

CABINET



Report subject	Redevelopment of Beach Road Car Park, Poole
Meeting date	8 th March 2023
Status	Public Report with confidential appendix
Executive summary	<p>BCP FuturePlaces Ltd, (“FuturePlaces”) a wholly owned Urban Regeneration Company (URC) was set up with the fundamental purpose to drive “Place Making”, regeneration, and property market transformation both across key sites owned by the Council and the wider area to support the aspirations set out in the Council’s Big Plan.</p> <p>The FuturePlaces business plan approved by Cabinet in June 2022 lists the key sites the company has been tasked with progressing the regeneration of, including Beach Road Car Park.</p> <p>This report sets out FuturePlaces outline business case (OBC) and confirms the recommended use for this site is that the south section is sold for residential development with the north section retained and redeveloped to provide improved public car parking facilities with at least the equivalent number of existing useable spaces. This proposal optimises the value and return for the Council by disposing of part of the site whilst improving and retaining public car parking.</p> <p>In order to progress with the recommended option approval is also sought to;</p> <ol style="list-style-type: none">1. finalise the Planning Development Brief and commence public consultation;2. declare the south part of Beach Road car park surplus to Council requirements and;3. progress the preparatory steps required for the disposal of the south part of the site as a residential redevelopment opportunity on the open market <p>It is important to note that a further Cabinet report will follow in Spring 2024 seeking approval of the full business case for investment in the rear car park, as well as approvals to dispose of the south section of the site, adopt the Planning Development Brief and appropriate the site for planning purposes.</p> <p>Cabinet is required to review the options outlined in the OBC and confirm approval of the recommendations below.</p>

<p>Recommendations</p>	<p>It is RECOMMENDED that Cabinet:</p> <ul style="list-style-type: none"> a. Approves the Outline Business Case attached at Appendix A for Beach Road Car Park endorsing the recommended option contained therein; b. Agrees to pay FuturePlaces for its development advice services and costs associated with the preparation of the outline business case totalling £74k, and to include the scheme in the Council’s Capital Investment Programme; c. Agrees to move the project to Full Business Case stage and commit costs estimated at £586k. d. Authorises Officers to finalise and consult on the Planning Development Brief in accordance with Regulation 12 of the Town and Country Planning regulations. e. Declares the site surplus to requirements;
<p>Reason for recommendations</p>	<p>The proposed development will support the Council’s Corporate Plan objective to ‘create Dynamic Places through strategic regeneration or redevelopment opportunities and the vision set out in the ‘Big Plan’ to Rejuvenate Poole and Act at Scale with the aim to deliver more than 15,000 new homes.</p> <p>It will optimise the use and value of this asset and provide a capital receipt for the Council.</p> <p>FuturePlaces was formed to ensure BCP Council has the capacity, expertise, and resources to drive investment in regeneration and unlock value from major Council owned sites; it will also enable BCP Council to ensure that we deliver new homes and create well designed, local neighbourhoods.</p>

Portfolio Holder(s):	Cllr Philip Broadhead, Portfolio Holder for Regeneration, Economy and Strategic Planning
Corporate Director	Adam Richens, Chief Finance Officer and Director of Finance
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Wards	Canford Cliffs
Classification	For Decision

Background

1. BCP Council's Big Plan sets the ambition for the BCP area to be world class – one of the best coastal places in the world in which to live, work, invest and play. The Big Plan sets out five key aims that, if achieved, would deliver changes across the whole area supporting the creation of over 13,000 jobs across the local economy, the growth of businesses and prosperity of local communities.
2. The Council's Big Plan sets out the need to 'act at scale' by intensifying development in town centres and unlocking land on redundant brownfield sites, such as Holes Bay. In theory, the Council is in a strong position to drive investment in regeneration. In practice, it lacks the capacity to deliver at the necessary scale and pace to meet the challenges of growth and has insufficient in-house expertise in urban development and place making.
3. FuturePlaces Ltd was created in 2021 with the aim of achieving a step change in the scale, pace, and ambition of regeneration across the BCP area. The Council now has the potential to deploy the resources and expertise needed to deliver regeneration at scale, in a way that was more difficult for its predecessor authorities.
4. FuturePlaces business plan, approved by Cabinet in June 2022 sets out the Stewardship proposition and strategic objectives of the company alongside its delivery plan, ways of working, governance, and funding structures. The business plan listed 16 sites alongside thematic studies and cross cutting projects.
5. This site is one of the 16 that BCP FuturePlaces has been commissioned to advise on with the aim of optimising value and, in this case, realising an early capital receipt.
6. The project gateway process is based on HM Treasury Green book guidance and requires that Cabinet/Council approve the OBC stage before an FBC is progressed. In accordance with the HM treasury green book guidance an OBC comprises 5 aspects, these are:
 - Strategic Case – demonstrate case for change
 - Economic Case – consider value for money
 - Commercial Case – assess the commercial viability
 - Financial Case – determine affordability
 - Management case - delivery
7. In summary, an OBC brings together feasibility work to validate that a project is feasible and worth pursuing to detailed design. Feasibility work includes consideration of appraising the site feasibility, constraints, commercial viability,

