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| Report subject | Bournemouth Development Company LLP Business Plan |
| Meeting date | 05 March 2025 |
| Status | Public Report |
| Executive summary | <p>Bournemouth Development Company LLP (“BDC”) is a joint venture between the Council and Community Solutions for regeneration Bournemouth, a subsidiary of MUSE Developments Limited (itself a subsidiary of Morgan Sindall Group plc). It was established in 2011 and is currently due to expire in 2031.</p> <p>In March 2023, Cabinet approved a request to extend the Site Option Execution Date for Winter Gardens to September 2024. This date has passed and a further extension is required in order for BDC to continue working on a new scheme.</p> <p>A Strategy Day was held on 6 December to review and consider options for moving forward with the Winter Gardens site. Following that meeting, Muse have committed funds to take forward new high-level design and capacity work for the site. Early indications show potential for a housing-led scheme with circa 500 homes, including a good proportion of affordable homes, along with some street level retail and commercial space.</p> <p>The purpose of this report is to update Cabinet on progress since the recent BDC Strategy Day, agree the proposed timetable for the new Partnership Business Plan and to update on the priority project, Winter Gardens, including the proposed strategy for bringing forward residential development on the site, which requires approval to extend the Site Option Execution date.</p> |
| Recommendations | <p>It is RECOMMENDED that Cabinet:</p> <ol style="list-style-type: none"> 1. Agrees to amend the Winter Gardens site “Option Execution Date” to expire on 30 September 2028. There is no financial exposure to extend this date; 2. Instructs officers to explore the available funding options such that a funding strategy can be developed for the |

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| | <p>Winter Gardens project and be put forward at a future Cabinet meeting;</p> <p>3. Notes the timetable for producing a new Partnership Business Plan for BDC and a Cabinet report later this year;</p> <p>4. Notes the interdependency with the current work to review Shareholder Governance and that the composition of the BDC Board is under review.</p> |
| Reason for recommendations | <p>To contribute to the Council's Corporate Strategy, specifically helping to revitalise high streets and regenerate key sites to create new opportunities and to provide good quality homes that are accessible, sustainable and affordable for all.</p> <p>The emerging Local Plan includes an allocation of 400 new homes in the Bournemouth Arc area. This project offers the potential to make a significant contribution to exceed this target.</p> <p>The Council has reserved the right for Cabinet to approve Site Development Plans (SDP) and further approvals are necessary to vary terms.</p> |
| Portfolio Holder(s): | <p>Councillor Millie Earl, Leader and Portfolio Holder for Planning & Local Plan, and Regeneration & Infrastructure.</p> <p>Councillor Kieron Wilson, Portfolio Holder for Housing & Regulatory Services.</p> |
| Corporate Director | Glynn Barton Chief Operating Officer |
| Report Authors | Rob Dunford, Corporate, Business Case & Commercial Manager |
| Wards | Bournemouth Central |
| Classification | For Update and Decision |

