

Report subject	<b>Bournemouth Development Company - Winter Gardens project</b>
Meeting date	18 June 2025
Status	Public Report
Executive summary	<p>Bournemouth Development Company (BDC) is a joint venture between Muse and BCP Council, established to unlock housing supply and attract private sector investment into the conurbation. Regeneration of Bournemouth Town Centre is a key priority to revitalise the retail and housing offer for residents and reimagine underutilised sites. The Winter Gardens site has been identified, for many years, as a priority regeneration project to deliver corporate strategic objectives,</p> <p>This report seeks approval for the new BDC Partnership Business Plan which is required to set out the agreed priorities and confirm how sites will be taken forward through the Bournemouth Development Company. This will confirm the extension to the Site Option Execution Date for Winter Gardens to September 2028, which was approved in principle by Cabinet in March, subject to the production of a new Partnership Business Plan.</p> <p>The paper sets out the next steps for the Winter Gardens project to deliver circa 500 homes through the redevelopment of the existing surface car park and acquired land.</p>
Recommendations	<p><b>It is RECOMMENDED that:</b></p> <ul style="list-style-type: none"> <li><b>(a) Cabinet approves the BDC Partnership Business Plan for 2025 – 2030.</b></li> <li><b>(b) Cabinet confirms the extension of the Site Option Execution Date to September 2028, allowing Muse as the Private Sector Partner in the BDC to fund the first stage of work on the new Winter Gardens scheme, resulting in a new Site Development Plan.</b></li> <li><b>(c) Cabinet approves proceeding on the understanding that public parking will not be included in a new scheme design.</b></li> </ul>
Reason for	To contribute to the Council's Corporate Strategy, specifically helping to revitalise high streets and regenerate key sites to create

recommendations	<p>new opportunities and to provide good quality homes that are accessible, sustainable and affordable for all.</p> <p>The draft 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):	Cllr Millie Earl, Leader of the Council
Corporate Director	Glynn Barton, Chief Operations Officer
Report Authors	<p>Rob Dunford, Corporate, Business Case &amp; Commercial Manager</p> <p>Amena Matin, Director of Investment &amp; Development</p> <p>Matt Filmer, Assistant Chief Finance Officer</p>
Wards	Bournemouth Central;
Classification	For Decision

## Background

- BCP Council (in the form of Bournemouth Borough Council) and Morgan Sindall Group Developments Ltd established a joint venture, Bournemouth Development Company in 2011 for the purpose of delivering regeneration projects in Bournemouth town centre. The joint venture (JV) partnership has four key objectives:
  - to maximise regeneration,
  - design innovation and sustainable development,
  - deliver solutions which respond to the market and
  - a commercial approach to enable reinvestment.

The Council identified 17 sites for redevelopment, predominantly operational Council-owned car parks which were considered suitable for release and residential delivery by the JV partnership. Since establishment, the JV has delivered over 645 homes with the last scheme completing in 2022 at Durley Road (Westcliff Mansions) under the new BCP Council arrangement.
- Part of Morgan Sindall Group, Muse act as the Development Manager in the JV. They have the financial strength of a leading UK construction and regeneration group with an annual revenue of £4.1bn. Muse are currently working across 38 locations in the UK and have established strong partnerships with Homes England, including two joint ventures focussed on unlocking sites for much needed housing of all tenures. They currently have 2,400 homes under construction and created £1.4bn in gross

development value in the past year. They have been encouraged by the revitalisation of the Council's approach and are aligned and committed to this Administration's priorities to see more homes delivered at pace and with wider socio-economic benefits for the BCP conurbation.