planning policy and any other material considerations and planning obligations. The OBC purpose is to appraise options and highlight a recommended option that seeks to optimise the site and is acceptable in planning terms, whilst also including the anticipated outcomes, the funding strategy, and details the balance of costs, benefits, and risk foreseeable at that stage.

8. An OBC outlines the procurement strategy and seeks approval to commence the tender process. It is also important to note that approval of the OBC will support the necessary works to develop a full business case (FBC).
9. The purpose of the next stage, the FBC, is to finalise time, cost, and quality expectations of the project as well as the proposed delivery pathway and check it is still in line with the OBC expectations. It is at this stage that firm consideration can be given as to whether it is still best to progress with the redevelopment proposals and approval can be sought.
10. Members are required to consider the benefits of the recommended option alongside the financial commitment required to complete the FBC work in order to decide whether to endorse this approach.

Options Appraisal

11. The Economic Case section in the OBC sets out the options considered including 'Do nothing', 'Do minimum', 'Do something' and 'Do maximum' options and the reasons for FuturePlaces recommending the preferred option. It also quantifies the economic costs and benefits of the project over the appraisal period.
12. FuturePlaces was set up to promote a long-term stewardship approach to the development of the Council's assets, however, in light of the current financial position of the Council, FuturePlaces has undertaken additional work to consider options that also generate capital receipts from disposals in order to assist and inform the Council's budget decision making process.
13. The Council has the option not to approve the proposed OBC. The risks associated with not progressing are highlighted in the risk assessment section of the OBC and summarised in this report. This option would not stimulate regeneration activity and the Council would not realise best value from its asset base.
14. Members are required to consider and determine if the recommended option is the best route for the Council to progress having considered its alignment with the Council's strategic objectives and Big Plan and the overall affordability through to delivery.

Beach Road Car Park redevelopment

15. The OBC including a site plan is attached as Appendix A.
16. Beach Road Car Park is a public pay and display surface car park in Canford Cliffs, Poole. The whole site has c.316 car spaces currently marked out; however, a lot of these spaces are not compliant with current BCP Parking Standards. FuturePlaces advise that due to land slips, tree encroachment and related surface breakage, many of the spaces are unusable, resulting in a current estimated capacity of around 196 compliant spaces across the whole of the existing site.
17. FuturePlaces has identified that a further 60 spaces are capable of being improved and brought back into use in line with current standards to provide around 250 spaces in total, which could all be accommodated in the reconfigured north car park. There is also the potential to add a single storey podium that would increase capacity to 310 spaces, should future demand dictate this further provision.
18. The car park is presently under-utilised and is closed for six months of the year (30th September to 1st April). The south section of the car park, fronting Pinecliff Road

(shaded red in Appendix 1 of the OBC) has been identified as surplus and suitable for residential redevelopment, given its relatively flat developable area, residential location and proximity to nearby shops and services in Haven Road, Canford Cliffs.

