

FuturePlaces.

Outline Business Case

Beach Road

Date: 01 February 2023 [draft]

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Contents

1	Beach Road, Poole – project background.....	4
2	Strategic Case	9
3	Economic Case.....	13
4	Financial Case	22
5	Commercial Case	25
6	Management Case.....	29
	Appendix A – mapping and images.....	34
	Appendix B – Project programme	54
	Appendix C – Options appraisal (Strategic Fit)	58
	Appendix D – Benefit Cost Ratios	60
	Appendix E – Economic Benefits Calculation	64
	Appendix F - Confidential.....	65

Table of figures

Figure 1 - Location Map.....	34
Figure 2 - Potential residential development area (red shading)	35
Figure 3 - aerial view 1	36
Figure 4 - aerial view 2	37
Figure 5 - aerial view 3	38
Figure 6 - view from north (Western Road).....	39
Figure 7 - view from south east (Pinecliff Road)	40
Figure 8 - view from south west (Pinecliff Road).....	41
Figure 9 - car park entrance from Western Road.....	42
Figure 10 - access to north car park showing poor surface conditions	43
Figure 11 - access to north car park showing poor surface conditions	44
Figure 12 - access to north car park showing poor surface conditions	45
Figure 13 - section of north car park showing poor surface conditions	46
Figure 14 - part of northern section showing poor surface conditions.....	47
Figure 15 - sight line from Branksome beach car park.....	48
Figure 16 - illustrative impact to sight line from Branksome beach car park	49
Figure 17 - sight line from Haven Road to the west	50
Figure 18 - illustrative impact to sight line from Haven Road to the west.....	51
Figure 19 - sight line from Branksome beach	52
Figure 20 - illustrative impact to sight line from Branksome beach.....	53

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Version Control			
Version	Author	Date	Changes
0.1	Rob Dunford	16.11.2022	First draft
0.2	Rob Dunford	12.01.2023	Updates to economic and financial cases
0.3	Rob Dunford	26.01.2023	Updates to reflect BCP officer feedback
0.4	Rob Dunford	01.02.2023	Review comments and amendments to create final draft

1 Beach Road, Poole – project background

Outline Business Case (OBC) Summary	
Site Location	Beach Road, Poole BH13 7BE
BCP Council Ward(s)	Canford Cliffs
Site Dimension	Maps attached in Appendix A
Asset values	The BCP Council asset value for the site (based on existing use value 2022) is £347,000. Additionally, there is a telephone mast on site, with an existing use value of £75,000.
Project Summary	<p>This project considers the redevelopment of Beach Road Car Park to provide an equivalent or greater number of parking spaces to those currently useable, by a more efficient configuration of the site, to enable development of the remainder of the site to provide housing.</p> <p>Given the location of the site, the market value of the homes built on the site is likely to be high. Owning and operating such homes is not core to council objectives, and therefore the proposal is that the south section of the site, outlined red in Figure 2, should be sold on the open market for residential development after suitable guidance and protections on what can be built are put in place. Working with BCP Council colleagues, the agreed position is that the best way to achieve this is by issuing a Planning Development Brief as a Supplementary Planning Document (SPD) which expands upon the Local Plan and defines in more detail what can be built on the site.</p> <p>The proposal for the remaining rear section to the north of the existing car park is to develop a new car park to current standards. Initial work shows that up to a maximum of 250 spaces could be delivered at ground level, at a cost of around £2.5m. Although this would technically represent a loss in parking numbers against the current capacity of 316 spaces, FuturePlaces' study shows that there are currently only 196 usable spaces due to root and other vegetation incursion, retaining wall collapse, landslip, and non-compliance with current standards. Examples of this can be seen in Figure 9 to Figure 14. There is an opportunity to significantly improve the car park for use by elderly and disabled motorists or families with children.</p> <p>Therefore, a new 250 space car park would deliver a real terms increase in parking provision at Beach Road of over 25%. If sufficient demand can be demonstrated, then it is possible to add an additional car park level later with up to a net additional 60 spaces (approx. 75 on the new level, but 15 lost at ground level to provide a ramp access). This would cost an additional £1.1m.</p> <p>The proposed residential site is on high ground, surrounded by tall trees. Studies show that a building lower than 6 stories will be entirely hidden by the trees. Conversely, floors of 7 and upwards would have sea views. The scheme proposal has been carefully considered to</p>

Outline Business Case (OBC) Summary	
	<p>ensure that the buildings are not visible from outside the site on key sight lines and that the buildings do not intrude obtrusively on the skyline. Sight lines are shown in Figure 15 through to Figure 20.</p> <p>Phasing of delivery is important for this project. If the car park is well used for the summer months, the new, rear car park will need to be properly constructed out of season and before any construction works start on the front portion to minimise capacity issues. The phasing of works has been carefully considered, and it is proposed that, assuming approval of a Full Business Case (FBC), works on site start on the rear car park out of season, at or before the marketing of the front portion of the site. This will ensure that the rear portion will be available for use before the front portion is decommissioned. In this way, there will be no loss of capacity during the peak season.</p>
Current Use	<p>The site is currently used as a public car park, in close proximity to Branksome Chine beach. The car park has a notional capacity of 386 spaces, of which 316 spaces are marked out. Much of the surface of the car park is in very poor condition and many spaces are unusable, as shown in Figures 9 to 14. Inspection of the site shows that 196 spaces are currently usable, or 63%. Total cost to remedy the site is estimated to be £500,000. However, as part of any remedial work, some spaces would be lost to bring the spaces up to current standards (in terms of size and accessibility), so the maximum capacity given a refurbishment would be 250 spaces. Any works to increase capacity further would require a complete reconfiguration of the site at a cost running into the millions. Such works have not been fully costed as there are better solutions available as described herein.</p> <p>The car park is well used during the peak summer months but is closed between 1st October and 31st March. Gross income has fluctuated, but in the last couple of years has been circa £45k pa from around 8,000 ticket sales, equivalent to only 40 tickets per usable space per year.</p> <p>There is a telecommunications mast on the site leased to Vodafone, near to the entrance from Western Road.</p> <p>Following a review of the car park use, carried out by the former Borough of Poole Council, it was considered possible to provide sufficient public car parking across the northern part of the site to enable the southern section of the site to be redeveloped. The southern part of the site was formally allocated for residential development in the Poole Local Plan (2018)¹.</p> <p>Retaining an element of parking is considered very important to reduce the impact on the surrounding neighbourhood of illegal or antisocial parking in periods of high demand, which can cause conflict with residents. Without the need to reduce issues caused by anti-social parking for limited time during the summer, it would be difficult to justify</p>

¹ [Final version 28.11.18.pdf for web \(bpcouncil.gov.uk\)](#)

Outline Business Case (OBC) Summary	
	<p>retaining the car park due to the low level of use. The cost of retaining the car park is therefore seen as justifiable to help reduce unacceptable parking issues and the attendant distress and inconvenience to local people.</p> <p>The cost of reproviding better quality parking can be met entirely from the anticipated receipt from the sale of the front part of the site.</p>
Site characteristics and context	<p>The Beach Road site is located in the south eastern part of Poole, less than 150 metres from the seafront. The site is located approximately 3 miles from Poole Town Centre to the west and is less than 2 miles from Bournemouth Town Centre to the east.</p> <p>The site has a gross area of 1.1 hectares and is surrounded by mature woodland. It is currently accessed from Western Road and exits onto Beach Road. Pinecliff Road runs along the southern boundary. It is within 400m of the beach, seafront and Canford Cliffs Library and around 800m from Canford Cliffs village.</p> <p>The site incorporates extensive woodland including deciduous trees, particularly around the periphery. Much of this appears unmanaged resulting in considerable root, vegetation and soil encroachment impacting the condition and usability of the car park. The needs of the elderly or mobility impaired users is particularly compromised. The dominant habitat type within the site boundary is described as 'other woodland mixed' which is of medium distinctiveness and so is formally identified within the local biodiversity strategy. There is scope to improve the landscape/ecology aspects of the site with a considered approach to planting and other management aspects in addition to mitigation measures where these are desired.</p> <p>The car park has approximately 316 spaces across both the north and south sections. Existing spaces which meet or are close to the current standards number around 196. Approximately 50% of the remainder (c60) are capable of being brought into use to current standards, giving a total potential capacity of around 250 spaces without extensive reconfiguration of the site.</p> <p>The car park surface is in need of extensive upgrading due to issues including tree root encroachment, subsidence and retaining wall collapse.</p> <p>The site is surrounded by predominantly residential land uses. A number of other land uses exist near the site including Canford Cliffs Library and a restaurant/café and newsagents in Branksome Chine. Other commercial development exists in the wider area including tourist accommodation and a range of shops and services in Canford Cliffs village.</p>

Outline Business Case (OBC) Summary	
Recommended use	<p>Redevelopment of the northern section of the car park to provide new car parking of equal or greater capacity to the current car park, releasing the southern part of the site for residential redevelopment.</p> <p>Parking capacity can be retained at or above existing levels through careful design, enabling the release of a high-quality development site that will enable an eight-storey residential scheme with excellent sea views and without detriment to surrounding neighbours. With additional investment (which could be funded from the proceeds of the sale of the front portion of the site), parking capacity could be further increased if desired by the Council.</p> <p>It is recommended that the current draft Planning Development Brief for the residential development site is further developed and adopted by BCP Council as a Supplementary Planning Document (SPD) before selling to a developer.</p>
Funding	<p>It is recommended that BCP Council funds the development of the new car park and the costs associated with creating an SPD for the residential site prior to sale. The lowest cost solution for this is to use Public Works Loan Board (PWLB) funding.</p> <p>It should be noted that any funding requirement is transitory, as the proceeds of the sale of the front portion of the site are more than the cost of delivering the improved parking area.</p>
Strategic Fit	<p>Big Plan – Rejuvenate Poole – redevelopment of the site will contribute to the rejuvenation of Poole by upgrading an important car park for beach tourism and delivering high quality new homes. The project has a positive net return, which can be invested into delivering more housing or other regeneration on other sites in the BCP area.</p> <p>Big Plan – Act at Scale – creating 72 new homes (subject to final design) will contribute to the target of 15,000 new homes.</p> <p>Poole Local Plan (2018) – site formally allocated for residential development</p> <p>BCP Local Plan – the emerging Local Plan will require the provision of new homes in BCP and support the sustainable regeneration and growth of the conurbation.</p> <p>BCP Housing Strategy 2021-26 – 2,637 new homes required per annum to meet Government targets. (Currently delivery rates are at 480 completions in 2020/21 and 330 in 2021/22 as per DLUHC housing data)²</p> <p>Affordability ratios (median house price to median residence-based earnings) in BCP continue to be problematic. Current ratio is 11.3, compared to 9.8 in the South West and 8.92 in England and Wales. BCP is ranked 70th least affordable council area (out of 329). Although</p>

² [LiveTable253.ods](#)

Outline Business Case (OBC) Summary	
	<p>the new homes at Beach Road will be of a relatively high market value, increasing overall supply will help to reduce ratio as part of a BCP wide approach to building new homes as set out in the Big Plan.</p> <p>Climate & Ecological Emergency – positive approach to biodiversity net gain will be embedded in landscape proposals which will be demonstrably ecology led. Landscape and Ecological Strategy and a more detailed development of planting strategy will be prepared to include an approach to the existing perimeter trees, the management/improvement of the understory for ecology exceeding simple mitigation and proposed additional and infill planting generally.</p> <p>High environmental standards, reducing carbon emissions and lowering the carbon footprint will be achieved.</p> <p>Levelling Up – the project contributes to the Government’s medium-term mission to “<i>restore a sense of community, local pride and belonging, especially in places where they have been lost</i>”. In particular, the project supports Levelling Up policy set out in;</p> <p>3.4.1 (a) Regeneration</p>
Project Outcomes	<p>72 new, high-quality homes (subject to design finalisation – refer to Figure 1 in Appendix F)</p> <p>Upgraded public parking facility, circa 250 spaces</p> <p>Land receipt with a potential value sufficient to fully fund the car park development. An assessment of potential residual land values resulting from different scales of development is included in Table 1 in confidential Appendix F.</p>
Adjacencies	<p>Selective Parking Study – will determine the quantum of parking necessary to support the peak beach tourism period and inform the design of a new parking solution.</p> <p>Biodiversity SPD - Reports have been commissioned to assess the baseline Biodiversity Net Gain Calculations which will inform the development at Beach Road. Ecological survey work has been undertaken, considering the opportunities and constraints to any future development on the ecology of the site and environs. Further survey works will be required to inform the proposed SPD and any future planning application of suitable avoidance, mitigation and enhancement measures to optimise the ecology of the site in balance with optimising potential for development.</p>
Key Risks	<p>Financial – costs of construction impact on deliverability</p> <p>Planning (speed to consent)</p> <p>Potential localised opposition</p> <p>Timing – reprovision of car parking and optimum sequencing of development</p>

2 Strategic Case

2.1 Background

FuturePlaces is BCP Council's arms-length regeneration and place making delivery vehicle. It is a Teckal company and is wholly owned by the Council which is its sole shareholder. The company was asked to consider the optimal reuse of the site to demonstrate best overall value for money for the council whilst supporting, regeneration and placemaking objectives set out in the Commissioning Plan.

