



HARDISTY JONES ASSOCIATES
Economic Development Advisers ●●●●●●●●●●



Torquay Town Deal Business Case

Harbour Public Realm

Prepared for Torbay Council

July 2021

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Approved by:	Gareth Jones
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Executive Summary

Strategic case

- i. The quality of the urban environment in the harbour area of Torquay has declined over the last two decades. There has been under-investment, the area is dominated by motor traffic, and there is poor pedestrian connectivity with the rest of the town centre. Torquay's Town Investment Plan (TIP) sets out an aspiration to increase footfall, vitality and regeneration in the town centre. Investment in improving the public realm in the harbour area will improve its attractiveness and active travel potential, and help to meet these aspirations. Wide ranging consultation has been undertaken with local stakeholders including transport users (coach, bus and taxi operators) to help shape the project.
- ii. The project includes infrastructure to reduce the dominance of motor traffic, increased and enhanced pedestrian areas, improved active travel infrastructure (for walking and cycling), improved wayfinding and connectivity, new surface materials and lighting, and wifi hotspots.

Economic case

- iii. Public funding is needed for this scheme because it is providing a public good that the market will not deliver. A number of options were considered, and the preferred option chosen from these.
- iv. The project will cost £2.2 million, and costs will be managed through a competitive procurement process. The measurable benefits of the project include the local benefits of the construction process; land value uplift in the properties around the development; and active travel and health benefits. Non quantifiable benefits include an increase in the attractiveness of Torquay leading to increased visitor numbers and more investment. The present value of the net additional benefits is more than £26 million over 60 years.
- v. The benefit-to-cost ratio (BCR) for the project is 12.8.

Financial case

- vi. The total cost of £2.2 million will be wholly met from Town Deal funds.

Commercial case

- vii. Significant professional advice has been used to develop this project, giving confidence in its delivery. A contractor will be appointed on a competitive basis from Torbay Council's existing list of highways contractors.

Management case

- viii. TDA will have overall responsibility for the delivery of the project, and has experience of successfully delivering similar schemes. A full management team will be put in place for this project.
- ix. A detailed project programme and risk register have already been prepared. A monitoring and evaluation process will be put in place.

1 Strategic Case

- 1.0.1 The Strand and Harbour area is a significant part of what makes the English Riviera unique and distinctive. It is the part of Torquay that most residents and visitors know, and will be the place that determines the experience of those who visit. However, it needs significant investment and improvement.
- 1.0.2 The quality of the public realm around the Harbour area has visibly declined over the last two decades. It gives a disappointing impression of Torquay, showing signs of under-investment and is dominated by the presence of multiple carriageways, bus and taxi parking creating an over dominance of traffic.
- 1.0.3 The dominance of traffic significantly reduces the legibility of the inner harbour and the comfort of pedestrians to spend time. It does not properly connect with the High Street, pedestrian spaces are limited, tired and unappealing, and the overall experience is poor with limited activities encouraging pedestrians to spend time, dwell and spill out into other areas of the town centre.
- 1.0.4 Investment in public realm improvements, wayfinding and other infrastructure improvements are essential to delivering a wider place making agenda. As the focal point for regeneration in Torquay, improvements to the Harbour public realm, on the Strand and waterfront, are critical to its success.
- 1.0.5 The Strand must become an attractive, safe and appealing space; it must become ‘sticky’, where people spend time because there are activities and experiences that keep them there.

1.1 Background

Town Investment Plan (TIP)

- 1.1.1 Torquay is a coastal town with a strong tourism sector but suffering from high deprivation, low skills and low productivity, issues which have been exacerbated by Covid-19. Torquay has a traditional and tired high street with a high level of vacant units. Town centre footfall is falling, also exacerbated by Covid-19. Rental levels are low and development viability for commercial schemes is poor. Many allocated employment sites cannot be delivered by the private sector due to abnormal costs. Transport linkages through the town are strained. Torquay is predicted to suffer a greater negative economic impact from Covid-19 than comparable places.
- 1.1.2 However, there is a significant residential and commercial development opportunity at Torquay Gateway/Edginswell in the north-west of the town, which will be complemented by substantial investment at Torbay Hospital, which is located here. Culture and heritage led tourism presents growth opportunities throughout the town, with significant private sector investments in hotels taking place. A private sector partner is interested in investing in regeneration in the town centre.
- 1.1.3 The vision for Torquay capitalises on naturally inspiring assets, including the UNESCO Global Geopark accreditation, to support recovery from Covid 19. Moving past recovery, we will, through this plan, bring greater vitality to the town centre; support sectoral strengths including hi tech; connect the growth and opportunity areas in the town and create inclusive economic opportunities for all parts of the community allowing Torquay to build back better.
- 1.1.4 Grounded in the significant work by the community and partners to shape the future for Torquay through the Neighbourhood Plan, there is a spatial focus on the challenges and opportunities for major

investment in the ‘spine’– the main corridor running from Torquay Gateway to the Harbour. Our Investment Plan focuses on these key areas:

- Delivering a more vibrant town centre through land assembly in key locations, the redevelopment of Union Square for mixed uses including residential, development near the harbour, and public realm schemes at the core retail area and harbour
- Improving connectivity between the Torquay Gateway area and town centre through the delivery of a new rail station, and improving a transport pinchpoint between the main station and town centre

1.1.5 These areas have been chosen for their impact in the short and medium term and ability to be brought forward at pace. The Plan also identifies complementary proposals for investment in tourism and cultural projects to improve the quality of Torquay’s offer; investment in delivering employment sites; and improvements to connectivity.