Background

1. The Bournemouth Development Company LLP (BDC) was set up in 2011 by Bournemouth Borough Council as a joint venture (JV) between the Council and Morgan Sindall Investments (MSIL).
2. In 2020, following an internal reorganisation, part of the business of Morgan Sindall Investments Limited ("MSIL") was transferred to Muse Developments Limited ("Muse"). As a result, MSIL sought confirmation of the Council's agreement to transfer to Muse the contractual obligations in two development management agreements (DMAs) between MSIL and the Bournemouth Development Company LLP ("BDC"). Cabinet dated 29 September 2021 acknowledged and approved this novation.
3. The BDC Partnership Business Plan (PBP) sets out the nature and extent of development that will be undertaken by BDC. The BDC Business Plan recognises that the strategic direction of BDC, such as pace of development, geographic focus to facilitate regeneration across the BCP area are matters for the BDC Members (Council and Muse) to determine and drive forward.
4. The PBP is a rolling five-year plan that is usually reviewed annually to provide an update on emerging priority sites and the programme of development activity for the next 12 months. It was last reviewed and approved by Cabinet in July 2021.
5. It had been scheduled to be considered by Cabinet in September 2022 to allow time to review the scheme viability in anticipation of market conditions improving. The Winter Gardens and Cotlands Road schemes required further time to assess the longer-term impact of changing market and planning requirements and the Council's ability to fund BDC schemes. The process for producing a new PBP for the 2025 to 2030 period is set out from paragraph 57 below.
6. Since the completion of the West Cliff Mansions (Durley Road) scheme in September 2022, the development market has been significantly impacted by the COVID pandemic, war in Ukraine and the consequential impact on build costs and interest rates. Notably, the Winter Gardens scheme, having achieved planning consent in 2019, was substantially impacted by these factors which the scheme could not be delivered as proposed. Similarly, the Cotlands Road scheme could not progress due to the anchor tenant for the flagship office building withdrawing and BCP no longer being in a position to forward fund a new multistorey car park as a core enabler of the project.
7. The viability of the schemes moving forward is dependent on the relevant planning policy for the Bournemouth Arc related to re-provision of public parking and building heights.
8. In 2023 the Council commissioned a technical parking study to assess the parking capacity in the town centre locations. The resulting Public Off-Street Parking technical study produced for the Local Plan evidence base is included in **Appendix 1**.

This study collates the evidence regarding the occupancy of off-street public car parking and explores some scenarios that illustrate how car parking distributions could be changed to better match the measured occupancy of the car parks. It demonstrates that

the car park sites allocated in the draft BCP Local Plan can be released without impacting on the town centre as there is sufficient capacity across the area.

The study identifies the over-provision of public off-street parking in Bournemouth town centre and presents scenarios to reduce provision in some surface car parks in line with demand to allow their development for residential and other uses.

The scenarios allow for public parking at Winter Gardens to be removed whilst still retaining up to 84% of existing parking capacity in the town centre, which the study shows to be sufficient to meet with evidenced demand.

The BCP Parking Standards SPD (2021), as referenced in the emerging Local Plan, stipulates that “car parking is not required for new homes [in town centres] as these areas are characterised by high density development in highly sustainable locations well-served by public transport, shops and local services”.

Not providing public parking is important for the new scheme in two main ways;

- a) Providing the parking is costly and would have a significant impact on viability. This was demonstrated to be the case with the previously consented scheme.
 - b) Targeting Homes England funding will be critical to finance the scheme. Homes England will not subsidise the replacement of public parking spaces.
9. This evidence base has provided new guiding principles for BDC to revisit the scheme viability and consider options for scale and massing on the Winter Gardens scheme.
 10. A Strategy Day is held annually between the BDC joint venture partners, BCP and Muse, to review the activities of the business in the preceding year and set the direction for the year ahead, to be reflected in an update PBP.
 11. At the Strategy Day on 06 December 2024 it was proposed that the PBP is updated to reflect the outcomes of the session and be submitted to Council for consideration in Spring 2025.
 12. The new PBP will also address the options for developing the other remaining sites in the BDC Options Agreement. Some of these are smaller car parks and could be more suited to develop through third parties, using the BDC to commission and manage the work.
 13. The purpose of this paper is to update Cabinet on the following;
 - a) The route forward for Winter Gardens – high level options, risks and issues.
 - b) Seeking approval for a further extension to the Site Option Execution Date for Winter Gardens
 - c) Setting out a proposal for reviewing sites in the BDC Options Agreement
 - d) Summarising the work required to produce a funding strategy for the Winter Gardens
 - e) Setting out the timetable for producing a new Partnership Business Plan for BDC