FuturePlaces was formed under 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.

BCP FuturePlaces will drive regeneration and property market transformation to secure the 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.

2.2 Case for Change

In 2021, Bournemouth Christchurch and Poole Council (BCP Council) published "Our Big Plan", which sets out the ambition to make the BCP region world class – one of the best coastal places in the world in which to live, work, invest and play³.

One of the "five big projects in the Big Plan is "Rejuvenate Poole" which states;

"We will deliver on the promise to rejuvenate Poole, bringing a vibrant, attractive and sustainable mix of residency, business, hospitality, retail, culture and green spaces to the heart of Poole..."

Beach Road provides an opportunity to rejuvenate a dilapidated car park in a prominent seafront location, in close proximity to both Poole and Bournemouth town centres, to create a new development with up to 72 homes for local people.

There is an opportunity to deliver important new parking facilities to support the peak beach tourism period between April and September which will better serve all users.

The Big Plan includes the ambition to "Act at Scale", aiming to deliver more than 15,000 new homes across BCP, describing the delivery of more housing as a "key priority" for the council. This target will not be met without supporting new housing development across the conurbation.

Furthermore, the BCP Housing Strategy states the requirement to build 2,637 homes annually in order to meet Government targets.

The Big Plan includes the creation of an urban regeneration company as a key element of delivering its ambition to act at scale. This has been delivered through the creation of BCP FuturePlaces. This project represents a strong example of the kind of urban regeneration required to deliver the Big Plan. Failure to deliver the scheme will undermine the delivery of the council's flagship strategy.

³ <https://www.bcpCouncil.gov.uk/About-the-council/Our-Big-Plan/Our-Big-Plan-in-full.pdf>

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Without intervention the site will not contribute to the urgent requirement to build new homes in Poole. The population in BCP is projected to grow by 2% or 7,800 people between 2018 -2028, with the number of households expected to grow by 4.7% or 3,033 new households. There is already a housing shortage in BCP with over 5,000 on the waiting list alone. This requirement translates into a need to build 2,637 new homes in BCP each year, according to Government figures and as set out in the BCP Housing Strategy⁴. The ability to deliver 72 homes at Beach Road makes a strong contribution to this target.

2.3 Strategic Objectives

Strategic Objectives	
Local	
Big Plan (2021)	Rejuvenate Poole – scheme will contribute to regeneration of Poole seafront and support the vital beach tourism season. Act at Scale – scheme will contribute to target of 15,000 new homes across BCP
FuturePlaces Environmental, Social & Governance (ESG) Standards	Stewardship Kitemark - The Stewardship Initiative (stewardship-initiative.com) Towards Zero Commitment Equalities Checklist
BCP Local Plan	The emerging Local Plan will require the provision of new homes in BCP and support the sustainable regeneration and growth of the conurbation.
BCP Housing Strategy	BCP Housing Strategy 2021-26 – 2,637 new homes required per annum to meet Government targets.
BCP Corporate Strategy	Dynamic Places: “Invest in the homes our communities need”
Regional	
Dorset Local Enterprise Partnership Strategic Economic Vision for 2033 (2016, DLEP)	The objectives underpinning the economic vision include a focus on ‘a sustainable, competitive and innovative economy, driven by its key sectors’, ‘attracting and retaining high-skilled workers and employers’ and ‘a world-class environment and high quality of life’. Delivery of new, high-quality homes on a seafront location at Beach Road will support the vision for creating a world class environment and high quality of life.
Dorset Local Industrial Strategy (2019, DLEP)	The LIS sets out a vision to create a smart and productive workforce, promote innovation and create an exemplar coastal city region for 21st

⁴ BCP Housing Strategy, “Our commitment to our communities” 2021-26

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	Century coastal communities. New, high-quality development of this nature will support the ambition to create an exemplar 21 st Century coastal community.
National	
High Streets and Town Centres in 2030 (2019, House of Commons)	The report identifies four guidelines for boosting the prosperity of high streets and town centres; diversify away from retail, provide an inclusive environment for all, provide gathering places and future proof for changing needs and technology
Levelling Up	<p>The project supports Government's medium-term Levelling Up mission to <i>"restore a sense of community, local pride and belonging, especially in places where they have been lost"</i>.</p> <p>BCP Council is a member of the Levelling Up Councils Coalition⁵ which promotes the Purpose Goals⁶ laid out by the Purpose Coalition including Goal 12: "Building homes and sustainable communities".</p>
UN Sustainable Development Goals	Sustainable cities and communities

2.4 Constraints

- (a) **Planning** – will need approval to construct both a new car park and the new residential development
- (b) **Environmental** – further arboriculture, ecology and landscape surveys will be required to ensure development includes an optimal strategy for managing the green infrastructure, including a number of mature trees within the grounds.
- (c) **Transport** – access/egress will need to be reviewed with BCP Highways to ensure it is appropriate for the uses proposed.
- (d) **Climate change strategy** – set a high standard of sustainability consistent with BCP policy

2.5 Policy considerations

- (a) **Community Infrastructure Levy** – the site is in Zone A, where the charging rate is currently £240.85 per square metre.
- (b) **Heathland contribution** – development in this location will be required to make a Heathland contribution for Strategic Access, Management and Monitoring. The current level of contribution is £274/flat..
- (c) A contribution of £97/flat will also be sought for Poole Harbour Strategic Access, Management and Monitoring.

⁵ [Levelling Up Councils Coalition](#)

⁶ [Purpose Goals](#)

2.6 Dependencies

- (a) **Approach to car parking** - The delivery of the project will be closely linked to the solution agreed for car parking. The current car park is very busy during the summer months but is in poor condition and does not meet current BCP parking standards. On very busy days the capacity is not sufficient to prevent widespread anti-social/illegal parking on surrounding roads, causing a nuisance to local residents.

The residential development will be unlikely to receive stakeholder support without being accompanied by a firm plan for delivering a new car parking facility on the northern section of the site.

2.7 Stakeholder Engagement and Considerations

BCP FuturePlaces have engagement and consultation at the heart of the stewardship philosophy and throughout the life of all our projects.

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, exacerbated by the loss of several Bournemouth car parks to redevelopment in recent years, and this reduction in car parking is at odds with the Council's ambitions to be a world class resort. 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 this OBC.

FuturePlaces has tested the high-level proposals with the Poole Charter of Trustees. The response was mixed with some strong views from local ward Councillors in opposition of any development other than refurbishing the current car park.

Further consultation will take place throughout the development of the Full Business Case and including through the formal planning process.

3 Economic Case

3.1 Scope and Approach

The range of options for the site is limited from a practical perspective, given its location and current use. Reference is also made to the December 2021 Draft Planning Development Brief. The site does not lend itself well to significant commercial uses due to its proximity to surrounding residential and the requirement to ensure adequate parking is retained. The focus for the site is optimising the potential for residential development that will both improve the character of the place and meet the housing needs of the local population.

FuturePlaces has assessed the realistic and deliverable options for the whole site and carried out an appraisal against a range of core objectives; Finance, Place, Housing & Infrastructure, Economy, Environment, Culture & Creativity and Health & Wellbeing. These objectives reflect BCP's strategic objectives.

Each option has been given a score reflecting how likely it is to deliver against each objective, in order to provide a high level, initial assessment of the best option to deliver against BCP (and FuturePlaces') strategic objectives. The highest scoring option is then selected as the preferred, single option to bring forward to Full Business Case development.

The options appraisal is included in Appendix C. Further commentary to support the scoring is provided in the table in section 3.2 below.

3.2 Options Appraisal

Options Appraisal	
Do Nothing (Option 0) - not shortlisted	<p>Do nothing is not considered to be an appropriate option.</p> <p>Too much of the car park is already unusable and will further degrade without investment. The current capacity is substantially restricted due to poor maintenance, which is impacting on revenues and contributing to antisocial parking on busy summer days.</p> <p>This options scores 3/29 in the strategic fit analysis.</p>
Do minimum (option1) - shortlisted	<p>Leaving the site as car parking would necessitate spending substantial sums on upgrading the car park, particularly to the north and result in no capital receipt. It would also enable the continuation of anti-social behaviour and amount to an underutilisation of a public asset.</p> <p>The car park is in use 6 months of the year and generates around £45,000 during that time. This income would continue but would be offset against the costs of upgrading.</p> <p>FuturePlaces has commissioned a selective parking study to examine the usage of selected car parks in scope for potential regeneration to examine the impact of any changes to parking supply. Data supplied by BCP Council for Beach Road car park has been examined by Parking Matters Ltd and the occupancy rates during 2022 are summarised in the following table;</p>

	Mon	Tue	Wed	Thu	Fri	Sat	Sun
04/04/2022	0%	0%	0%	0%	0%	0%	0%
12/04/2022	0%	0%	0%	3%	3%	2%	0%
18/04/2022	1%	0%	0%	0%	0%	0%	0%
03/05/2022	0%	0%	0%	0%	0%	0%	0%
09/05/2022	0%	0%	0%	0%	0%	4%	0%
17/05/2022	1%	0%	0%	0%	5%	8%	0%
24/05/2022	0%	0%	0%	1%	6%	0%	0%
30/05/2022	0%	1%	1%	3%	10%	0%	0%
06/06/2022	1%	0%	0%	0%	1%	3%	1%
13/06/2022	0%	1%	1%	3%	45%	9%	0%
20/06/2022	1%	2%	2%	1%	0%	0%	1%
28/06/2022	1%	0%	0%	0%	1%	2%	0%
04/07/2022	0%	1%	1%	1%	5%	67%	82%
11/07/2022	10%	5%	5%	8%	9%	81%	81%
18/07/2022	37%	11%	11%	5%	1%	11%	4%
25/07/2022	1%	4%	4%	2%	20%	4%	0%
01/08/2022	4%	1%	1%	3%	15%	16%	31%
08/08/2022	14%	21%	21%	33%	43%	44%	41%
15/08/2022	3%	1%	1%	3%	3%	6%	1%
22/08/2022	0%	1%	1%	1%	8%	12%	10%
29/08/2022	8%	2%	2%	5%	5%	13%	1%
05/09/2022	0%	0%	0%	0%	0%	1%	2%
12/09/2022	0%	0%	0%	0%	0%	1%	2%
20/09/2022	0%	0%	0%	0%	0%	0%	0%
27/09/2022	0%	0%	0%	0%	0%	1%	0%

Whilst the data clearly suggests the car park is underused for significant periods during the six months it is open, it is understood that it is important to retain car parking at the site to manage periods of peak demand during the summer, to limit the negative impact on local residents.

The car park does not meet current standards in terms of size of spaces, making it unsuitable for use by larger cars, camper vans etc due to risk of damage. It is unusable in some parts due to damaged walls and root encroachment from the mature trees and other vegetation on site. It is not easily usable by important groups such as the elderly and those with impaired mobility.

Therefore, the do minimum option is considered to require a minimum level of investment in the order of £500,000 to rectify these issues and bring the car park up to current standards. It is estimated that this would result in a maximum capacity of 250 spaces.

It is likely that such investment alongside improvements in signage from the surrounding highways would improve usage and occupancy levels as it would allow all vehicles to park safely and with minimal risk of damage. This would be assumed to raise the level of income to aid the business case for investing in improvements. For the purposes of financial modelling, a 5% increase in revenues per year is assumed.

