires additional specialist resource which cannot immediately be found within the Council (or, where a specialism is required that cannot be found within the Council), a decision needs to be made whether it is reasonable to buy in resource from outside. In the case of large capital projects, the costs of

delay can be considerable<sup>15</sup>. For this reason, FuturePlaces will work to ensure that all service level agreements with BCP Council contain provision for outsourcing where necessary.

### 9.6 Timing of Council Approvals under new business model

As noted above in Section 6.6, there is risk to the business and hence to its owner BCP Council if it is not possible to reach agreement on projects to the anticipated timetable. Although assumptions that are believed to be conservative are made, it is not in the Company's gift to make the decision to proceed: That is a decision for the Council. Should more than 50% of projects fail to reach approval within 2 years, there is a risk that the Company will run out of funding. At this stage, discussions would have to be held with the shareholder whether it still had appetite to proceed with regeneration.

### 9.7 Public Scrutiny of FuturePlaces staff

As a public sector owned company, a degree of public scrutiny is reasonable, desirable and expected by FuturePlaces management. Indeed, the FuturePlaces management team welcome the regular and detailed scrutiny of project proposals and business processes by Council officers and other stakeholders.

However, there has been a level of repetitive scrutiny of FuturePlaces staff, often predicated on incorrect information presented as "fact". There is a risk that should this continue, key staff will be lost with attendant costs and loss of skill of the Company.

### 9.8 Increasing Environmental Regulation

FuturePlaces has identified compliance with national guidance/regulation on SANGS, nitrates and biodiversity net gain as a key challenge to its own and the broad delivery programme. It is important to meet these challenging and important regulations positively and FuturePlaces has provided for supporting BCP initiatives in this area to ensure that these are delivered at the pace needed to support internal and external regeneration objectives and development targets. Compliance with fabric first and other on-site requirements will produce further cost and process hurdles.

### 9.9 Commercially Sensitive Information Management

FuturePlaces has access to commercially sensitive information, which is of significant value to other market participants. Much of it is protected by contractual obligations. As such, the control of such information must be carefully managed.

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<sup>15</sup> To put this in context, before the formation of FuturePlaces, the pipeline of projects was conservatively valued at £2.8 billion. Conservatively assuming an average property yield of 4% across this portfolio, a single day's delay is worth approximately £300,000 in gross income. Even assuming a gross to net ratio of 10%, it can be seen that it is not value for money to delay access to appropriate, timely services.

With regard, to information management, BCP Council's IT will be responsible for ensuring that the Company's systems are secure, and that access can be controlled to strictly authorised staff. All staff have signed an appropriate NDA, reminding them of their responsibilities and obligations on a periodic basis and requiring the team to declare conflicts of interest which may impact upon the decision to grant access to particular data. Although such an agreement could be embedded in an employment contract, the real value is in the "nudge" and "reminder" of resigning periodically.

All engagement with the press and digital channels will be managed by the communications and engagement team, in coordination with the BCP Council Communications Department to minimise risk of inadvertent data loss and reputational issues.

### 9.10 Conflicts of Interests

All employees are required to declare any conflicts of interest and adhere to the Company's conflict of interest policy. Where necessary, staff with the potential for conflicts will be placed behind suitable information management protocols isolating them from information and decision-making processes where an allegation of conflict could be made.

All other risks and mitigants remain as previously described in the October 2021 Business Plan. The Risk Register is reviewed regularly by the FuturePlaces Board and mitigation strategies put in place where necessary or prudently possible.

As projects are brought forward, risks and mitigants will be clearly articulated in the business cases

## Appendix 2: Draft Stewardship Kitemark; Draft Towards Zero Standard; Draft Equalities/Perspectives User Experience Checklist.

### The Stewardship Initiative – The Stewardship Kitemark

The Stewardship Initiative (TSI) offers the potential to channel public and private resources towards a more sustainable, resilient, economically productive and beautiful built product. Beyond the present crisis there will be an acute need to restart the economy and the construction of homes within greener, more liveable neighbourhoods will be at the heart of this. We propose a pioneering programme of Stewardship-led development that will make an immediate and significant impact on the delivery of place making, affordable housing and a sustained economic recovery.

In line with the BBBBC’s recommendations, supporting measures will be provided in return for attaining the ‘Stewardship Kitemark’. In ‘Living with Beauty’ the BBBBC identify the four key ingredients of successful stewardship as:

1. **The right culture and people:** appointing senior leadership who care about delivering the quality agenda.
2. **Good governance:** setting the right budget and appraisal processes to allow quality;
3. **High standards:** through briefing, masterplanning, design codes, landscape and sustainability and space standards; and
4. **A quality- focused supply chain:** procuring professional and delivery teams focused on quality.