Winter Gardens

14. In March 2019, BDC secured planning permission for a mixed-use regeneration scheme at Winter Gardens.
15. The consented scheme consisted of 378 new homes, (a mixture of 1, 2, and 3 bed apartments) 5,600 m2 of leisure/café/restaurant/retail/commercial space enhanced public realm and a 552-space car park, for public (225 spaces) and residential (327 spaces) use. This was predicated on a Gross Development Value (GDV) of £150m.
16. Due to a combination of factors, in part linked to the COVID 19 pandemic and associated economic impact, the scheme was paused pending improvements in the market conditions.
17. The Bank of England base interest rate climbed sharply since the Winter Gardens scheme first achieved planning consent, having been at 0.25% in March 2020 and rising to 5.25% at its peak in August 2023. The rate has since gradually dropped to its current 4.5%. This has had a significant impact on borrowing costs to fund construction. The impact on public sector borrowing from the Public Works Loan Board has been challenging, with the current rate for borrowing over a 30-year period being 5.8%, having previously been around 3.5%.
18. Market conditions were also significantly impacted by cost inflation resulting from the economic impact of COVID 19. Specifically, construction costs rose sharply due to increases in the prices of both material and labour that impacted negatively on viability. In May 2021, a viability gap of £16million for the scheme was identified, assuming £7m of construction value engineering. To meet the remaining gap, BDC put forward proposals for BCP to acquire additional build to rent (BTR) units and to purchase more public car parking. In addition, £7.7m was sought from the BCP Future's Fund of the time, to address the viability gap relating to public realm aspects following the withdrawal of a £5.5m Homes England grant.
19. In August 2021, BCP requested BDC to review the scheme to reduce the amount of public parking and commercial space to try and achieve a more viable and deliverable scheme. The Council also advised that there were emerging constraints to employing £7.7m of Futures Fund to the scheme. In addition, concerns were raised about the valuation assumed on pre-existing car parking and BTR that the Council had agreed to purchase.
20. By November 2021, the viability gap had increased to £28m. BDC presented the outcome of the scheme review and due to the nature of the scheme changes to parking and BTR, a new planning application would be required, lengthening the programme and giving rise to further increases relating to continued sharp cost price inflation since May 2021.
21. The viability gap was considered too large to close and the scheme was paused.
22. The site has been identified by the current political administration as its key priority regeneration opportunity in Bournemouth town centre.

23. The newly updated Corporate Strategy “A Shared Vision for Bournemouth, Christchurch and Poole, 2024-28” highlights the importance of regenerating key sites for creating new opportunities for BCP residents. It also recognises the need to provide good quality, accessible, sustainable and affordable homes.
24. BCP Cabinet members, senior officers, BDC Board members and representatives of our BDC joint venture partner, Muse, convened for a Strategy Day on 6 December 2024. Central to that meeting was the agreement of a new route forward for the Winter Gardens project based on a shared understanding of the aspirations for the site.
25. Muse has funded work immediately following that meeting to assess the options for a new Winter Gardens scheme.
 - a. Architects have undertaken design and capacity work to determine the likely range of volume of new homes and non-residential uses. The work shows that over **500 new homes** could be delivered, which would give the project sufficient scale to attract potential funding assistance from Homes England. This is based on a mix of affordable, build to rent and open market sale. The scheme would also include some retail or other commercial uses at ground floor level, consistent with the Local Plan site allocation.
 - b. Cost consultants have assessed the likely high-level costs of pre-construction and construction work. Further pre-construction costs are estimated between **£4million to £7million**. It is expected that £3million to £5million will be required to secure a planning consent with a further £1million to £2million needed to take the scheme through detailed design, procurement and legal work in order to be “shovel ready”. This would create a 50% funding requirement from BCP Council, under the terms of the BDC Members Agreement of between **£2million and £3.5million**. A funding strategy will need to be developed to provide options to BCP Council for consideration regarding how best to take the scheme forward.
 - c. Construction costs are estimated to be within the range of **£100million to £150million**. Up to a further **£17million** of construction equity may be required, to be funded jointly by BCP and Muse, depending on the funding and phasing structure of the new scheme.
 - d. Planning consultants are providing advice on planning strategy and current residential market values for homes in Bournemouth town centre.
26. The above should be considered as outline principles for the scheme at this stage and will be subject to the planning process.
27. The high-level programme for bringing forward a new scheme on this basis is set out here;