This option scores 4/29 in the strategic fit analysis but has been included in the economic and financial case analysis as it is deliverable and to provide a comparison to the development options.

| **Do Something (Option 2) – non-** | Canford Cliffs is an established residential area and sites for development are scarce. There are no visible road frontages that would suit a commercial use and no evidence of demand for such, which would also | | | | | | |

<p>residential uses – not shortlisted</p>	<p>most likely attract local opposition. Consequently, the most appropriate viable development potential of the site is for residential use to the south and public car parking to the north.</p> <p>Nevertheless, consideration should be given to whether any uses associated with a reprovisioning of the car parking in a decked format and as a strategic parking location for the beaches should be incorporated. Equally, seasonal community use of decked space – if underutilised – for parking in the winter months.</p> <p>Option 2 scores 9/29 in the strategic fit analysis. It is not considered deliverable, nor a suitable use for the site and has not been included in the shortlisted options for economic and financial analysis.</p>
<p>Do Something (Option 3) – residential development of entire site – not shortlisted</p>	<p>Develop the entire site for residential use.</p> <p>This would need additional access points to access difficult pockets of building land which may be unacceptable locally and to BCP Highways.</p> <p>It would further result in the loss of all the parking facilities creating neighbour issues and would fail to recognise the potentially important role that the Beach Road Car park can play in serving the beach parking requirement overall.</p> <p>There is potential to enhance income generation from the car park given its proximity to the beach especially when considered against income generation at e.g., Sandbanks Car Park and elsewhere. (This will be covered in Car Park Business Plan TBC)</p> <p>This option would assume that BCP Council would fund the development, to benefit from the disposal receipts generated from eventual sales of new homes.</p> <p>Option 3 scores 15/29 in the strategic fit analysis but is not considered deliverable and would result in a total loss of public parking at the site. This would attract very strong local opposition as well as exacerbating parking issues experienced during peak summer days. Accordingly, it has not been shortlisted.</p>
<p>Do Something (Option 4) – develop north of site as car park, south as residential – shortlisted</p>	<p>There is potential to develop part of the site for residential use.</p> <p>Parking numbers can be retained more-or-less as existing whilst this scenario could also enable intensification of parking on the site via the creation of a decked solution to enable the release of land and maintain the quantum of car parking if considered necessary in subsequent years.</p> <p>The delivery of a new car park could be phased to ensure there is a consistent parking offer during the summer months. It is possible to deliver a ground level car park in the first period of winter closure that would provide a maximum of 250 spaces for the following summer. This would represent an increase in capacity compared to the amount of current usable spaces, which would better support parking demand during the peak summer period.</p> <p>Subject to monitoring and assessment of demand, a second level of parking could be delivered during a subsequent winter closure period in</p>

	<p>order to provide up to a net additional 60 spaces, through a modular construction method. A podium would be constructed to the north corner of the site, which would require the loss of some ground level spaces in order to provide ramps for access and egress. It should be noted that this delivery method would not provide a premium finish in terms of appearance but would be functional and durable. The visible impact would be mitigated by the retention of existing boundary trees. This would bring the total number of spaces on the site to around 310.</p> <p>The alternative would be to construct a new two- level car park in one go, which would provide a better design outcome, but this would necessitate the complete loss of public parking at the site for (at least) one summer, which it is understood is not acceptable to local stakeholders.</p> <p>Our assessment of the site suggests that the key area for residential development would be that currently occupied by the southern car park, resulting in its loss. The topography of the site slopes down from the southern car park towards the north, making the northern area unsuitable for development.</p> <p>A draft Development Brief prepared by BCP Council in 2021 suggests a new development of six storeys for the site which would keep the new building within the existing tree canopy. FuturePlaces has examined this further and proposes that a development of 8 storeys would have a negligible impact on the local skyline whilst, importantly, delivering 2 storeys with highly desirable and valuable sea views. The addition of these extra floors has a significant positive impact on the viability and profitability of the scheme.</p> <p>FuturePlaces has carried out a development appraisal to establish the high-level position on likely residual land value of developments of a range of height. This is included in confidential Appendix F. A comparative analysis of five different variations on the number of storeys (6, 7, 8, 9 and 10) is set out in the economic and financial cases below.</p> <p>This option assumes that BCP Council would fund the development of both the car park and the residential.</p> <p>This option scores 16/29 in the strategic fit analysis, delivering new homes whilst retaining important public parking to an improved standard.</p>
<p>Do Something (Option 5) – develop north of site as car park, sell south for residential development - shortlisted</p>	<p>Similar to option 4, but with BCP Council developing and funding the new car park facility and preparing the southern section of the site for sale to a residential developer.</p> <p>A Supplementary Planning Document (SPD) would be created for the residential development site, to provide an appropriate level of design quality control.</p> <p>BCP Council could consider using the capital receipt from selling the residential site to meet the costs of developing the car park.</p>

	This option scores 17/29 in the strategic fit analysis. It would deliver new homes whilst retaining important public parking and represents the lowest cost route to delivery for BCP Council.
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3.3 Recommended Option

Description	<p>Option 5 is recommended; sell the southern section of the site for development for residential use and retain the rest of the site for a new car parking facility.</p> <p>We consider the most viable development option for the southern car park to be a single block of residential apartments with associated parking. This can be accommodated with minimum tree displacement. Our studies suggest that the height of the building could be eight floors without being visible from surrounding focal points. (Refer to figures 6-8 and 15-20 in Appendix A).</p> <p>The car park (both north and south) is currently marked out with approximately 316 spaces. Those spaces which meet, or are close to meeting, the current standards are calculated as numbering 196 with approximately 50% of the difference capable of being brought into use to current standards, giving a potential maximum total of existing spaces of circa 250.</p> <p>A similar number of spaces can be accommodated in a reconfigured, ground level northern car park. In addition, there is the potential to add podium parking at first floor (or first and second) above a reconfigured layout. A single podium to the north of the new car park could bring the total to 310 spaces.</p> <p>Proposals have been considered to construct a single deck on the eastern edge of the current northern parking area which would increase the total spaces to circa 350 but would have a greater visible impact. A further possibility is to add an additional storey to this eastern podium serving the residential block and providing an additional 144 spaces – which would be directly accessible from the development site and negate any the need for costly undercroft parking thus potentially proving attractive to the developer.</p> <p>The combination of public and private car parking within a parking structure would also potentially enable enhanced use through the year and oversight so as to reduce any real or perceived threat of antisocial behaviour. Consideration might be given to community use of floors of car parking that may not be well used in winter months. However, it is considered that the need to use a public car park is unlikely to be attractive to prospective buyers of the new homes.</p> <p>BCP FuturePlaces will consult widely on the car parking options during the process of preparing the Full Business Case to guide the selection of a preferred parking solution.</p> <p>The car parking, whether reconfigured or enhanced with additional podium parking, should remain in the ownership of BCP.</p>
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	<p>The residential development to the southern car park could be managed and delivered by BCP for retention as private rental homes. However, the location of the site is highly desirable and would command higher prices if sold.</p> <p>As this will be a desirable residential project there is likely to be considerable interest/demand from the market, but a straightforward disposal would limit the ability of the Council to influence and control design quality and could result in land trading. To mitigate this risk, it is highly recommended that an SPD is put in place prior to sale.</p>
Estimated Cost	<p>Total estimated costs to BCP are £3,889,608.</p> <p>There is an estimated cost of £2,500,000 for redevelopment of the new car park, with the balance being costs associated with planning and design fees to prepare the southern site for sale to a residential developer and the cost of borrowing from the PWLB at the current rate of 4.5%.</p>
Strategic objectives	<p>Delivers against Big Plan: Act at Scale</p> <p>Delivers new homes to support BCP housing delivery targets.</p>
Quantifiable benefits	<p>72 new homes</p> <p>(12 x 1 bed apartments, 24 x 2 bed apartments, 32 x 3 bed apartments, 4 x penthouse)</p> <p>New public car park meeting current standards</p> <p>Increase in car parking revenues due to anticipated uplift in usage/occupancy levels, especially with improved wayfinding and signage on surrounding highways directing traffic to the car park.</p>
Disbenefits	<p>Potential slight reduction in overall car parking capacity</p>
Key Risks	<p>Planning</p> <p>Financial</p> <p>Environmental/Ecological</p> <p>Local opposition to new development</p> <p>Relocation of telecommunications mast</p>

3.4 Benefit Cost Ratios

3.4.1 Methodology

A cost benefit analysis has been carried out in order to assess the comparative value for money (VfM) of each shortlisted option. At the Outline Business Case stage, it is only possible to assess options at a high level, against estimated costs, but the analysis applies a consistent methodology to allow a considered comparison of the value for money of each option.

The HM Treasury Green Book⁷ provides the following value for money categories;

Benefit Cost Ratio	Value for money (VfM) category
BCR < 1	Poor VfM
1 < BCR < 2	Acceptable VfM
BCR > 2	High VfM

The benefit cost ratio value is calculated by assessing the present value benefits (PVB) and present value costs (PVC) for each option. Subtracting the PVC from the PVB gives the Net Present Value (or, when using public funds, Net Present Public Value, NPPV);

$$\text{PVB} - \text{PVC} = \text{NPPV}$$

If the NPPV is a positive number, then the benefits of delivering a project are greater than the costs. If the NPPV is a negative number, then the opposite is true, and the costs of a project outweigh the benefits.

Dividing the PVB by the PVC gives the benefit cost ratio (BCR);

$$\text{PVB}/\text{PVC} = \text{BCR}$$

The benefit cost ratio indicates the relationship between the value of benefits and the costs required to achieve them. A BCR of 1 means that for every £1 of cost, £1 of benefit is achieved.

A BCR of less than 1 means delivery costs are greater than the quantifiable benefits that will result. This does not necessarily mean a project should not continue as there may be significant benefits that are not easily quantifiable (e.g., meeting strategic objectives around placemaking or regeneration) that still make the project desirable.

A BCR of greater than 1 means that quantifiable benefits are greater than the cost of delivering the project.

The full benefit cost ratio analysis is set out in **Appendix D**.

3.4.2 Financial Appraisal

Scenarios 1 and 2 deal with value for money from a financial perspective, assessing the present value costs of each option against the present value benefits in terms of the income BCP Council can expect to realise over a 60-year period.

Scenario 1 is a conservative analysis using an unlevered discount rate (UDR) of 5.5% and a terminal value rate (TVR) of 5.5%.

Scenario 2 uses the PWLB interest rate (at the time of writing) of 4.5%, as this is considered the most likely route to funding the scheme. The internal rate of return (IRR) for the PWLB rate is also shown. Calculations have been carried out to determine how high the UDR would need to be for each option to reduce the IRR to 0.

The table below summarises the value for money categories for each shortlisted option in each of the scenarios;

⁷ [ppraisal Guide \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/674442/ppraisal-Guide.pdf)

BENEFIT-COST RATIO FOR BEACH ROAD		Scenario 1 (UDR 5.5%, TVR 5.5%)	UDR where IRR = 0	PWLB INT = 4.5%	IRR @ PWLB Rate
1	Do minimum	● 2.45		● 2.63	
4a	develop north of site as car park, south as residential - 6 floors	● 1.01	8.6%	● 1.05	6.9%
4b	develop north of site as car park, south as residential - 7 floors	● 1.08	10.1%	● 1.12	15.9%
4c	develop north of site as car park, south as residential - 8 floors	● 1.14	11.5%	● 1.17	23.0%
4d	develop north of site as car park, south as residential - 9 floors	● 1.18	12.8%	● 1.22	28.5%
4e	develop north of site as car park, south as residential - 10 floors	● 1.22	14.7%	● 1.26	33.1%
5	develop north of site as car park, sell south for residential	● 2.54		● 2.57	

In both scenarios, the do minimum option represents high value for money. The amount of money required to upgrade, operate and maintain the existing car park is relatively low in comparison to the anticipated income over the 60-year period.

Developing the site (options 4a – 4e) delivers acceptable value for money from a financial perspective in both scenarios. The BCR improves slightly with each additional floor as the sales values for each floor with sea views (above floor 6) are higher than those below the treeline. The more floors that are built with views, the greater the overall value of the development will be. For the same reason, the internal rate of return (IRR) also improves with each additional floor. The IRR figures for the current PWLB rate are shown in the table.