19. The existing surface car park is a low value use of a highly desirable and valuable site, close to the beach.
20. The recommended option in FuturePlaces' OBC is to sell the southern section of the site for residential redevelopment, with the benefit of an adopted Planning Development Brief in place, and retain and improve the rest of the site for use as public car parking, with no loss in overall parking capacity to that which currently exists
21. The FBC for the proposed investment in the rear car park will consider and highlight the preferred delivery route, either in-house by the Transport and Engineering service unit or by FuturePlaces on the Council's behalf. Improvements could include:
 - A new two- way access/egress to the rear car park from Beach Road.
 - Introduction of permeable surface spaces to create a sustainable drainage system (SUD) to support town centre ground water management approach;
 - Structural planting to enhance setting and encourage pollution mitigation and bio- diversity net gain;
 - EV charging points and;
 - Enhanced sensitive lighting approach to improve security.
 - Increased capacity through introduction of a podium level if future demand dictates.
22. The adoption of the Planning Development Brief as a Supplementary Planning Document will provide certainty to future developers on the planning expectations for the site and help to ensure that a quality development is delivered that provides best consideration for the Council. The certainty provided by the development brief will also help ensure an efficient planning process of any future application.
23. It should be noted the OBC has made high level assumptions on the disposal value of the south part of the site; an open market sale by informal tender will ensure best consideration is achieved for the Council.
24. Current expectations are that the sale could attract high value bids, substantially above the estimated existing use value of the south part of the Car Park. The guide price, if any, will be set once agents are procured and appointed.
25. It is believed that best value will be achieved by considering offers made subject to planning. This would mean the Council entering a conditional on planning contract. Factoring in the work required for further Cabinet approvals it is anticipated that a capital receipt will arise in the 2025/26 financial year. The programme is set out in the OBC management case. A prudent estimate for the capital receipt has previously been reported to the S151 Officer, taking account of sensitivity analysis of the sales rates and development cost inputs.
26. The progression of the recommended option will incur agents and legal disposal fees. The purchaser will be required to pay the Council's legal costs associated with the transaction. However, the costs of the appointed agent's disposal fee, will be a first call on the capital receipt, and site marketing costs will have to be paid to the agent in the 2024/25 financial year regardless of completion. It should be noted that at this OBC stage the construction costs in relation to the car park are high level and based on current industry levels. These costs will be further clarified and confirmed as part of the FBC.

27. The benefit-cost ratio (BCR) of the recommended option represents high value for money with a range of 2.54 - 2.57. A BCR of above 1 is considered acceptable in HM Treasury Green Book guidance. 2 or above is considered high value for money.
28. It should be noted that in this OBC the highest BCR is derived from the Do Minimum option as this site is currently an income generating car park, however, this would not deliver against any strategic objectives, provide new homes or any placemaking or regenerative benefits.
29. The recommended option meets the Council's strategic objectives and delivers against the Big Plan: Rejuvenate Poole and Act at Scale by delivering new homes.

Planning Development Brief

30. The redevelopment potential of this site was first identified in the Sustaining Poole's Seafront Supplementary Planning Document, adopted in December 2015, which highlighted that there was spare parking capacity that could enable a release of the southern section of Beach Road Car Park for other uses such as residential. This was then reviewed during the Poole Local Plan process and the site was subsequently put forward for allocation in the Poole Local Plan and accepted as a suitable site through the Poole Local Plan examination process. The southern part of the site is therefore formally allocated for residential development in the Poole Local Plan (adopted 2018) and specified as suitable to provide approximately 60 homes.
31. To support the disposal of the site and ensure best consideration of the Council's asset is achieved it proposed that the disposal is accompanied by a Planning Development Brief (PDB). This sets out the planning expectations for the site. Adopting a PDB as a supplementary planning document (SPD) will give certainty to future developers and other interested parties on the expectations for design and quality of any future development, and it will enable the brief to be a material consideration in determining a future planning application affecting the site.
32. The finalised Planning Development Brief will be informed by the feasibility and capacity study that FuturePlaces has undertaken.