| | Oct 24 | Nov 24 | Dec 24 | Apr – May 25 | Apr 25 – Jul 27 | 2027 - 2029 |
|---|-----------|-----------|-----------|-----------------|--------------------|----------------|
| Internal briefing | | | | | | |
| Leader briefing | | | | | | |
| BDC Strategy Day | | | | | | |
| New Partnership Business Plan | | | | | | |
| Winter Gardens scheme development to planning consent | | | | | | |
| Winter Gardens construction | | | | | | |

28. There are some key planning items that should be noted as risks in relation to any new scheme:

- a. Parking provision – existing planning policy requires the full reprovision of public parking (215 spaces) on the site, which has a significant negative impact on viability. The new Local Plan provides scenarios which demonstrate that parking does not need to be reprovided. The initial work on a new scheme does not include any public parking and, in line with planning policy for town centre residential development, would provide minimal private parking (for fewer than 10% of new homes).
- b. Building heights – existing planning policy allowed the previous scheme to gain consent for up to 15 storeys, built on top of a podium to allow for underground parking. The outline designs for the new scheme propose heights of up to 19 storeys which will be tested via the planning process. However it should be noted that this does not include a podium so that the overall height of the scheme would be in line with the previous consent.
- c. The Site Option Execution Date has expired and requires further extension.
- d. Funding strategy for the scheme requires agreement. The proposal for developing a flexible funding strategy are set out from paragraph 54 below.

29. The outcome of the January Local Plan examination hearings will provide more clarity on items a) and b).

30. It should be noted that the scheme is still expected to face viability challenges, even with removing the provision of public parking, therefore it will need to be designed in a way that optimises the chances of securing other sources of funding. This could be through designing blocks for discrete provision of affordable, build to rent and open market homes that will enable more focused negotiations with potential funders.

31. If public parking were to be provided as part of the redevelopment of the site it is likely to be undercover for deliverability reasons which would likely make it less popular and also significantly impact viability. Increasing footfall in the other town centre car parks through displacement could have a positive impact as they would generate more revenue and feel more secure.

32. Further work is currently being carried out to fully assess;

- a) The surplus income generated from Winter Gardens last financial year and forecast this year
- b) The assumed loss of usage/income if no parking is retained on the Winter Gardens site (assumed to be 80% to BIC/BH2 based on geography)
- c) Narrative on the likely behaviour in point 2 above, including previous car park loss/development and East/West split, as well as peak summer day impact
- d) The operational view on the potential for retaining public car parking on the Winter Gardens site in any development. The impact of this on the deliverability and viability would need to be assessed.

This work will form part of the next report to Cabinet.

- 33. The new Local Plan (subject to adoption) identifies the need for new homes in Bournemouth town centre. The site allocation for the Bournemouth Arc area, which includes the Winter Gardens site, is 400 homes. The new scheme therefore has the potential to deliver a significant uplift on the number of homes required. This would also provide new Council Tax revenues to help towards off setting any lost parking income, as well as delivering significant regeneration benefits to the town centre, with new full-time residents creating new footfall and custom for local businesses.