The preferred option 5 delivers high value for money in both scenarios. The costs to BCP of delivering the car park and the planning work prior to sale are comfortably exceeded by the anticipated sale price for the residential development site. The BCR values for this option are slightly lower than the do minimum option, but the clear advantage is that this option retains an improved public parking offer as well as enabling the development of a high-quality residential scheme and delivering a capital receipt to BCP Council.

3.4.3 Economic Appraisal

It is important to also consider the wider economic benefits of delivering a project which can demonstrate the value of the completed project to the local economy in the long term. In this instance, these benefits capture the impact on the economy of the construction phase.

Scenarios 1a and 2a set out the adjusted benefit cost ratios for each option, once the economic benefits of redeveloping the Beach Road site have been taken into account.

The analysis considers the one-off GVA impact arising from the construction work for both the residential and car park development.

The calculations for estimating the economic benefits are set out in **Appendix E**.

The table below summarises the adjusted value for money categories for each option once the economic benefits are taken into account;

ADJUSTED BENEFIT-COST RATIO FOR BEACH ROAD		Scenario 1a (UDR 5.5%, TVR 5.5%)	Scenario 2a (PWLB 4.5%, TVR 5.5%)
1	Do nothing	● 2.55	● 2.73
4a	develop north of site as car park, south as residential - 6 floors	● 1.33	● 1.39
4b	develop north of site as car park, south as residential - 7 floors	● 1.41	● 1.46
4c	develop north of site as car park, south as residential - 8 floors	● 1.47	● 1.52
4d	develop north of site as car park, south as residential - 9 floors	● 1.52	● 1.57
4e	develop north of site as car park, south as residential - 10 floors	● 1.56	● 1.61
5	develop north of site as car park, sell south for residential	● 2.80	● 2.84

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In all cases, the BCR scores are improved, but the categories remain the same i.e., the do minimum and preferred option 5 remain high value for money and the development options remain acceptable value for money.

3.5 Sensitivity Analysis

The vulnerability of options to future unknowns (e.g., political change, economic challenges such as inflation, wage growth etc, pandemic, War in Ukraine, Fuel Prices.) will be carried out against shortlisted options at Full Business Case stage.

The level of uncertainty around the outcome of the war in Ukraine, its associated impact on inflation and the rate at which it could change in the short term, means it is not prudent to carry out a sensitivity analysis at this stage. The potential impact on the viability of any construction scheme is clearly significant and any view taken at this stage could change for the better or worse in a short space of time.

However, in consultation with the BCP Council commissioning team, FuturePlaces has considered the impact on the internal rate of return (IRR) of two key variables on the base case: the funding rate, or UDR (unlevered discount rate), and inflation.

The impact of these can be seen in the table below.

	Base Case IRR	Base Case UDR	UDR for IRR=0%	Base Case Inflation	Construction Inflation for IRR=0%
Base Case	71.3%	4.5%	>100%	2% above current	>15%

For each variable, UDR and rate of cost inflation, the increase from the base case value needed to cause the internal rate of return of the project to fall to zero has been calculated. This has been done because whilst sensitivities are often presented as a response to a unit change, this is meaningless unless some estimate of the volatility can be made. Given current market turmoil, this is difficult to predict. It is more intuitive to consider whether a move of the magnitudes above is likely to occur, or at least possible. For example, whilst it is difficult to say exactly where long-term funding rates may stabilise by the time of FBC, it seems extremely likely that they will be less than 100% and therefore the project will remain viable.

Whilst an assumed inflation rate of 2% above current rates for construction may at first sight seem low, it should be borne in mind that much of the current price inflation has been caused by energy costs, the after-effects of COVID-related transport issues and higher interest rates. In fact, after peaking at over 20% above pre-COVID levels, construction steel prices are now almost back to pre-COVID levels. Second, over the long run inflation in costs tends to lead to inflation in asset prices, albeit after periods of market dislocation. In order to be conservative, this uplift in asset values has been discounted. The 2% can therefore be seen to be measure of the excess increase in costs over the increase in asset prices. It is therefore considered reasonable. Even if this value isn't accepted, the sensitivity table above shows that the project can withstand an increase in costs in excess of 15% over any growth in asset values and still remain viable.

Given the sensitivities above, the economic, regenerative and social benefits of the project presented above justify the investment in the project, particularly when there are few attractive alternatives available.

4 Financial Case

4.1 Introduction and Methodology

The financial case demonstrates how the development of the preferred option will be funded, subject to approval by BCP Council.

The costs for the development of the project to Full Business Case stage are set out. These consist of costs of third-party consultancy (e.g., design, quantity surveying, engineering) and a contribution to the staff costs and overheads incurred by BCP FuturePlaces in managing the project.

At the (next) Full Business Case stage, the scheme costs for the preferred option will be developed using an independent cost consultant as part of the final development appraisal. This will include an appropriate level of sensitivity analysis, given the current prevailing uncertainty in global inflation. This will allow for an assessment of affordability within BCP Council's capital programme budget.

4.2 Funding requirements

The recommended option 5 requires an estimated total capital cost of £3,889,608 to fund the development of the new car park and the planning work prior to the sale of the residential site. This includes the forecasted cost of borrowing impact to the BCP Council revenue account and Minimum Revenue Provision (MRP) requirements. The breakdown of this figure is shown in section 4.4 below

4.3 Funding options

BCP Council has the option to consider funding the project through prudential borrowing from the Public Works Loan Board (PWLB).

The most likely delivery method for the construction of the car park would be for the council to secure a contractor through an open and competitive procurement process.

4.4 Affordability

Table 2 included in confidential Appendix F sets out the costs associated with borrowing from the Public Works Loan Board to fund the preferred option 5.

It is assumed that the car park will be retained in the ownership of BCP Council.

The table sets out the capital and revenue costs and income for the project over a 60-year period and includes explanatory text.

4.5 Financial Model

The costs incurred to achieve Outline Business Case are outlined in the table below

No	Supplier	Service	Actual/ Committed Cost (Excluding VAT)
1	Frazer Garner	Quantity Surveyor	325.00
2	TRA (Architects)	Architectural services	8397.86
3	Thorpe Engineering	Engineering	570.00
4	Chilmark	Pre-application advice support	1,575.00
5	WSP	Preliminary Ecological Appraisal	2,518.00
6	AECOM	Transport consultancy	4,495.00
7	The Landmark Practice	Landscape and ecology	5,500.00
8	BCP Council	Pre application fee	1,440.00
	Sub-total		24,820.86
	FuturePlaces staff costs and overhead		49,641.72
	TOTAL		74,462.58

The estimated costs to achieve the Full Business Case are outlined in the table below

No	Item	Estimated Cost (Excluding VAT)
1	Multi-disciplinary package to RIBA stage 2 for car park (covering civil and structural engineering, QS, transport, MEP, flood risk assessment and surveys)	£75,000
2	Landscape and Ecology	£10,000
3	Architectural services	£10,000
4	Legal Services (covering ROT, property matters, sale and construction contract)	£20,000
5	Commercial Property Agent (contingency for pre marketing tasks, should marketing not proceed)	£10,000
6	Public Engagement	£10,000
7	Red Book Valuation	£5,000
8	Parking Consultant	£10,000

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9	Planning Consultant (covering pre-app, full planning app and SPD)	£20,000
10	Local Authority application planning fee for car park	£234
11	BCP Transport and Engineering resource provision	£25,000
12		
13	Sub-total	£195,234
14	FuturePlaces staff costs and overhead (excl BCP resource)	£390,468
15	TOTAL	£585,702

The costs for developing the project to Outline Business Case have been funded through FuturePlaces' approved working capital facility. This includes both internal (staff) and external (professional consultancy services) costs. These costs are to be capitalised upon approval of the Outline Business Case, which would represent approval of a single option for the development of the site.

The costs for developing the single option to Full Business Case are set out in the table above. These would be billed as incurred and funded by BCP Council as a capital project, producing no pressure on the Revenue Account prior to FBC.

The Full Business Case will come forward with detailed costings for the delivery phase of the project and an appraisal of funding options for consideration by BCP Council, prior to a decision on whether to proceed. However, at this stage it is appropriate to assume that the development should be funded through the PWLB funding facility as the lowest cost option.

4.6 Financial Risks

Headline financial risks are considered at this stage to be;

- Construction costs continue to rise due to external economic factors and impact on viability. As discussed above, this risk is manageable
- House prices are affected (negatively) by external economic factors e.g., recession, cost of living and impact on viability. Whilst it is entirely foreseeable that there may be a reset in the housing market, BCP has one of the least affordable housing markets in the UK (Price: Median Earnings of over 11:3). There is therefore extremely strong demand for good quality residential property, and it is unlikely that sales values will reduce to the extent that would be required to make the project unviable.
- Interest rate increases impact on affordability of borrowing to fund the scheme(s). A decision to proceed beyond FBC will not be taken until PWLB funding is assured and rates are locked in. If rates have moved such that the project is no longer viable (taking into account the social, wider economic and regenerative benefits) then the project can be paused until rates stabilise.

5 Commercial Case

5.1 Market Analysis

Housing Demand

The Poole Local Plan sets out the housing needs in Poole in the context of East Dorset. It references the Strategic Housing Market Assessment (SHMA) which identifies the need for 57,600 homes in East Dorset between 2013 and 2033.

The BCP Housing Strategy⁸ identifies the need to build 2,637 new homes a year, based on standard Government housing need forecasting methodology. A new Local Plan for BCP is scheduled for adoption in 2023/4 and will identify new allocations for delivery across the BCP area.

Over the last five years, 1,150 dwellings have been delivered annually across the BCP Council area, showing a potential shortage in housing if increased rates of delivery are not forthcoming.

In 2021 the average residential property price in Poole was £394,100⁹, compared to £361,500 in 2020. This has increased from £217,034 in 2010. The current level is 13% higher than the national average.

The rise in house prices has impacted the affordability of housing in Poole for the wider BCP population. Across BCP Council the ratio of median house prices to median residence-based earnings has increased consistently over the last few years. However, between 2020 and 2021 the jump was significant, increasing from 9.75 in 2020 to 11.3 in 2021. In the South West the ratio is 9.8 and 8.92 in England and Wales. Out of 329 local authorities where data is available BCP Council is ranked the 70th least affordable.

Private rental market data for BCP Council for the period 01/10/2020 to 30/09/2021 gives a median figure of £850 per month, the England figure is £755. Like house prices, this is 13% above the national average. The comparable figure for BCP Council for the previous year was £795, an increase of 7%.

The evidence clearly demonstrates an affordability problem within the BCP housing market. Addressing the issues with supply will be one way of contributing to a solution. The Big Plan ambition to “act at scale” includes a target of 15,000 new homes. BCP’s Housing Strategy describes needing to meet a target of up to 2,637 new homes a year and makes a clear link to the relationship between supply and affordability

According to data from the Department for Levelling Up, Housing and Communities¹¹, housing delivery in BCP has fallen well short of that mark in recent years with 1,090 completion in 2019/20, 480 in 2020/21 and 330 in 2021/22. Although these figures will have been impacted by COVID-19 restrictions, there is still a significant gap to close in order to meet the target. This scheme is part of an overall programme being developed by BCP FuturePlaces that can deliver over 3,000 new homes in partnership with BCP Council.

⁸ [Housing Strategy 2021-2026 \(bcp-council.gov.uk\)](https://www.bcp-council.gov.uk/asset/document/housing-strategy-2021-2026)

⁹ BCP Economy Update, April 2022

Option A	<p>Direct delivery and sale to owner occupiers. This would be delivered by seeking planning and building approval, negotiating with a contractor, and retaining any profit. It entails the highest risk to BCP Council.</p>
Option B	<p>Freehold retained by BCP at least until development is complete. The development of the residential (south) site is undertaken under a build lease or joint venture. BCP can retain ownership either in whole or in part as private rental agreement(s) either corporately or individually.</p> <p>A development brief or reference masterplan supported by a pre application planning report would form basis of contract between BCP and developer.</p> <p>Critically, under this scenario design quality controls and delivery criteria can be maintained via contract as well as via planning condition.</p> <p>Arrangement can be timed such that counter-party can contribute to costs of planning application and be jointly involved in the application thus ensuring contractor expertise in the process. Such an arrangement can offset costs to council/FuturePlaces of obtaining planning consent; it can also offset risk of planning consent being re-negotiated and will prevent land trading.</p> <p>Council participates in value of ultimate scheme. There could be a potential delay in realisation of land value until practical completion. Such an arrangement will allow flexibility as to how public intervention might be channelled to support development delivery under challenging circumstances.</p> <p>On completion BCP and developer enter into agreed long-term arrangements for ownership (long lease or freehold) and management, potentially including letting terms or rights.</p>
Option C (recommended)	<p>Market sale of land following creation of revised Development Brief and SPD. Securing of quality in design and delivery of place making elements relies on planning negotiation.</p> <p>Developer's risk is lowered due to SPD defines the type of development that is likely to be acceptable to the LPA.</p> <p>Council limits risk of an unacceptable design e.g., through determining density etc.</p> <p>This is likely to achieve the highest land value (because developer still retains some flexibility to build the product desired) but the receipt of proceeds could be delayed until granting of planning consent.</p>
Option D	<p>Market sale of the site with the onus of planning resting with the purchaser. However, this could lead to undesirable development outcomes. Risk that developer may not be content with planning consent / may wish to re-apply to suit bespoke corporate model.</p>

5.3 Contractual Issues

Contracting arrangements for the delivery of the project will be confirmed at Full Business Case.