3. To support the joint venture's activities, the Council requires the Bournemouth Development Company (BDC) to provide a Partnership Business Plan (PBP) which sets out the strategic direction, the extent of development which will be undertaken, site priorities, pace of development and funding. The PBP is a rolling five-year plan which is usually reviewed annually to provide an update on emerging priority opportunities and the scope of delivery considered by BDC members (Council representatives and Muse). The current business plan was last updated in 2021 and therefore this report provides a renewed PBP for approval by Cabinet to support the direction of BDC for the next 5 years.
4. In addition to a business plan, a Site Development Plan is produced by BDC for each site. This sets out the proposed scheme including a programme overview and the Option Execution Dates. The land associated with the Winter Gardens site, including the surface car park, remains a priority regeneration opportunity in Bournemouth town centre.
5. A Site Development Plan for the Winter Gardens was approved by Bournemouth Borough Council Cabinet in October 2015 to allow work to be carried out on the design and planning process which concluded in 2019.
6. Subsequently, planning permission was granted for 378 homes 552 residential and public car parking, 5,600 m<sup>2</sup> of leisure and commercial floorspace in 2019. By the time the scheme was ready to be built, the market had significantly changed due to the impact of Brexit on supply chains and the subsequent unforeseen impact of COVID 19. Although construction continued at St Stephens (Treetops) and Durley Road (Westcliff Mansions) throughout 2021-2022, the construction market and wider economy had significantly changed by then. Additionally, the scheme approved in 2015 was predicated on the Council acquiring 30% of the completed homes and the replacement public parking spaces, effectively acting as forward funder to cashflow the development. Due to the constantly evolving financial landscape, this was not able to be completed.
7. Additionally, BDC's financing strategy assumed £5m infrastructure funding from Homes England. However, this funding was not secured, partly because the development was unlikely to meet the programme dates at the time (2021) and there was no proposed affordable housing to attract grant. Therefore, the scheme viability and deliverability was impacted by external factors and market conditions worsened by Government policy at the time, resulting in the scheme stalling.
8. In March 2023, BCP Cabinet approved an extension to the Site Option Execution Date for Winter Gardens until September 2024, to enable work to be carried out by BCP FuturePlaces Ltd to explore the possibility of an alternative regeneration project. This explored the feasibility of relocating the conference and exhibition facilities from the current Bournemouth International Centre, to free up the current BIC site for redevelopment. Upon closing BCP FuturePlaces in September 2023, the Council assessed the existing BIC arrangements and that timescales would render this proposal unviable and sought to disaggregate the two sites. This allowed renewed focus on the arrangements with BDC for the Winter Gardens. As the private investor partner, Muse remain willing to bring forward the delivery of homes in the town centre across the option sites.

9. As the Winter Gardens Site Option Execution Date has elapsed and the challenges associated with the site remain as Muse have not been able to bring forward a viable scheme in the intervening period, there is a need to design a new proposal for Winter Gardens.
10. This report sets out the next steps for the Partnership and the priority activity needed to progress work on a new scheme that will result in a new Site Development Plan (SDP) for Winter Gardens.

### **Bournemouth Development Company Partnership Business Plan**

11. The Development Management Agreement for the BDC Joint Venture requires a Business Plan and various conditions to be met to support development to come forward. The new PBP follows a Strategy Day held in December 2024 which included the BDC Council representatives, BDC Muse representatives and members of the Cabinet. This Strategy Day considered the site opportunities, the constraints and the role of Muse as development manager.
12. To encapsulate the vision for BDC and taking on board the strategic direction provided in December, a new PBP for the period 2025-2030 has been created and appended for consideration and approval. This has been considered and approved by the BDC members which includes three Councillor representatives (Cllrs J Salmon, D'Orton Gibson and Howell) and representatives of Muse. The PBP is provided in **Appendix 1**.
13. Cabinet approved (5 March 2025) in principle to the extension of the Site Option Execution Date for the Winter Gardens, with details to be agreed to be delegated to the Chief Operations Officer acting in consultation with the Leader of the Council, or until Cabinet have had the opportunity to review a revised partnership business plan including the site development plan for the revised Winter Gardens scheme. A new Site Development Plan (SDP) is required to satisfy the Conditions of the Development Management Agreement which will crystallise the Council's contributions towards the scheme. Pending Cabinet's approval of the Partnership Business Plan and the extension of the Site Option Execution date, BDC are targeting completion of the SDP by late Autumn and Cabinet and Council approval by December 2025.
14. The primary focus of the PBP is the work to develop a new scheme for the Winter Gardens site. The PBP sets out a funding requirement for the work to progress a new scheme towards a planning consent and construction.
15. The full pre-construction funding requirement is estimated to be within the range of £4m to £7m.

### *Funding options*

16. The Prudential Code requires authorities to look at capital expenditure and investment plans, investments, and debt in the light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long run financing implications and potential risks to the authority.
17. Under the Members Agreement (MA), up to 50% is payable by the Council from approval to proceed to a scheme. The current working capital requirements for the pre-construction phase (to achieve a planning consent) are circa £7m for Winter

Gardens which would mean the Council would need to make provision for £3.5m. The costs are revenue until there is a scheme to capitalise against and currently there is no provision within the Medium Term Financial Plan (MTFP). In addition, the Council would be expected to contribute up to 50% to the Total Scheme costs (i.e. construction phase to completion) which are estimated at circa £150m (potential BCP Council share, up to £75m).