Extension of Winter Gardens Site Option Execution Date

- 34. In accordance with the BDC Members Agreement, a Site Development Plan (SDP) is produced for each site. which is subject to Cabinet approval. This sets out the proposed scheme including a programme overview and the Option Execution Dates.
- 35. The BDC Option Agreement sets out the Option Conditions that must be satisfied in order for the Option on a site to be executed. These are;
 - a. The Site Planning Condition
 - b. the Funding Condition
 - c. written agreement between the Seller (BCP Council) and the Buyer (BDC) of the relevant Site Lease Value
 - d. the Viability Condition
 - e. the Council Condition
- 36. The initial “Option Execution Date” for this site, which fell 3 years after the date of the original planning consent, was March 2022. The Option was unable to be executed due to changes in viability and funding circumstances.
- 37. In March 2023, Cabinet approved a recommendation to extend the “Option Execution Date” out to 30 September 2024. As this was approved by Cabinet it is necessary to seek further approval to vary the Option Execution Date.
- 38. The extension was designed to enable BCP FuturePlaces Ltd, in light of the consented scheme no longer being viable or deliverable, to consider the regeneration of the site within a wider strategic context and determine if there were value optimisation and place

making benefits in linking this site to the Council's aspirations to invest in an improved, bespoke conference facility. A relocation of conference and event facilities could have released high-value land at the site of the current BIC for redevelopment. It was considered appropriate to determine if the sites should be refurbished or developed collectively, rather than in isolation, to see if this would result in a more beneficial regeneration scheme for the wider "Bournemouth Arc" area.

39. The feasibility work carried out by BCP FuturePlaces concluded that it would be possible to locate a new conference and exhibition centre in the Winter Gardens site. However, this would be a very expensive scheme (£250m+).
40. In September 2023, BCP Council resolved to close BCP FuturePlaces Ltd. In transferring work into the Council it was decided not to pursue a wider scheme and so the Winter Gardens was effectively "decoupled" from any project at the BIC.
41. Following a Strategy Day in December 2025, to agree the aspirations of the current administration for the site, the BDC has now begun high-level work to explore a new, residential-led scheme at Winter Gardens. In order to enable the successful completion of the appropriate design and planning processes, to satisfy the Option Conditions for a new scheme, it is proposed that the Site Option Execution Date is further extended until September 2028.
42. BDC require the extension of the Site Option Execution Date in order to be able to carry out this work. If the extension is not granted, then work will be stopped. BCP would be required under the terms of the Option Agreement to serve written notice to BDC to terminate without prejudice the agreement in respect of the Winter Gardens site. In effect, this would remove the Winter Gardens site from the BDC Option Agreement.
43. If the Winter Gardens is removed from the Option Agreement, then BCP would need to determine a new strategy for developing the site. This would require the use of BCP Council resources to manage a new open and competitive procurement process to secure a new development partner, or alternatively to undertake a process to sell the site.
44. The available options are;
 - a. "Do nothing": this option would not extend the Option Execution Date. BDC would stop work on the development of a new scheme for Winter Gardens. BCP would need to serve written notice to remove the site from the BDC Option Agreement in order to be able to consider alternative development options. It is estimated that it would delay any development by up to a further 2 years, to allow for work to be carried out on preparing options, which may include a sale (conditional or unconditional) of procuring an alternative development partner. It could also include carrying out work to achieve an outline planning consent before then going through procurement to source a construction partner. In the interim, the site would be retained in its current use as a public car park. This would not support the delivery of housing targets in line with the Local Plan and would not deliver on the strategic objectives for regeneration of key sites and provision of new homes. This option is not recommended.

- b. Extend the Option Execution Date. This option supports the Council's priority objective for regenerating the Winter Gardens, in line with its Corporate Strategy. This would allow the Council's pre-procured development company to continue work to develop a new housing-led scheme for the Winter Gardens. This would avoid the additional work and delays described above and support the ambition to make significant progress towards the delivery of new homes in Bournemouth town centre by 2027. This option would enable work to continue on the funding strategy for the project, to be brought before Cabinet by no later than June 2025. This option is recommended.