5.4 Procurement

At the time of this OBC, the Public Contracts Regulations 2015 (PCR 2015) is the current legislation, however both are due to be replaced at some point during 2023. The date of implementation is not yet known, and the final contents of these new regulations have not been confirmed. As such, the procurement strategy decisions will be made based upon the current legislation. Should the new legislation come in to play prior to this procurement being run the strategy will be reviewed and amended accordingly.

A working assumption, based on the current programme, would be that the procurement will be governed by PCR 2015. Should the procurement process commence prior to the new legislation being implemented it is expected that PCR 2015 shall prevail for remainder of said procurement process.

The recommended procurement route for the recommended option is:

- A two stage works contract procured in line with the Public Contracts Regulations 2015 similar to a restricted procedure (two stage)

A 'procurement decision record— to publish' will be created ahead of the procurement detailing the process and obtaining the relevant approvals.

The chosen procurement process will ensure compliance and value for money are achieved along with other added value benefits such as social value, sustainability, efficiencies etc to enhance the offering received.

5.4.1 Two stage process for the procurement of a contractor to carry out the car park works

Whilst this procurement is under the current threshold for a works tender (currently £5,336,937 inclusive of VAT) the procurement process will follow some of the principles of a restricted procedure in terms of having two distinct stages. The first to 'short list' tenderers in line with their technical ability and previous experience to ensure the correct level of experience and expertise from the tenderers. The second, a full assessment of both quality and price, ensuring value for money.

5.4.2 Stages (following procurement strategy, design, specification writing, pricing structure and a decision on how the resulting contract will be structured)

- (a) Publication of tender documentation (including evaluation criteria and minimum requirements) – publicly published notice of procurement (via BCP portal, Contracts Finder, and any other suitable publication/forum)
- (b) Selection Stage – standard suite of BCP selection questions along with some project specific questions aimed at eliciting relevant prior experience and consideration of financial standing.
- (c) Evaluation of selection stage
- (d) Invitation to Participate in the Invitation to Tender (ITT) stage – to those who pass the selection stage

- (e) Publication of the ITT stage to those successful at Selection Questionnaire
- (f) Evaluation of returns
- (g) Contract award and mobilisation

Following receipt of tenders, tenders may be clarified, but this must not involve changes to the essential aspects of the tender or procurement.

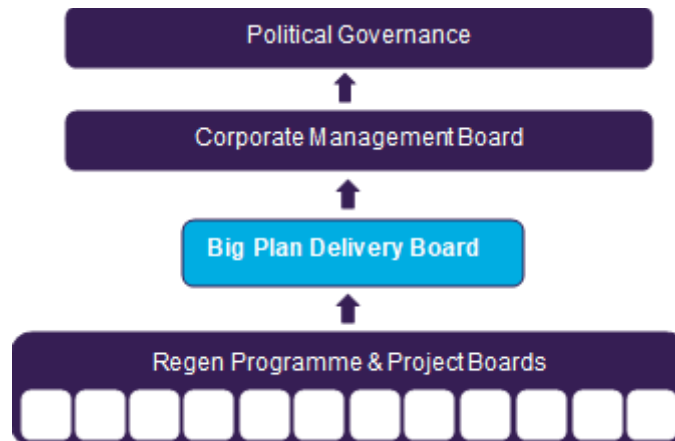
5.4.3 Summary of potential procurement activity

	Potential procurement required	Estimated value	Potential method	Estimated timeframe	Risk
Do nothing (Option 1)	n/a	n/a	n/a	n/a	n/a
Develop north section as car park, south as residential (Option 4)	<ol style="list-style-type: none"> Contractor required for residential development of 72 homes, with possibility of also developing car park. Alternatively separate contractor required for car park development 	<ol style="list-style-type: none"> £20-25m £25-3-m and £3-3.5m. 	<ol style="list-style-type: none"> Joint venture or tendered contract for delivery under open or competitive dialogue tender For separate car park contract: framework, mini competition or open tender 	6 -12 months	<p>Risk limited due to open tender</p> <p>Risk of identifying suitable delivery contractor limited due to generic nature of works</p> <p>Risk of complexity associated with requiring two separate contracts to be mitigated</p>
Develop north section as car park, sell south for residential (Option 5)	<ol style="list-style-type: none"> Contractor required for car park development Agent required to market site for sale 	<ol style="list-style-type: none"> £3-3.5m Agent fees to be agreed through procurement process 	<ol style="list-style-type: none"> Framework, mini competition or open tender Framework 	1. 3-6 months	<p>Risk limited due to open tender</p> <p>Risk of identifying suitable contractor limited due to generic nature of works</p>

6 Management Case

6.1 Governance Arrangements

A project board will be formed for the project in accordance with the established BCP Council governance framework, reporting to the Corporate Management Board and the Big Plan Delivery Board and following the political governance structure as set out below:



The next stage of the project will be led by FuturePlaces. The Design and Development Director will lead the project and the project team on a day-to-day basis with strategic oversight and responsibility provided by the Managing Director who will perform the role of Senior Responsible Owner.

6.2 Change Management

Project change requests may be required if there are any significant alterations required to the scope of the project agreed at Full Business Case e.g., cost increase or delay to delivery. This will require completion of a Project Change Request (PCR) form, setting out;

- A description of the change requested
- Reason for the change
- Impact of the change on project delivery (e.g., cost, time, quality)
- Impact of not making the change
- Impact of the change to the project risk profile

The PCR will be reviewed and decided by the Project Board in the first instance. On an exceptional basis, particularly significant changes may need to be referred to the FuturePlaces Board or Big Plan Delivery Board for decision e.g., if a cost increase or delay is sufficiently significant to threaten the overall deliverability of the scheme.

6.3 Risk Management

The Development Manager (project manager) will maintain a project risk register which will be reviewed on a monthly basis by the project board and SRO to ensure new risks are regularly captured and mitigation strategies remain aligned to the current risk status. The overall risk profile of the project will be managed by the project team and reported via the Project Board to the Big Plan Delivery Board

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6.4 Project Team

The next stage of the project will be led by FuturePlaces, with property and procurement support services provided by BCP.

Leadership of the project post Full Business Case (FBC) will be considered in collaboration with BCP during the next stage and a recommendation will be detailed in the FBC.

The membership of the project team is detailed in the table below.

Team Member	Title	Project Role
FuturePlaces		
Andrew Burrell	Design and Development Director	Project and design lead
Craig Beevers	Chief Operating Officer and Head of Investment	Investment lead
Gail Mayhew	Managing Director	Senior Responsible Owner
Isabelle Adams	Procurement Manager	FPCo procurement lead
James Croker	Corporate Engagement Director	Engagement lead
Rob Dunford	Corporate, Business Case & Commercial Manager	Governance oversight and business case lead
Steve Cox	Programme Manager	Programme oversight and co-ordination
TBC	Development Manager	Project Manager (to be confirmed)
BCP		
Irene Ferns	Senior Strategic Estates Surveyor	Property lead
Stuart Bickel	Procurement Category Manager (Place)	BCP procurement lead
TBC	TBC	Transport and Engineering lead
Helen Garrett	Team Leader (Property, Planning & Env)	Legal services lead

6.5 Project Plan

A project plan has been created by the FuturePlaces Programme Manager to set out the programme of activity required to develop the Full Business Case and proceed to construction.

The plan is set out in MS Project in order to be able to clearly show where activities can be completed concurrently and where sequencing is driven by the dependency of one activity on the completion of another. The timeframes allowed for each activity are based on experience, with an allowance for contingency where appropriate. In some instances, for example procurement, the timeframe is benchmarked against the most time-consuming process (competitive dialogue) with the view to illustrating the longest potential timeframe and seeking ways to reduce it through effective project management and prudent selection of options.

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6.6 Key milestones

The key milestone for stage 2 (OBC to FBC) are as follows:

6.6.1 Council approval of the OBC – March 23

6.6.2 Project team procured – May 23

6.6.3 Residential plot

- (a) Pre app complete – August 23
- (b) Revised development brief – July 23
- (c) SPD adopted – January 24
- (d) Marketing pack preparation complete – April 24

6.6.4 Car park

- (a) Pre app complete – August 23
- (b) Design completed to RIBA stage 2 – August 23
- (c) Planning application submission and tender issue – Sept 23
- (d) Tender returns – January 24
- (e) Planning approval granted – February 24

6.6.5 Full Business Cases presented to Council – April 24

6.7 Delivery Phasing

The project will be delivered in four stages, in accordance with established governance processes. Stage 1 has been completed and this document seeks approval to proceed to stage 2.

FuturePlaces will lead all stages in relation to the residential plot and stages 1 and 2 in relation to the car park, with BCP Transport and Engineering leading stages 3 and 4.

A summary of the project stages is provided below.

Project stage summary:

6.7.1 Stage 1 – Feasibility (COMPLETED)

- (a) Initiated via FuturePlaces business plan
- (b) Key tasks/ activities/ deliverables (for whole plot):
 - (i) Site analysis
 - (ii) Market appraisal
 - (iii) Options analysis
 - (iv) Order of cost estimate
 - (v) Development programme
- (c) Project lead: FuturePlaces

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(d) Stage product: Outline Business Case

6.7.2 Stage 2 – Design and Business Case (NEXT STAGE)

(a) Initiated via approval of the Outline Business Case

(b) Key tasks/ activities/ deliverables:

- (i) Residential (southern part of the plot)
- (ii) Appoint consultancy team
- (iii) Revise the development brief
- (iv) Collaborate with BCP planning on the preparation and adoption of an SPD
- (v) Prepare marketing pack
- (vi) Car park (northern part of the plot)
- (vii) Appoint consultancy team
- (viii) Develop design to RIBA stage 2
- (ix) Complete pre app process
- (x) Prepare and submit a detailed planning application
- (xi) Prepare a design and build construction contract tender and complete tender process
- (xii) Prepare FBC to present the preferred tender for council approval

(c) Project lead: FuturePlaces

(d) Stage product: Full Business Case

6.7.3 Stage 3 – Pre-contract, construction and handover

(a) Initiated via approval of the Car Park Final Business Case

(b) Key tasks/ activities/ deliverables:

- (i) Residential (southern part of the plot)
- (ii) Market the property and identify the preferred bidder
- (iii) Obtain approval via the Corporate Property Officer to enter into a subject to contract agreement
- (iv) Purchaser to prepare and submit a planning application
- (v) Complete land sale once is planning approval is granted
- (vi) Monitor the progress of the purchaser
- (vii) Car park (northern part of the plot)
- (viii) Re-mobilise the consultancy team
- (ix) Prepare and execute the construction contract

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- (x) Contractor mobilisation and technical design
- (xi) Monitor design development
- (xii) Manage the discharge of any pre-start planning conditions
- (xiii) Construction and handover

(c) **Project lead:**

Residential plot – FPCo

Car park delivery - BCP Transport and Engineering

(d) **Stage product:** Construction Delivery

6.7.4 Stage 4 – Operation and Benefits Realisation

(a) Initiated via construction completion

(b) Key tasks/ activities/ deliverables:

- (i) Residential (southern part of the plot)
- (ii) Stakeholder engagement and delivery and impact analysis to assess benefits realisation
- (iii) Car park (northern part of the plot)
- (iv) Management and oversight of the defect's rectification period
- (v) Stakeholder engagement and delivery and impact analysis to assess benefits realisation

(c) **Project lead:**

Residential plot – FPCo

Car park delivery – FPCo and BCP Transport and Engineering

(d) **Stage product:** Benefits and evaluation report

6.8 Monitoring and Oversight

Progress will be reported and monitored on a monthly basis via the Big Plan Delivery Board and the FuturePlaces Board.