18. The PBP sets out the current expectation for the estimated financial contribution to be made by both partners in the BDC during the pre-construction phase. The potential contribution from BCP is as follows :

	Potentially payable (BCP)	Timescales
Initial feasibility	£500k	July 2025
Design and planning	£2m	Dec 2026
Stage 4	£1m	Dec 2027

19. The MA sets out the Capital and Finance arrangements for the LLP which are:
- Any Advanced Sums to be expended to pursue Stage 1 Project Appraisal Sign Off in relation to Sites to be brought forward in accordance with the PBP and Development Programme, subject always to the aggregate of any Council and Private Sector Partner (PSP) funding by way of Advanced Sums in relation to such activity being no greater than the Advanced Sum Cap;
  - any Advanced Sums to be expended in relation to Non Site-Specific Costs; and
  - any Advanced Sums set out in the Site Development Plan(s) from time to time
20. Both partners in the BDC joint venture have previously committed funds towards the delivery of the project. This included Advanced Sum Loan Notes from the private sector partner (Morgan Sindall) for the pre-construction work and ASLN's from both Morgan Sindall and Bournemouth Borough Council, for the acquisition of land at Exeter Road to complete the land assembly for the development site.
21. These ASLN's for land acquisition will need to be factored into the financial implications for any future consideration of additional Council investment in the Winter Gardens project.
22. Given the investment which both parties have made to Winter Gardens, including the Council loan funding related to the acquisition of land at Exeter Road, BDC have explored mechanisms to enable the project to continue and minimise the impact on the Council's current MTFP position. The potential options available to the Council are:
- The Council approves an upfront revenue or capital contribution under the existing arrangements in the MA. Council and Muse share all funding and profit equally. This would be additional borrowing which will need to be assessed to ensure the affordability of borrowing for this project

- b. Muse finance the scheme and take funding risk and provides indemnity to the Council against losses on specific schemes and the profit share is adjusted accordingly.
  - c. Muse provide a small amount of initial funding to cover the costs required to complete RIBA Stage 0 and 1 works, to inform the production of a new Site Development Plan. The Site Development Plan will determine the full financial implications of the scheme for both parties, for approval in December 2025. **This is the recommended option (recommendation b) of this paper.**
23. BCP Council would still retain control on planning, design etc under the agreement with the principal change being to the funding strategy. Further to legal advice, it is open to the Council to consider varying its financial contribution subject to agreement with the private sector partner and maintain pace of development.
24. The new Site Development Plan will provide the full and accurate financial information for both parties in the JV, allowing for a decision to be made on its approval that clearly sets out the required funding strategy for the subsequent stages towards a planning submission.

## Winter Gardens proposal

25. To enable progress towards a new Site Development Plan, it is recommended that Cabinet approve the Partnership Business Plan, confirming the extension to the Site Option Execution Date and allow BDC to progress the scheme through the RIBA<sup>1</sup> Stages 0 (Strategic Definition) and 1 (Preparation and Brief). This will provide a clear direction to Muse to seek approval from their Board for funding to carry out the work necessary to begin to derisk the project as a new SDP is prepared.
26. Subject to Cabinet approval to continue, the high-level programme is illustrated below.

		Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
		Cabinet Approval			Cabinet approval	Project start	RIBA Stage 0/1 and new Site Development Plan				Cabinet approval (SDP)
Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26
Design and planning period							Planning determination				
Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-27	Sep-27	Oct-27	Nov-27	Dec-27
Stage 4 design, gateway 2 and funding											Start on site

27. To enable the project to progress the following activity will be undertaken:

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<sup>1</sup> [RIBA Plan of Work](#)

Item	Description	Mitigation/Solution
<b>Extension to the Site Option Execution Date</b>	Required to amend Site Development Plan and produce new scheme design to seek planning consent	Cabinet has approved in principle to extend the SOED to September 2028, subject to the production of a new BDC Partnership Business Plan – presented with this paper.
<b>Site Development Plan finalised -</b> Scheme design progressed without public car parking to optimise viability through increased density and height, including forward funding strategy	<p>The principle of removal of public parking from the site is supported by the BCP Council Off-Street Public Parking Study (October 2024) to improve the viability of the development and deliver against the revised housing targets.</p> <p>The removal of public parking revenue implications has been considered and will be set out in the financial implications for the SDP.</p>	<p>BDC would enter into a Planning Performance Agreement with BCP at an early stage. This will allow core principles of the new scheme to be discussed and established throughout the design and planning period and aim to ensure best chances of a successful application.</p> <p>Cabinet is asked to approve proceeding on the understanding that public parking will not be included in scheme design.</p> <p>The proposal will quantify the economic and social value benefits for BCP residents.</p>
<b>Funding strategy including evidence of Homes England funding</b>	The approach for funding the pre-construction costs requires agreement between BCP Council and BDC. The parties will utilise the available flexibilities within the Member Agreement to mutual agreement.	A new SDP will allow BDC to engage in meaningful discussions with Homes England on funding options.