Consultation

33. Public consultation was undertaken on a draft development brief for the site by the Borough of Poole in 2016. The issues raised were focused on the principle of redevelopment and highlighting the restrictive covenants that exist in relation to the land title which are considered in the legal implications section.
34. The principle of redevelopment has now been established through the Poole Local Plan process which saw the site allocated for residential development in 2018.
35. Further consultation will be considered as part of the FBC and undertaken after the publication of the draft BCP Local Plan in Autumn 2023 and prior to adopting any Supplementary Planning Documents in accordance with Regulation 12 of The Town and Country Planning (Local planning) (England) Regulations 2012 (as amended).
36. FuturePlaces has consulted internally on the OBC with Cllr Steve Baron, Lead Member for Poole Rejuvenation. Cllr Baron felt that other projects in Poole had higher priority in being brought forward. Cllr Baron recognised the significant capital receipt this would produce and was clear in saying that a proportion of the funds raised should go into the other projects such as the Poole bus station which would have a more immediate social impact. Cllr Baron also wanted to ensure that the car park element of the proposal was brought forward in a timely fashion due to peak season demand and recognised the residents' concerns of fly parking which has happened over the last two summer seasons.

37. The Ward Councillors for Canford Cliffs have been consulted. Whilst it was accepted that the car park is underutilised for much of the year, there remains concern that an overflow facility is needed, particularly for when Sandbanks car park is full, i.e., in those peak summer days when the weather is hot, and an increased number of visitors and tourists come to the beach. Further comments received were that car parking is in short supply, and this reduction in car parking is at odds with the Council's ambitions to be a world class resort. However, the current plan does not seek to significantly reduce the available parking on the site, but rather consolidate this parking into the north part of the site, mitigating this risk. In addition, feedback from Ward Councillors is that residents are very concerned with the level of inappropriate and inconsiderate parking that takes place on busy days and the loss of part of Beach Road car park would exacerbate this. These comments will be addressed by the proposals for the rear car park outlined in the OBC.
38. It is important to note that further approvals to adopt the Planning Development Brief and to appropriate the site for planning purposes, will be sought. Both processes will involve public consultation, the results of which will be brought back to Cabinet for final approvals.
39. It is government policy that local authorities should dispose of surplus and under-used land and property wherever possible. Section 3 of the Local Government Act 1999 provides (among other things) that a best value authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
40. Officers have consulted internally with members of the Corporate Property Group on 14 September 2022 on the requirement to declare the site surplus to requirements, to enable this redevelopment with re-provision of parking spaces in the rear section of the car park.
41. Currently there is no documented process to declare BCP Council assets surplus to service requirements, although a piece of work is underway within the Estates Operations and Legal teams to progress.
42. A previous Capital Strategy and Corporate Asset Management Plan from the legacy Bournemouth Borough Council included a process for "The Identification of Under-Used Property Assets and Procedures for their Re-Use or Disposal". Under this process, a property is considered under-used if the return from the site (either in terms of its contribution towards Council objectives or financially) is significantly below that which could be achieved from:
 - a. an alternative use
 - b. disposing of the site and investing the income, or
 - c. intensifying the existing use.
43. The Corporate Property Group concluded that the disposal of part of the Beach Road Car Park would support the delivery of new homes and the Big Plan regeneration objectives of the Council and endorsed this proposal.

Summary of financial implications

FuturePlaces – General

44. The approach to funding the company approved by Cabinet on 22 June 2022 means that FuturePlaces is funded in the first instance by a loan. The Council approved an £8m working capital loan facility to FuturePlaces in order that the company may manage its cashflow, particularly prior to a scheme being included in the Council's

Capital Investment Programme (CIP) and thereby enabling FuturePlaces to invoice for work undertaken to date.

45. The initial risk of incurring expenditure on the OBC resides with FuturePlaces. FuturePlaces must assure itself that it is able to provide expert advice that results in the presentation of a viable and deliverable business case to the Council, that will be approved by Members and thereby trigger payment of the development advice.
46. Each scheme's supporting business case must consider the options available and outline its recommended option, setting out the anticipated outcome, the funding strategy, and details of any pertinent risks. The OBC stage will likely include high level estimates and assumptions but the necessary due diligence and evidence to provide robust data must be completed as part of the Full Business Case (FBC).
47. Payment shall only be made for development advice once a scheme has been approved and included in the Council's CIP. Payment will cover costs incurred to date by FuturePlaces including external costs, staff costs and a contribution to overheads in accordance with the mechanism outlined in the company business plan approved by Cabinet on 22 June 2022.
48. The commissioning team has verified that the third-party services have been procured in accordance with the Council financial regulations including PCR 2015 and that the costs relate to these projects and the nature of the services and advice sought is appropriate and necessary to inform the OBC.
49. The Council's Medium Term Financial Plan (MTFP) does not contain any revenue budgets to fund advice from FuturePlaces as all costs are expected to be capitalizable. Should FuturePlaces require payment outside of the current funding method, a budget shall need to be explicitly requested, approved, and included in the Council's MTFP.
50. Should costs be incurred by the Council for capital schemes which subsequently do not complete as intended, the costs would need to be written off to the Council's revenue account. No provision has been made in the Council's MTFP for such an event and therefore any write off would create a financial pressure in the year it occurred.
51. The costs associated with the preparation of each OBC and the ongoing financial commitments from the Council, including any prudential borrowing to fund the schemes are outlined below.