6.9 Data Sharing

Data will primarily be collected relating to project spend and delivery milestones (planning decisions, contracting, build start and completion etc.). This data will be reported to the Big Plan Delivery Board through the dashboard.

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Appendix A – mapping and images

FIGURE 1 - LOCATION MAP



Figure 1. Beach Road car park site location

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FIGURE 2 - POTENTIAL RESIDENTIAL DEVELOPMENT AREA (RED SHADING)



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FIGURE 3 - AERIAL VIEW 1



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FIGURE 4 - AERIAL VIEW 2



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FIGURE 5 - AERIAL VIEW 3



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FIGURE 6 - VIEW FROM NORTH (WESTERN ROAD)



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FIGURE 7 - VIEW FROM SOUTH EAST (PINECLIFF ROAD)



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FIGURE 8 - VIEW FROM SOUTH WEST (PINECLIFF ROAD)



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FIGURE 9 - CAR PARK ENTRANCE FROM WESTERN ROAD



FIGURE 10 - ACCESS TO NORTH CAR PARK SHOWING POOR SURFACE CONDITIONS



FIGURE 11 - ACCESS TO NORTH CAR PARK SHOWING POOR SURFACE CONDITIONS



FIGURE 12 - ACCESS TO NORTH CAR PARK SHOWING POOR SURFACE CONDITIONS



FIGURE 13 - SECTION OF NORTH CAR PARK SHOWING POOR SURFACE CONDITIONS



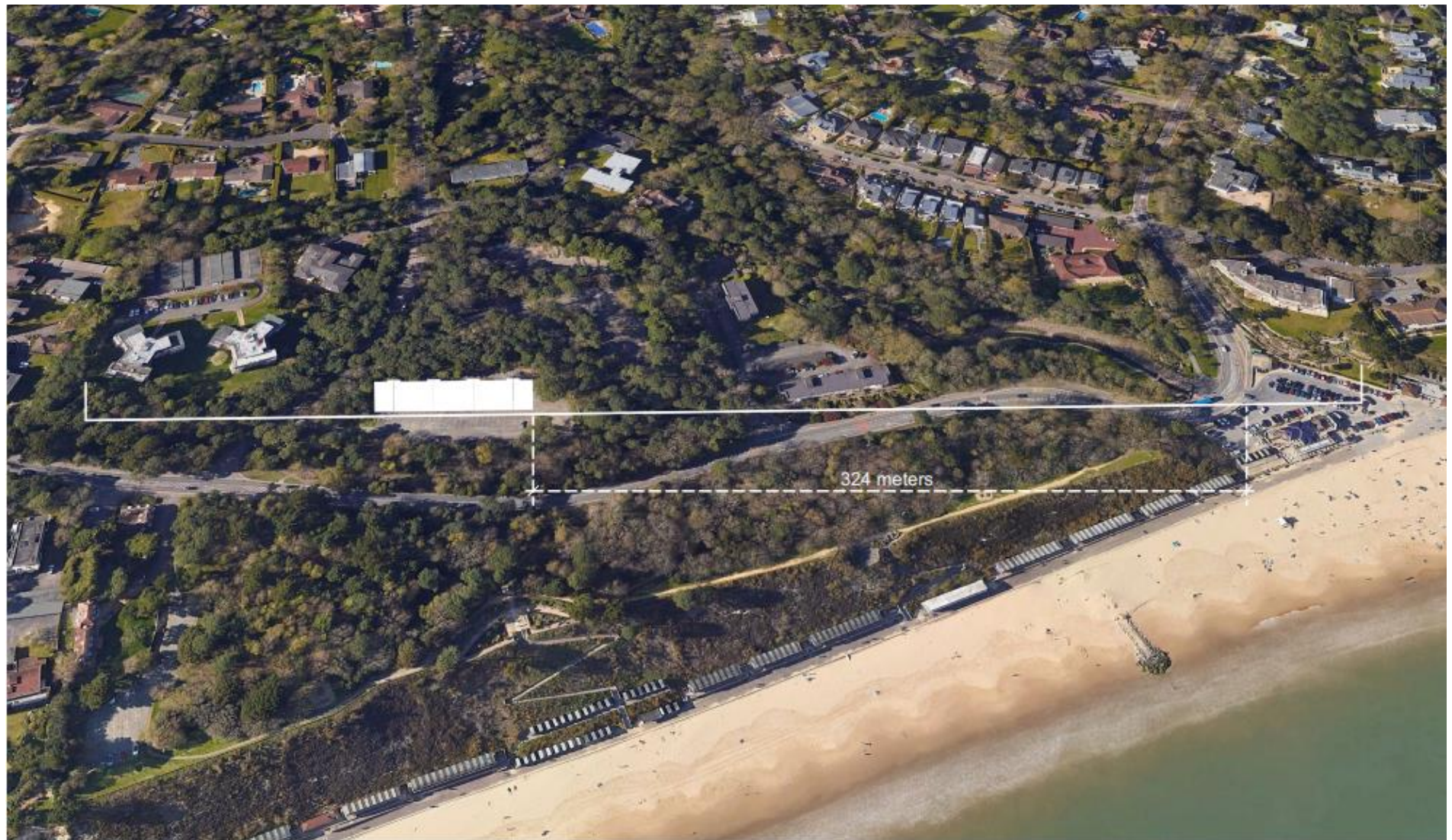
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FIGURE 14 - PART OF NORTHERN SECTION SHOWING POOR SURFACE CONDITIONS



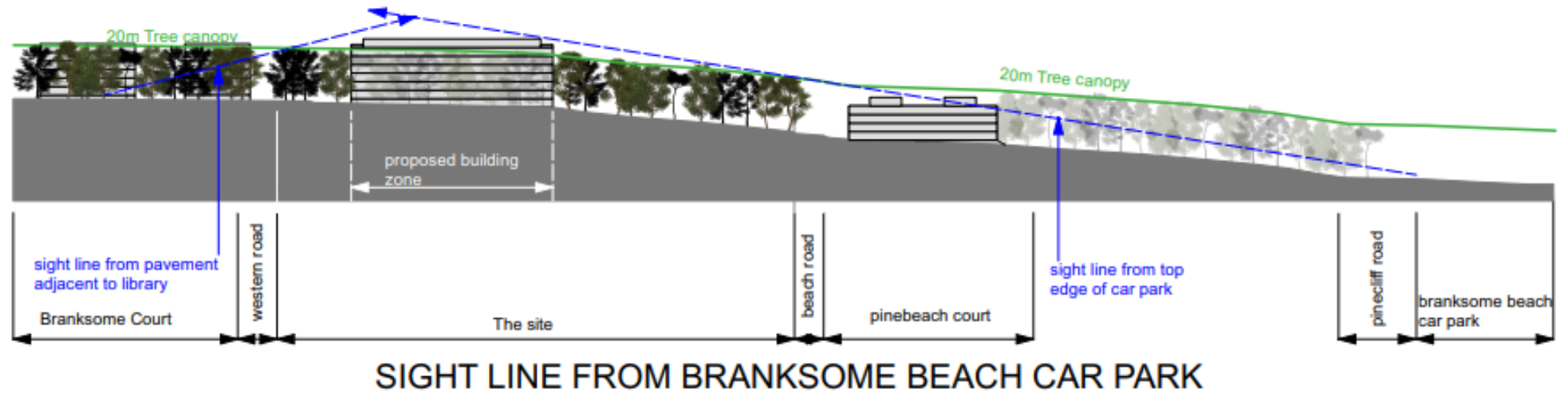
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FIGURE 15 - SIGHT LINE FROM BRANKSOME BEACH CAR PARK



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FIGURE 16 - ILLUSTRATIVE IMPACT TO SIGHT LINE FROM BRANKSOME BEACH CAR PARK



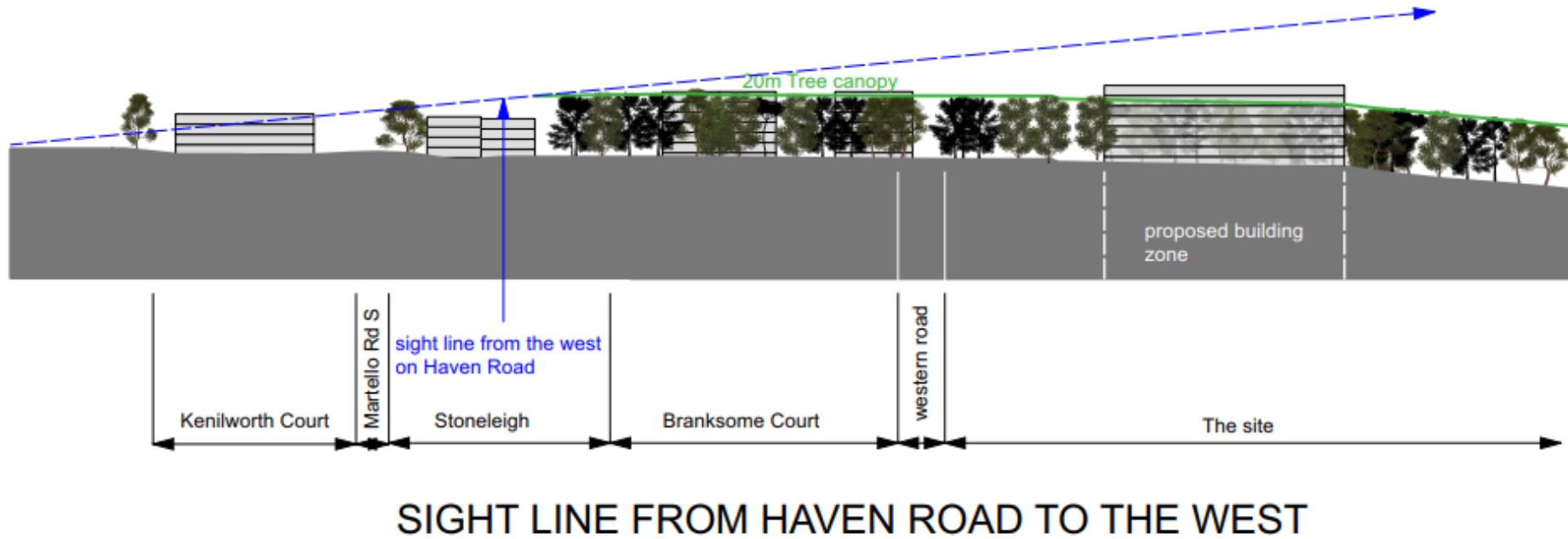
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FIGURE 17 - SIGHT LINE FROM HAVEN ROAD TO THE WEST



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FIGURE 18 - ILLUSTRATIVE IMPACT TO SIGHT LINE FROM HAVEN ROAD TO THE WEST



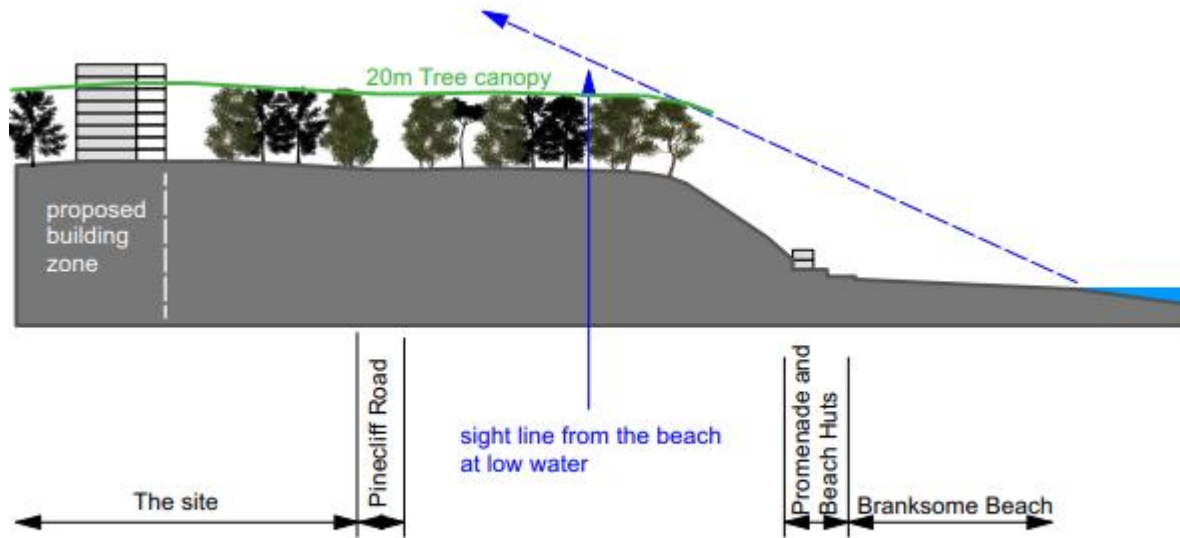
FuturePlaces.