Other BDC option sites

- 45. The BDC Option Agreement includes a number of smaller sites that have been identified by Muse as being either insufficient in scale or subject to uncertainty in terms of planning policy. It is proposed that these sites could be developed in an alternative way and not directly by BDC.
- 46. Previous high-level capacity work on these sites has determined that they could deliver in the region of 330 new homes.
- 47. The emerging Local Plan includes allocations for these sites amounting to a lower figure of 190 homes. This is largely due to the proposed building height restriction in Bournemouth town centre (7 storeys) being lower than the heights proposed by the BDC work (up to 15 storeys).
- 48. The Investment & Development team has carried out an internal review of these sites, which is summarised in confidential **Appendix 2**.
- 49. Due to the size of these sites, being relatively smaller in scale, they may better suit being brought forward by local developers. The Option Agreement between BCP and BDC permits sites to either be sold to third parties, or for granting a lease to third parties in order to enable development.
- 50. It is recommended that delivery options for these sites are to be agreed between BCP and BDC and taken forward using the mechanisms provided by the Members Agreement that would not require separate procurement activity.
- 51. Cabinet is requested to note that BDC, under the supervision of the BDC Board, will work with the Portfolio Holder, Corporate Property Officer, Director of Law & Governance and Director of Investment and Development, to identify the most appropriate way to bring each site forward. Recommendations for how to carry out the required process in each case and to request for approval to enter into agreements with third parties for their development will be presented to Cabinet/Council as determined by the value of each proposal.
- 52. It should be noted that BCP also has the ability to add new sites to the BDC Options Agreement, in the event that it wishes to make further use of the capabilities provided by this pre-procured development company.

53. This work will form part of the new BDC Partnership Business Plan that will be presented to Cabinet for review in the Spring.

Funding options (Winter Gardens)

54. The BDC Members Agreement provides that BCP must contribute up to 50% of all development costs for each scheme.
55. It is recognised that the current Medium Term Financial Plan does not contain provision for any new borrowing to fund a new Winter Gardens project.
56. In the event that new borrowing (or other means) cannot be identified to fund this activity, Muse has sought legal advice and established three potential options for funding the project. These will be tested with BCP legal and procurement teams as part of preparing a funding strategy for the project.
57. The Council will develop a funding strategy that provides sufficient flexibility to allow the scheme to move forward. This will be presented to Cabinet and Council to gain approval for a scheme budget or a revised funding strategy.

BDC Partnership Business Plan

58. The BDC LLP Partnership Business Plan (PBP) sets out the nature and extent of development work that will be undertaken by BDC. A new PBP is currently in production and will be ready for approval by Cabinet at a subsequent meeting, allowing time for it to progress through the BDC governance process. The next quarterly BDC Board meeting is scheduled for 20 March 2025.
59. The PBP is a rolling five-year plan that is usually reviewed annually to provide an update on emerging priority sites and the programme of development activity for the following 12 months.
60. It was last reviewed and approved by Cabinet in July 2021. In March 2023 Cabinet proposed that the PBP would be reviewed and submitted to Cabinet for consideration in late 2023, pending further review of budgets and significant organisational changes related to closing BCP FuturePlaces Ltd, which had looked at an alternative proposal for the Winter Gardens and BIC sites, influencing timescales for the site to come forward.
61. Following the BDC Strategy Day in December, it was agreed to begin work on a new PBP for the period 2025 – 2030. This will reflect the agreement to move forward with evaluating a new Winter Gardens scheme, set out the approach for the remaining Option Sites and incorporate the options currently being developed for variations on the funding mechanism for the next tranche of schemes.

62. BCP Council has recently undertaken a review of Shareholder Governance of companies within its control. It has been recommended that a review of the composition of the BDC Board be undertaken. The new PBP will take account of this review.
63. It should be noted that the current Members Agreement for BDC is set to expire in February 2031, being the twentieth anniversary of its inception. A new PBP will begin to address the options around either continuation or cessation of the partnership, as set out in 6.2 of the Agreed Form Business Plan Criteria in Schedule 2 of the Members Agreement. This is reproduced in **Appendix 3** for reference.