To translate this into a measurable standard - the Stewardship Kitemark - landowners will be required to demonstrate commitment to the following:

Stewardship Kitemark	Description	Reference/ Benefit:
A. Corporate commitments:		
1. Ownership	Landowner to maintain an interest in land during the project. Ownership, participation and partnership lie at the heart of the Stewardship Model. Landowners will need to demonstrate they have a vested interest in the long-term success of the project and will put in place the resource to enforce a design compliance regime over time.	<b>B BBBBC Research Report Cost &amp; Value key finding 7:</b> Long-term investment engenders a better outcome. Stewardship delivery models (eg. Homes England’s Building Lease) maintain a landowner’s commitment to the community formed through development.
2. Community management and design enforcement	Long-term estate management through Community Management Trust (CMT or equivalent) provided for from the outset with provision for funding to maintain quality through an appropriate community charge regime, and to embed stewardship through the establishment of a Neighbourhood Forum (Parish or	Long-term management structures such as estate stipulations maintain the ‘place’ on behalf of the wider community engendering community support for ‘good growth’. <b>B BBBBC 10 Ensure enforcement.</b> Design quality enforced from the ‘bottom up’ as well through top down mechanisms.

	Town Council) and through a Neighbourhood Plan and Neighbourhood Development Order.	
Stewardship Kitemark	Description	Reference/ Benefit:
<b>B. Design process commitments:</b>		
1. Landscape & townscape character assessment	A landscape and townscape character assessment that encourages communities to record and assess what they have, ahead of identifying what they want to inform the design development and maximise place-potential	<b>BBBC Policy Proposal 4</b> . Discovering local beauty will ensure that development is contextually appropriate
2. Tripartite Briefing	An iterative three-way briefing process involving the community, stakeholders (including key council departments) and the development team to establish a 'Place Making Brief' to establish key objectives.	<b>BBBC Policy Proposal 11</b> : Ensure public engagement is wide, deep and early
2. Co-creative design process	The site masterplan has been designed through a co-creative process such as enquiry by design or charrettes.	<b>BBBC 11 ensure public [and stakeholder] engagement</b> using tried and tested tools such as EbD
3. Localised model design code	Create a locally distinctive design code based on the National Model Design Code.	<b>BBBC Policy Proposal 7 / 'Planning for the Future</b> para 15 . Enhances local distinctiveness, style and character creating a sense of belonging.
4. Design enforcement	Design quality criteria built into partner agreements, sign off at practical completion and the release of land	Imposition of design quality control through contract as well as through planning.
<b>C. Design quality commitments:</b>		
1. Street hierarchy	Streets to be compliant with the Government's Manual for Streets (or Designing Streets in Scotland) and respond to popular precedents from the local area captured in the design code.	<b>BBBC 28 Create healthy streets for people</b> Produce a legible hierarchy of routes that puts pedestrians, cyclists and public transport first.
2. Walkable neighbourhoods	Mixed uses distributed such that homes are able to access local servicing within a 10 minute walking isochrone.	Walkability criteria is NPPF requirement for sustainable development / Healthy Cities objectives.
Stewardship Kitemark	Description	Reference/ Benefit:
3. Mixed uses	A minimum of [0.75, or matrix to relate target to context] full-time equivalent jobs for every house built through the provision of a diverse mix of small, medium and large employment spaces. Community Management Trust to have a Grants Pool to support community development and to encourage jobs for local communities.	Diverse employment spaces, local retail and leisure facilities build sustainable, walkable, mixed-use communities supporting trip containment, resilience, and social interaction.

C. Design quality commitments (contd):		
4. Landscape and Natural environment	<p>Achieve a Green Space Factor of [insert matrix to relate GSF to context]</p> <p>Secure proportionate and appropriate biodiversity net gain in line with the Environment Bill. BNG to be delivered either on or offsite eg. Through adjacent regenerative land management, strategic green infrastructure or via Habitat Banks.</p> <p>Where possible, one tree planted within the development for every house ideally at forest scale, adhering with the design code's selection of appropriate species and covering maintenance cost via community management regime.</p> <p>Integrate the masterplan to connect with surrounding communities (in an urban context) or farmland, footpaths and woodland. Where possible incorporate areas of allotments and productive land within or adjacent to the development.</p>	<p><b>BBBC Policy Proposal 2:</b> Expect net gain, not just 'no net harm'.</p> <p><b>See BBBC Policy Proposals 30 and 31.</b> Ecology and the natural environment to be enhanced providing public amenity space and enhanced biodiversity to improve social connectivity and well-being.</p> <p>NPPF requirement for sustainable development and UK Government Carbon Net Zero by 2050.</p> <p>Delivering the Government's 25 year Environment Plan through environmental net gain.</p>
5. Energy and resource	Water, waste, and energy infrastructure designed to minimise	NPPF requirement for sustainable development and UK Government
Stewardship Kitemark	Description	Reference/ Benefit:
	impacts on the environment. For example, minimise water consumption in the home to [110] litres per person per day, all street lighting meets the dark skies initiative. Where possible absorb storm and surface water on-site.	Carbon Net Zero by 2050.
6. Community infrastructure	Community infrastructure planned in from the outset relative to local need identified through the briefing process.	Creation of balanced, sustainable neighbourhoods. To conform with the NPPF requirement for sustainable development and the National Design Guide
D. Funding Stewardship		
One per cent for Stewardship	One percent of house sold values to fund stewardship support and compliance via The Stewardship Institute, Neighbourhood Planning (A.2 & 3. above)	To support a financially sustainable stewardship model.

(Source: 1 The Stewardship Initiative)