28. In order to be able to manage the risks and financial implications of proceeding with the scheme, it is proposed that key decision milestones are incorporated into the programme. This will enable BCP Council and BDC to review progress at each

milestone and decide whether to proceed and therefore continue with project expenditure.

29. The proposed milestones are;

Date	Project status	Approval by
December 2025	Approval of new Site Development Plan	Cabinet, BDC Board
July 2026	Planning application approved for submission	Cabinet, BDC Board
December 2026	Planning determination	BCP Local Planning Authority

30. Each milestone will offer the opportunity to assess progress and review actual expenditure and developments with scheme viability including projected build costs, projected sales values and progress with funding negotiations.

31. The project will be monitored on a monthly basis by BDC and BCP Council officers, reporting quarterly to the BDC Board and providing regular updates to BCP Council Cabinet.

## Options Appraisal

32. The following table summarises the available options for Cabinet to consider.

Option	Description	Financial implications	Legal implications
Do nothing	The Winter Gardens remains as a car park	<p>The Council will continue to generate income from the site (c£690k in 24/25).</p> <p>The Council will continue to need to fund the operating costs of the car park (c£100k) in 24/25)</p>	Discontinuing the project may result in needing to withdraw the site from the BDC Option Agreement and will require consideration of how repayments for loans incurred to date will be managed.
Develop the site through	Site Option Execution Date	Estimated cost of preparing	Without a revised SDP ( and a reset



Bournemouth Development Company	is extended; BDC begin work on new scheme design and planning process; new SDP to be produced for consideration by Cabinet in December 2025	Site Development Plan up to £500k	date) the site could not be developed as neither party can issue an option notice – the only choice available would be to serve notice to take the site out of the option agreement which neither party favours.
Withdraw the site from BDC Option Agreement and seek alternative development solution	Site Option Execution Date is not extended. Site withdrawn from Option Agreement	The Exeter Road land is jointly owned by BCP Council and BDC.  There are c£10m of outstanding loans from Muse and BCP Council from the original acquisition.	A new procurement or sales process would be required to seek developer interest in the site. Due to the value, this would likely take a minimum of 12 months

### Summary of financial implications

33. In the event that Cabinet approves the continuation of the project to the next stage, there are no financial implications to BCP Council at this time.
34. The output of the next stage of work will be a new Site Development Plan. This will set out the full financial implications for BCP Council for any decision to approve the SDP and therefore proceed to more detailed design work in preparation for a planning submission.
35. The SDP will set out options for the funding of the continued work, which may include the option to vary the funding provided by each partner within the BDC by mutual agreement, in order to allow the project to continue.

### Summary of legal implications

36. 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.
37. 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.

38. 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**

39. 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.
40. 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.
41. 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**

42. 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.
43. 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**

44. To be fully assessed with Site Development Plan, once specific details of scheme design are known.
45. The addition of affordable housing and new public realm are considered likely to bring positive public health benefits. Similarly, a reduction in car journeys to the site may result in improved air quality.

### **Summary of equality implications**

46. An EIA screening process is underway, setting out the initial assessment of the potential impacts of a new scheme. These are currently viewed as being;
- a. The potential for detrimental impact to users of the Winter Gardens car park associated with the loss of public car parking
  - b. The potential positive impact of providing new housing, particularly the affordable housing element, to BCP residents
  - c. The potential positive impact of the new scheme in creating new public green space
47. The EIA process will continue to be reviewed and updated as the details of the scheme are sufficiently developed, to provide clarity on the nature of the proposed final scheme and what its impacts could be.

## **Summary of risk assessment**

48. 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:

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

49. 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 reproviding public parking. This would be compliant with planning policy.

## **Background papers**

Bournemouth Development Company LLP Business Plan

[\(Public Pack\)Agenda Document for Cabinet, 05/03/2025 10:15](#)

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>

## **Appendices**

**APPENDIX 1** – Partnership Business Plan – attached separately