Summary of financial implications

64. Other than the opportunity costs of officer time spent supporting this work, as covered by existing resources, there are no direct financial implications in relation to agreeing to the extension of the Site Option Execution Date or any other recommendations in this report.
65. There is no agreed budget within the current Investment & Development directorate programme allocated to the Winter Gardens scheme, or any other site within the BDC Options Agreement.
66. The table below sets out the Council's current accounting arrangement around BDC LLP.

| | £'000 | Comments |
|--|---------------|---|
| BDC / Winter Garden Provision | £4,200 | Amount set aside to offset accrued costs within the BDC LLP entity. |
| Long Term Debtor - BDC Winter Gardens Loan Note | £3,400 | Amount loaned to BDC LLP to purchase and demolish additional land at the Winter Garden site. Accounted for as capital expenditure funded via borrowing. Revenue impact of interest and minimum revenue provision ongoing. |
| Long Term Debtor - BDC Winter Gardens Demolition | £340 | |
| Total Long Term Debtors | £3,740 | |

67. The work carried out following an approval to extend the Site Option Execution Date will determine the funding strategy for the new Winter Gardens project, to be presented to Cabinet/Council for consideration.
68. Summary of BDC activity for context, it is worth noting that Cabinet has previously approved the following Advanced Sums:

| Site | Anticipated total scheme value | Total advance fees | Approved | Advance fees spent (ex VAT) as at Dec 2024 |
|----------------------------|---------------------------------------|---------------------------|-----------------|---|
| Eden Glen | £14m | £1.110m | November 2018 | £0.124m |
| Winter Gardens | £150m | £4.900m | February 2020 | £4.717m |
| Cotlands & York Road | £150m | £4.978m | February 2019 | £0.295m |
| Other (Central, Bath Road) | | | | £0.152m |
| Total | £314m | £10,988m | | £5.288m |

69. In accordance with the BDC governance structure any new schemes requiring financing will have their own individual report requesting approval as they arise in the form of a Site Development Plan and will set out the level of Advance Sums to be injected into the BDC by Muse.
70. Should any scheme not be completed as anticipated then the Advance Sums incurred will roll forward and become a reduction in returns to future schemes and therefore may affect the actual returns to the Council from those schemes.
71. Any further requests for Council funding in relation to BDC schemes will be subject to further due diligence, consideration against the current Medium Term Financial Plan (MFTP) position and Council approval. This includes any variations to previously approved Council funding, which would be brought back to Council as an update for considerations and reapproval.

Summary of legal implications

- 72. The legal obligations of the Council as a member of BDC LLP, are set out in the Members Agreement and the Options Agreement, which were entered into following an EU Procurement Process undertaken in 2009/10.
- 73. Site Development Plans are approved by Cabinet in respect of each potential site as work commences. Any variations to a SDP (including the extension of the term) must return to Cabinet for consideration and approval.
- 74. The proposed extension to the "Option Execution Date" for the Winter Gardens site is in accordance with the terms set out in the Option Agreement dated 2011 between the Council and BDC LLP, subject to approvals.

Summary of human resources implications

- 75. BDC has six Board representatives, three from the Council and three from MUSE. The Council representatives are Cllr Mark Howell, Cllr Joe Salmon and Cllr David d'Orton-Gibson. The Board representatives are responsible for delivering the PBP and deferring to the Council on more strategic matters.
- 76. Partnership Board meetings are determined to be quorate with at least two Representatives from each Member present. Representatives from each Member vote collectively with a single vote.
- 77. BDC has appointed Muse as the Development Manager. The Development Manager is tasked with implementing BDC Board decisions and reporting on progress.

Summary of sustainability impact

- 78. The Council has declared a climate emergency. The Council's role is to consider the future planning policy and transport solutions which will also promote sustainable modes of transport, including greater use of public transport, cycling and walking.
- 79. BDC's role is to ensure that its contractors and consultants take into account best practice on sustainability issues when designing and constructing new buildings and respond to the Council's Corporate Strategy.