Beach Road Car Park

52. The scheme has been assessed based on the high-level data included in the FuturePlaces OBC. Greater detail, following further due diligence, will be made available at FBC.
53. Alternative options and outcomes are considered in the OBC with the reason for them being discounted provided.
54. The recommended option in the FuturePlaces OBC indicatively requires the Council to borrow £3.9m in total over 50 years using prudential borrowing.
55. The intention is to sell part of the site for residential purposes and to achieve a capital receipt. The OBC makes broad assumptions on the residential sales values which are in line with current market expectations.
56. All assumptions will be firmed up at the FBC stage with any challenges they currently present addressed (policy, financial, planning, design, delivery).

57. Financial challenges specific to this scheme include managing increasing construction costs, changes to borrowing costs particularly interest rates, and the wider economic effect on sales values that can be achieved.
58. Consequently, Members need to assure themselves that these challenges can be overcome and are not insurmountable before agreeing to commit further sums.
59. Accepting the project risks and cost of progressing a FBC, the Council will, upon consideration of the FBC need to satisfy themselves that any borrowing is in accordance with the Prudential Code for Capital Finance in Local Authorities, and predominately the requirement to demonstrate that is affordable.
60. FuturePlaces development advice costs to date regarding the OBC total £74k with a further £586k forecast to complete the FBC. Should Council approve the recommendations in this report £74k would become payable to FuturePlaces immediately.
61. If the FBC does not demonstrate a viable scheme which the Council can progress, and it is therefore aborted, then any costs incurred to date would need to be written off to the Council's revenue account, potentially £660k in this case.
62. The cost of consulting on the PDB is budgeted for through the Local Plan Reserve in addition to the base cost of planning policy officer time.

Summary of legal implications

63. Section 122 of the Local Government Act 1972 gives the Council a general power to appropriate Council-owned land that is no longer required, for the purpose for which it is held, for any other purpose for which the Council has statutory power to acquire land. Section 226 of the Town and Country Planning Act 1990 ("TCPA") authorises the Council to acquire land for planning purposes where the Council believes the acquisition will facilitate development or improvement of the land and achieve or promote the economic, social or environmental well-being of any part of its area.
64. Section 233 of the TCPA further permits the appropriation of land for planning purposes where that land is to be sold or leased to a 3rd party to secure the best use of the land and any buildings or works upon it or to secure such development of the land as is needed for proper planning purposes. That section also requires the Council to obtain the best consideration reasonably obtainable for the land.
65. Sections 203-206 of the Housing & Planning Act 2016 states the effect of an appropriation for planning purposes. It authorises the erection of any building or work on land and the use of land if it is done in accordance with planning permission, notwithstanding that it involves interference with an interest or right to which these provisions apply, or a breach of a restriction as to the user of land arising by virtue of a contract.
66. Compensation is payable in respect of any loss suffered as a result of the interference with such interest or right. The owner of the site at the time of the loss is liable to pay compensation. However, in the event that the landowner does not pay, then the liability is enforceable against the Council, with the Council entitled to recover this amount from the landowner.
67. The consultation on the development brief is being undertaken in accordance the Town and Country Planning Regulations (Local Planning) 2012.
68. An appropriation for planning purposes will assist in the development of the site since it will mitigate the risk of a successful application to Court for an injunction to prevent the development from proceeding.
69. With limited exceptions involving village greens and land held as recreational open space (where public notification is required of an intention to appropriate) section

122 of the Local Government Act 1972 contains no prescribed procedure to be adopted when an authority wishes to appropriate land. Where land is currently held as public open space, the appropriation process requires the Council to place an advert for two consecutive weeks in the local paper, declaring its intention to appropriate, to which comments and objections can be made. These must be considered before deciding whether to appropriate. The Council will advertise its intention to appropriate and consider all representations made, prior to reverting to Cabinet for approvals to appropriate the land, adopt the Planning Development Brief and disposal of the south section of the site.