FIGURE 19 - SIGHT LINE FROM BRANKSOME BEACH



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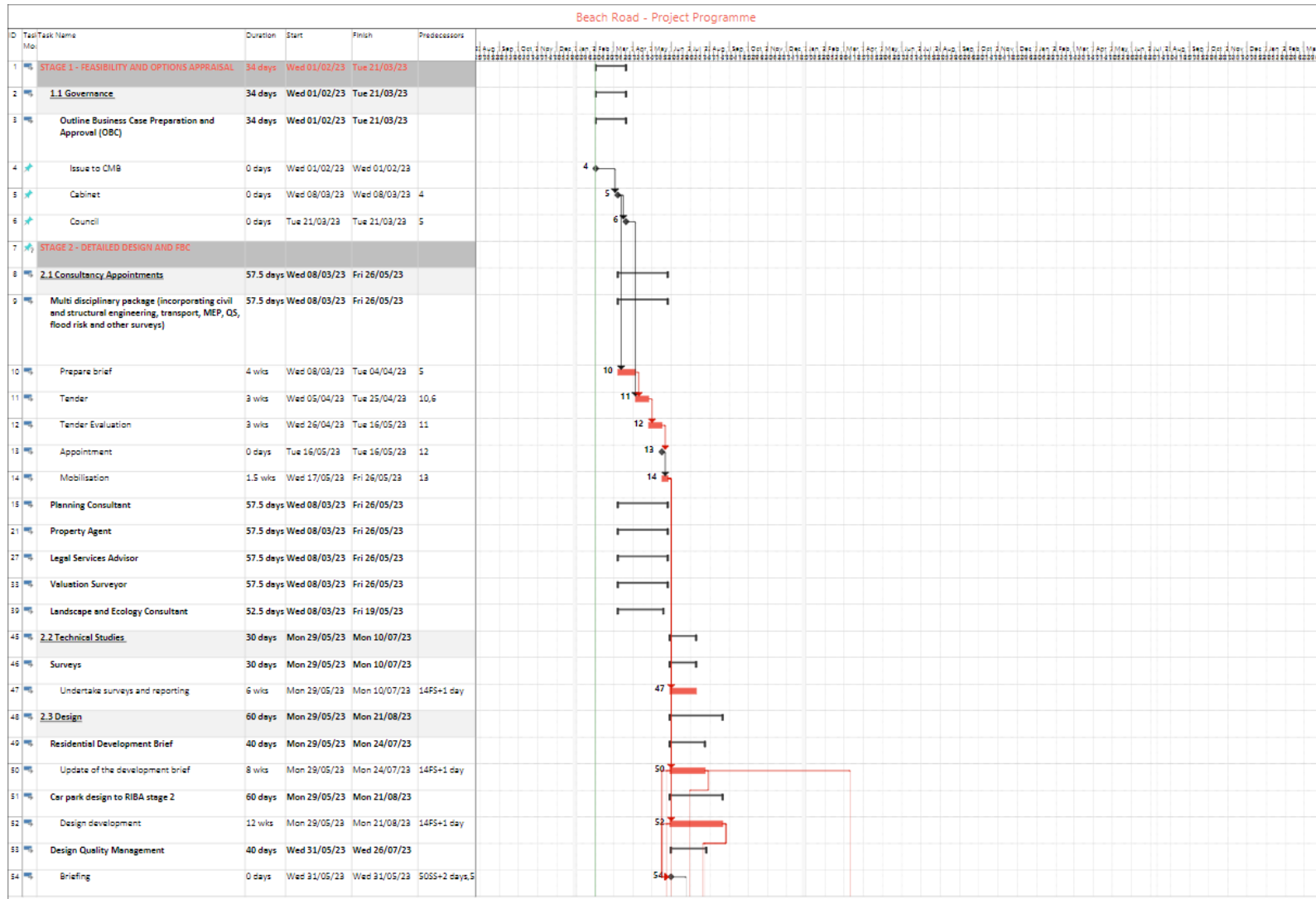
FIGURE 20 - ILLUSTRATIVE IMPACT TO SIGHT LINE FROM BRANKSOME BEACH



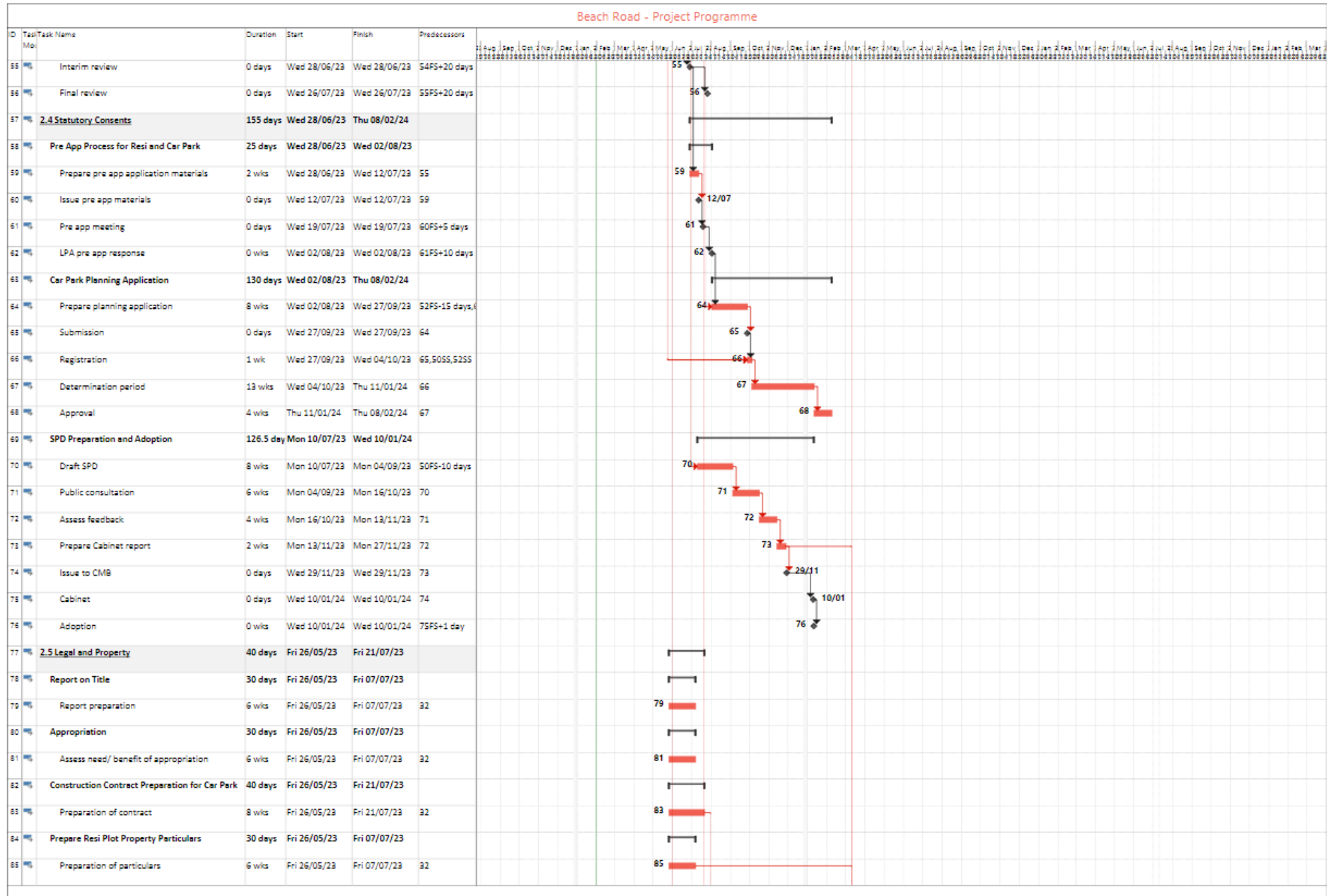
SIGHT LINE FROM BRANKSOME BEACH

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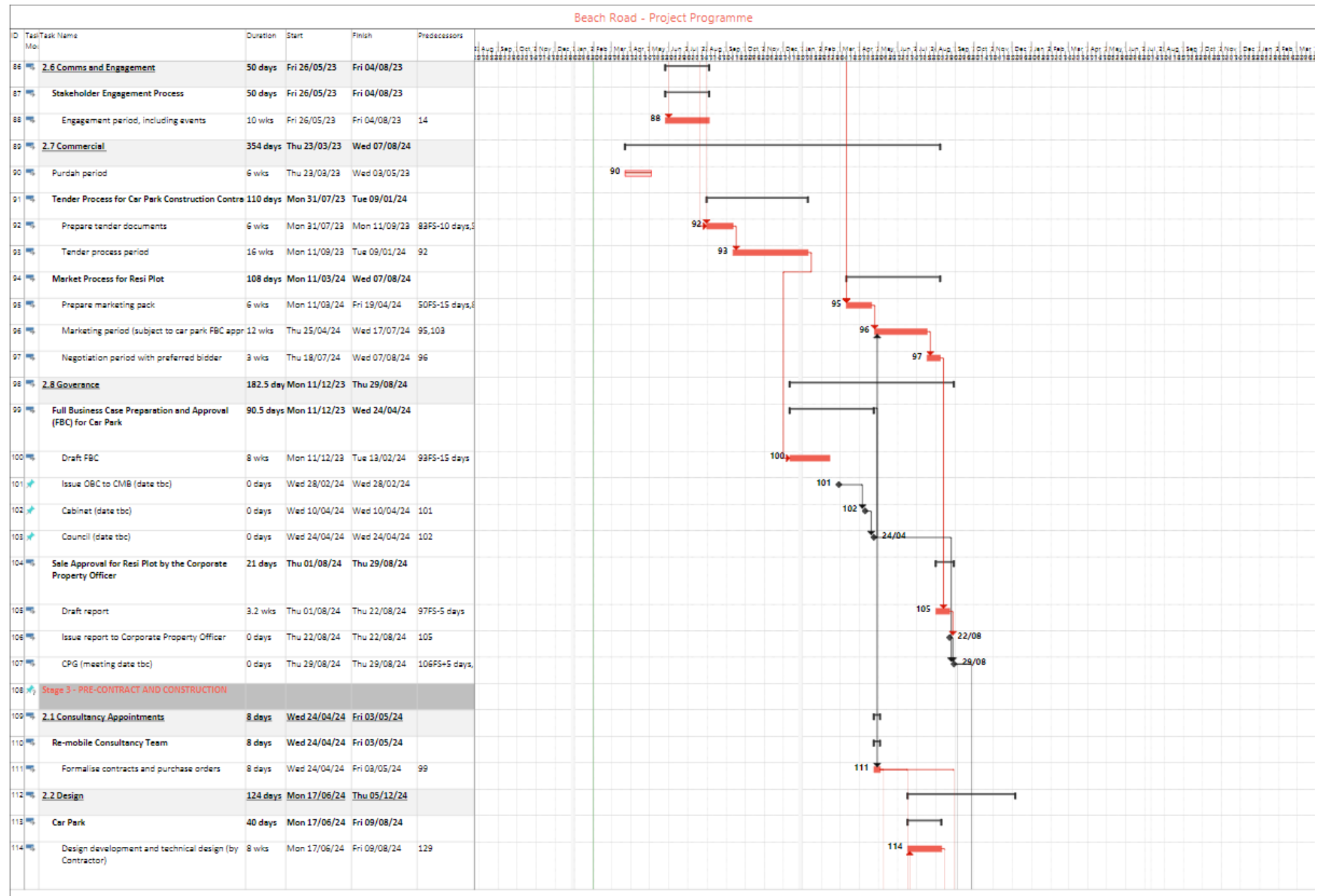
Appendix B – Project programme