Summary of public health implications

- 80. N/A

Summary of equality implications

- 81. A proposed extension of the Option Execution Date does not impact the previous EIAs completed for the Partnership Business Plan.

Summary of risk assessment

82. When individual projects come forward for consideration from the overall BDC development programme the key risks that will be considered as part of the individual site development plans that are prepared include the following:

- Investment Risk including the risk that the development is non-profit making
- Pre-Construction Risk including planning, design and funding risks
- Construction Risk including inflation, supply chain disruption, late completion and cost overruns.
- Market risk of not achieving forecast values
- Programme risk of extended pre-construction, construction and post construction activity
- Communications/Reputational Risk

83. There are additional risks at this current time, in relation to

- a. the progress of the new BCP Local Plan and how any changes in planning policy, particularly in relation to public parking and building heights, could impact on the ability of BDC to bring forward viable schemes on the Option Sites.
- b. The impact on Council revenue from any decision to develop the Winter Gardens car park without re-providing public parking. This would be compliant with planning policy, but result in a loss of income

Background papers

BDC LLP Extension of Option Execution Dates – Cabinet report dated 8 March 2023

<https://democracy.bcpccouncil.gov.uk/ieListDocuments.aspx?CId=285&MId=5357&Ver=4>

BDC LLP Winter Gardens Scheme – Project Update – Place Overview and Scrutiny report dated 16 June 2022

<https://democracy.bcpccouncil.gov.uk/ieListDocuments.aspx?CId=588&MId=5341&Ver=4>

BDC LLP Business Plan - Cabinet report dated 23 June 2021

<https://democracy.bcpccouncil.gov.uk/documents/g4684/Public%20reports%20pack%2023rd-Jun-2021%2010.00%20Cabinet.pdf?T=10>

Appendix 1

Public Off-Street Car Parking Study [see separate document in pack]

Appendix 2 (confidential)

Internal review of other BDC Option Sites [see separate document in pack]

Appendix 3

AGREED FORM BUSINESS PLAN CRITERIA

1. PARTNERSHIP BUSINESS PLAN

- 1.1 The Partnership Business Plan shall set out the Objectives of the LLP for the life of the LLP and the annual over-arching objectives of the LLP for each Accounting Year on a 5 year projection.
- 1.2 The requirements for an acceptable Partnership Business Plan include the following based on a 5 year projection-

| REF. | CONTENT | TO BE IN COMPLIANCE WITH |
|------------|--|--|
| 1.0 | Introduction | |
| 1.1 | Strategic Management Objectives | |
| 1.1.1 | Council's Town Centre Vision Objectives | Members' Agreement Clauses 4 and 5 |
| 1.1.2 | Partnership Objectives | Members' Agreement Clauses 4 and 5 |
| 1.2 | Operational Management | |
| 1.2.1 | Delivery – Resourcing the Partnership | Development Management Agreement Schedule 3 - Resource Plan |
| 1.2.2 | Commercial | Members' Agreement Clause 4.1.4 |
| 1.2.3 | Best Value | Members' Agreement Schedule 8 – Procurement Policy Option Agreement – Definition of Market Value |
| 1.2.4 | KPIs and Performance Specification | Development Management Agreement Schedule 4 |
| 1.2.5 | Risk Management | To reflect the adopted Site Development Plans |
| 1.2.6 | Corporate Governance | Members' Agreement Clause 18 |
| 2.0 | Partnership Structure | |
| 2.1 | Resource and Management Structure | |
| 2.1.1 | Strategic Management | Members' Agreement Clauses 13-15 |
| 2.1.2 | Operational Management | Members' Agreement Clauses 9-11 |
| 2.1.3 | Resource | Development Management Agreement Schedule 3 - Resource Plan |
| 2.1.4 | Accommodation and Facilities | Not applicable |
| 2.1.5 | Corporate Policies | Good Industry Practice |