70. Vodafone operate a 20m single user telecommunications mast on the periphery of the disposal site. The Council has a right to terminate the lease with at least 18 months' prior written notice, if planning consent has been granted for redevelopment of the car park. Legal advice is being sought to inform the strategy for relocation of mast.
71. A disposal by way of informal tender means that there will be an opportunity to finalise the terms of the legal documentation before the parties enter a contractual commitment. This is considered the best way of proceeding where the Council anticipates receiving conditional offers.

Summary of human resources implications

72. FuturePlaces has its own employment terms and conditions and payroll arrangements. Therefore, there are no human resources implications for the Council.
73. Support from Corporate Estates is provided to FuturePlaces through a Service Level Agreement and resources will be made available to progress the necessary property matters. The Planning Policy team has confirmed that it has sufficient staff resource to prepare and undertake the PDB consultation.

Summary of Sustainability impact

74. The Council has signed up to the climate change emergency and as such it is critical that decision makers consider the sustainability impact of their decision.
75. A Decision Impact Assessment (ID 328) has been completed for this project which identifies both positive and minor impacts. A copy of this assessment is attached at Appendix B.
76. The DIA recognises that the use of the south section of the site as a surface-level car park does not make a significant contribution to the local environment. Its redevelopment will allow high-quality, energy-efficient housing to come forward in a sustainable location from a public transport perspective. This is likely to be a positive contributor.

Summary of Levelling Up Goals and Support

77. This scheme will support the government's Levelling Up agenda (Levelling Up the United Kingdom: Executive Summary), in particular it supports the Levelling Up 'Medium Term Mission' to restore a sense of community, local pride and belonging, especially in those places where they have been lost:
78. Pride in Place: By 2030, pride in place, such as people's satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between top performing and other areas closing.
79. Housing: By 2030, renters will have a secure path to ownership with the number of first-time buyers increasing in all areas; and the government's ambition is for the

number of non-decent rented homes to have fallen by 50%, with the biggest improvements in the lowest performing areas.

80. Crime: By 2030, homicide, serious violence and neighbourhood crime will have fallen, focused on the worst affected areas.
81. In addition, the Council has adopted the following 'Levelling Up' Goals with its three priority goals being 8 - Good health and well-being, 12 – Building homes and sustainable communities & 14 - Achieve equality through diversity & inclusion, all of which will be supported by accelerating regeneration.

Summary of public health implications

82. By accelerating regeneration and investment there will be a better prospect of sustaining jobs and prosperity across the BCP area, improving housing and high-quality open spaces, with well designed, walkable, inclusive neighbourhoods that help promote health and well-being.
83. FuturePlaces will aim to produce developments that place a premium on quality-of-life considerations including safe, walkable neighbourhoods with good local amenities and access to quality green and open space.

Summary of equality implications

84. An Equality Impact Assessment (EIA) screening Tool has been completed and reviewed by the EIA panel and is attached as Appendix C. The panel gave an AMBER rating and found the assessment proportionate at this early OBC stage.

Summary of risk assessment

85. The key risks associated with the proposal are outlined in the OBC and summarised below:
 - a) **Financial Risks** – cost of construction inflation impact on deliverability
 - b) **Planning Risks**– time taken to achieve consent and through failure to achieve consent,
 - c) **Programme Risks** – timing of reprovisioning of car parking and optimum sequencing of development
 - d) **Commercial Risks** – no acceptable offers received through to development market changes affecting the preferred bidder's ability to complete the purchase.
86. The Council's exposure to risk is limited and if the sale does not complete then it will be able to review its options for the site, including potentially remarketing the site, approaching under-bidders or developing the site itself.

Background papers

Appendices

- Appendix A - Beach Road OBC with confidential appendices
- Appendix B – Decision Impact Assessment (ID 328)
- Appendix C - EIA Screening Tool