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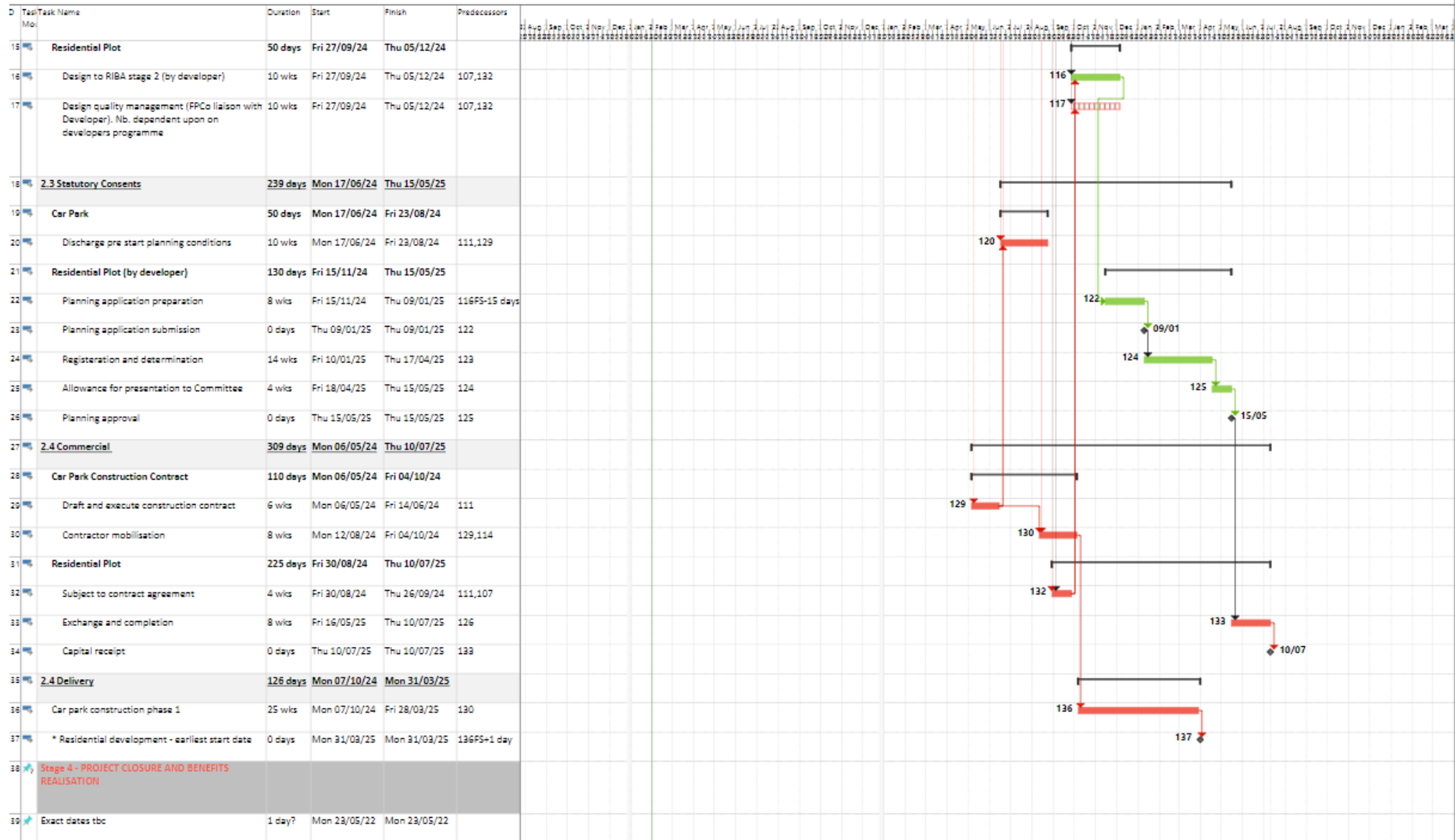


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Beach Road - Project Programme



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Appendix C – Options appraisal (Strategic Fit)

FuturePlaces Project Decision-Making Matrix							
Objective	Test	Option 0	Option 1	Option 2	Option 3	Option 4	Option 5
		Do Nothing	Do Minimum	Non-residential uses	Develop entire site for residential	Develop north of site as car park, south as residential	Develop north of site as car park, sell south for residential development
Finance	Best Price	1	0	0	0	0	0
	Best Financial Value	0	0	0	1	1	1
	Period of Return	0	0	0	0	0	1
Place	Place Potential-- BCP	0	0	0	1	1	1
	Place Potential-- Town	0	0	0	1	1	1
	Place Potential-- Neighbourhood	0	0	1	1	1	1
	Design Quality / Place Making Aspiration	0	0	1	1	1	1
Housing & Infrastructure	Number of Housing Units	0	0	0	1	1	1
	Local Provision	0	0	0	1	1	1
	Affordable	0	0	0	0	0	0
	Special Residential Need or Demand	0	0	0	0	0	0
	Community Infrastructure	1	1	1	0	1	1
Economy	Jobs	0	0	1	0	0	0
	Businesses generated or supported	0	0	1	0	0	0
	Multiplier Effect	0	0	0	0	0	0

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	Commercial Space	0	0	1	0	0	0
Environment	Increasing sustainability of location	0	0	0	1	1	1
	Decrease car dependency through urban footprint	0	0	0	1	1	1
	Sustainable Build	0	0	1	1	1	1
	Embedded Energy Approach	0	1	0	0	0	0
	Cost of energy / carbon generation in use	0	0	0	0	0	0
	Biodiversity Net Gain	0	0	1	1	1	1
	Landscape Net Gain	1	1	1	1	1	1
Culture & Creativity	Delivery of cultural facility / protection of heritage	0	0	0	0	0	0
	Support public engagement with culture / civic activity / heritage	0	0	0	0	0	0
Health & Wellbeing	Delivery active leisure/wellbeing facility	0	0	0	0	0	0
	Support public engagement with active leisure/well being	0	0	0	1	1	1
	Deliver walkable neighbourhood	0	0	0	1	1	1
	Support enjoyment of natural environment	0	1	0	1	1	1
Score		3	4	9	15	16	17

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Appendix D – Benefit Cost Ratios

Scenario 1 – conservative UDR (5.5%)

Unlevered Discount Rate = 5.50%
Terminal Value Rate = 5.50%

Option	Present Value Benefits	Present Value Cost	Net Present Value	BCR
	PVB	PVC	(PVB +PVC)	(PVB/PVC)
Option 1 - Do minimum	5,010,202	-2,042,141	2,968,061	2.45
Option 4a - develop north of site as car park, south as residential - 6 floors	35,836,647	-35,517,687	318,961	1.01
Option 4b - develop north of site as car park, south as residential - 7 floors	42,939,054	-39,785,234	3,153,820	1.08
Option 4c - develop north of site as car park, south as residential - 8 floors	50,041,460	-44,052,780	5,988,680	1.14
Option 4d - develop north of site as car park, south as residential - 9 floors	57,143,866	-48,320,327	8,823,539	1.18
Option 4e - develop north of site as car park, south as residential - 10 floors	64,246,272	-52,587,874	11,658,398	1.22
Option 5 - develop north of site as car park, sell south for residential	11,605,315	-4,577,877	7,027,438	2.54

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Scenario 2 – Current PWLB rate (4.5%)

Unlevered Discount Rate = 4.50%
Terminal Value Rate = 5.50%

Option	Present Value Benefits	Present Value Cost	Net Present Value	BCR
	PVB	PVC	(PVB +PVC)	(PVB/PVC)
Option 1 - Do minimum	5,010,202	-1,901,407	3,108,794	2.63
Option 4a - develop north of site as car park, south as residential - 6 floors	35,836,647	-34,204,043	1,632,604	1.05
Option 4b - develop north of site as car park, south as residential - 7 floors	42,939,054	-38,402,012	4,537,042	1.12
Option 4c - develop north of site as car park, south as residential - 8 floors	50,041,460	-42,599,980	7,441,480	1.17
Option 4d - develop north of site as car park, south as residential - 9 floors	57,143,866	-46,797,949	10,345,918	1.22
Option 4e - develop north of site as car park, south as residential - 10 floors	64,246,272	-50,995,917	13,250,355	1.26
Option 5 - develop north of site as car park, sell south for residential	11,605,315	-4,517,929	7,087,386	2.57

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Scenario 1a – Adjust benefit cost ratio, including economic benefits (5.5% UDR)

Unlevered Discount Rate = 5.50%
Terminal Value Rate = 5.50%

Option	PVB Financial	PVB Economic	Total PVB	Present Value Cost	Net Present Value (PVB +PVC)	BCR (PVB/PVC)
Option 1 - Do nothing	5,010,202	187,138	5,197,339	-2,042,141	3,155,198	2.55
Option 4a - develop north of site as car park, south as residential - 6 floors	35,836,647	11,573,636	47,410,284	-35,517,687	11,892,597	1.33
Option 4b - develop north of site as car park, south as residential - 7 floors	42,939,054	13,190,204	56,129,258	-39,785,234	16,344,024	1.41
Option 4c - develop north of site as car park, south as residential - 8 floors	50,041,460	14,806,771	64,848,231	-44,052,780	20,795,451	1.47
Option 4d - develop north of site as car park, south as residential - 9 floors	57,143,866	16,423,339	73,567,205	-48,320,327	25,246,878	1.52
Option 4e - develop north of site as car park, south as residential - 10 floors	64,246,272	18,039,907	82,286,179	-52,587,874	29,698,305	1.56
Option 5 - develop north of site as car park, sell south for residential	11,605,315	1,223,997	12,829,312	-4,577,877	8,251,435	2.80

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Scenario 2a – Adjusted benefit cost ratio, current PWLB rate (4.5%)

Unlevered Discount Rate = 4.50%
Terminal Value Rate = 5.50%

Option	PVB Financial	PVB Economic	Total PVB	Present Value Cost	Net Present Value	BCR
	PVB			PVC	(PVB +PVC)	(PVB/PVC)
Option 1 - Do nothing	5,010,202	187,138	5,197,339	-1,901,407	3,295,932	2.73
Option 4a - develop north of site as car park, south as residential - 6 floors	35,836,647	11,573,636	47,410,284	-34,204,043	13,206,241	1.39
Option 4b - develop north of site as car park, south as residential - 7 floors	42,939,054	13,190,204	56,129,258	-38,402,012	17,727,246	1.46
Option 4c - develop north of site as car park, south as residential - 8 floors	50,041,460	14,806,771	64,848,231	-42,599,980	22,248,251	1.52
Option 4d - develop north of site as car park, south as residential - 9 floors	57,143,866	16,423,339	73,567,205	-46,797,949	26,769,257	1.57
Option 4e - develop north of site as car park, south as residential - 10 floors	64,246,272	18,039,907	82,286,179	-50,995,917	31,290,262	1.61
Option 5 - develop north of site as car park, sell south for residential	11,605,315	1,223,997	12,829,312	-4,517,929	8,311,383	2.84

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Appendix E – Economic Benefits Calculation

	Residential	Car park	Total Construction Cost	Turnover per construction worker year	Person years	GVA per construction worker (annual)	Total Construction GVA
Option 1	-	£500,000.00	£500,000.00	£189,000	3	£70,738	£187,137.57
Option 4a	£27,652,491.00	£3,270,312.50	£30,922,804	£189,000	164	£70,738	£11,573,636
Option 4b	£31,971,687.00	£3,270,312.50	£35,242,000	£189,000	186	£70,738	£13,190,204
Option 4c	£36,290,882.00	£3,270,312.50	£39,561,195	£189,000	209	£70,738	£14,806,771
Option 4d	£40,610,078.00	£3,270,312.50	£43,880,391	£189,000	232	£70,738	£16,423,339
Option 4e	£44,929,274.00	£3,270,312.50	£48,199,587	£189,000	255	£70,738	£18,039,907
Option 5	-	£3,270,312.50	£3,270,313	£189,000	17	£70,738	£1,223,997

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Appendix F - Confidential

Attached separately.