1.1.6 The Town Investment Plan includes proposals for accelerated projects to improve parks and public space.

Challenges

1.1.7 The main challenges facing Torquay are set out in the Town Investment Plan (2020). In summary these are:

- Deprivation and anti-social behaviour
- High level of town centre vacancies and low level of footfall
- Lack of suitable and available employment land and premises
- Low levels of employment and skills
- Poor transport connections
- High levels of housing deprivation
- Impacts of Covid-19

Assets, strengths and opportunities

1.1.8 These are set out in the Town Investment Plan (2020). In summary they are:

- Heritage assets and the high quality of the environment
- Strength of the tourism sector
- Good quality of education provision
- Strength of the health and social care sector
- Good quality digital connectivity
- Links to the wider area

1.2 Policy context

Town Investment Plan

1.2.1 The Town Investment Plan supports broader regeneration and growth plans for the local area. These are set out in detail in the Town Investment Plan, and include:

- Torbay Together
- Torbay Community and Corporate Plan

- Torbay Economic Strategy
- Torbay Covid-19 Recovery Strategy
- Torbay Culture Strategy
- Torbay Neighbourhood Plan
- Heart of the South West Local Industrial Strategy and Build Back Better plan
- UK Clean Growth Strategy

Harbour Public Realm

1.2.2 Torbay Council and the community have put in place all the strategic building blocks necessary to support transformation and much needed investment to the Harbour public realm. This scheme aligns with community wishes and strategies as set out in the Town Investment Plan, including.

- In April 2017, following soft market testing with investors and developers, the Council published its **Transformation Strategy for Torbay’s Town Centres**. This outlined an interventionist approach to town centre regeneration.
- **Torquay Refresh**, a masterplan for town centre regeneration, adopted as a Supplementary Planning Document in June 2015.
- The **Local Plan**, adopted in December 2015, emphasizes the need for “transformation of our town centres as leisure, lifestyle, living and work destinations”.
- The **Torquay Neighbourhood Plan** adopted in June 2019, strongly supporting town centre regeneration and promoting higher quality and better connected towns.

1.3 Vision and Objectives

1.3.1 The vision for Torquay in 2030 is:

Torquay is the heart of the English Riviera. A grand, elegant town with a rich history linked to its naturally inspiring coastal, maritime and landscape setting, with a high quality and vibrant town centre. This unique setting provides one of the best places to live, work and play in the South West. Connections to London have improved and further enhancements, particularly rail, allow Torquay to be more accessible to investors and visitors from within and outside the town. High quality tourism is one of the leading sectors with an international reputation, and the town is thriving after the Coronavirus crisis. Torquay has a high value health and social care economy linked to the Torbay Hospital improvement programme, and the wider offer of Torbay’s advanced electronics and photonics sector is enhanced by the skills and space on offer in Torquay. Torquay has a thriving business community providing well-paid, high quality employment in a broad range of sectors.

1.3.2 The main objectives of the Town Investment Plan are:

- A high quality, vibrant town centre
- A better connected and more accessible place
- A high quality economy

1.3.3 The key objectives and respective targets for the Harbour realm scheme are summarised in the following table.

Figure 1.1: Project SMART Objectives

Challenge	Objective	Measure	Target
Poor quality town centre public realm & environment	A high quality, vibrant town centre	Increased vitality, improved experience, footfall and spend	Additional footfall and visitors Increased spend
Crime levels and anti-social behavior	A safer environment for the community and visitors	Reduced town centre anti-social behavior	Fewer incidents reported per year
High vehicular movement and poor health benefits	A pedestrian focused environment	Reduced vehicular movement, increased footfall	Reduced traffic counts and speed
Poor sustainable transport modes	Improved active travel and health benefits	Enhanced walking and cycling route(s)	Increased number of cyclists and pedestrians
Poor severance and connectivity to the High Street	Better access to the town centre in a more coherent way	Better severance, improved pedestrian flows	Increased pedestrian flows at key crossings / interchanges
Potential for repositioning & improving Torquay's visitor offer	An improved commercial, leisure & retail offer	Investor confidence; both existing and new establishments	Increased investment activity including new occupiers, and / or investment of existing properties

1.3.4 The harbour public realm project will significantly improve the public realm around Torquay harbour to restore this unique and important space. Delivery of this project will contribute to delivering the overall vision and strategic ambition set out within the Town Investment Plan.

1.4 Harbour public realm

1.4.1 The harbour area has visibly declined over the last two decades. It is a space that gives a disappointing impression of Torquay; showing signs of under-investment and is dominated by the presence of multiple carriageways, bus and taxi parking. This reduces the aesthetics of the inner harbour, the comfort of pedestrians to spend time and with poor connectivity to its High Street.

1.4.2 The scheme proposals are well developed and will include;

- Minimised traffic along the Strand (reduction of roadway to one lane in each direction).
- Increased and enhanced pedestrian areas (attractive seating areas with improved planting and better desire lines)
- Improved access to sustainable transport modes (promoting public services, walking & cycling)
- Improved access, connectivity and wayfinding (better connectivity to wider assets of the town)
- New surface materials and lighting (to make the space feel ambient and safer)
- New Wi-fi hotspots and interactive information boards

1.4.3 Torquay is predicted to suffer a greater negative economic impact from Covid-19 than comparable places. This scheme is very much in line with C-19 requirements and efforts to restore public confidence

in visiting town centres; including more space for pedestrians and cyclists and hospitality businesses to ‘spill out’ onto the street.

Figure 1.2: Harbour Public Realm Location

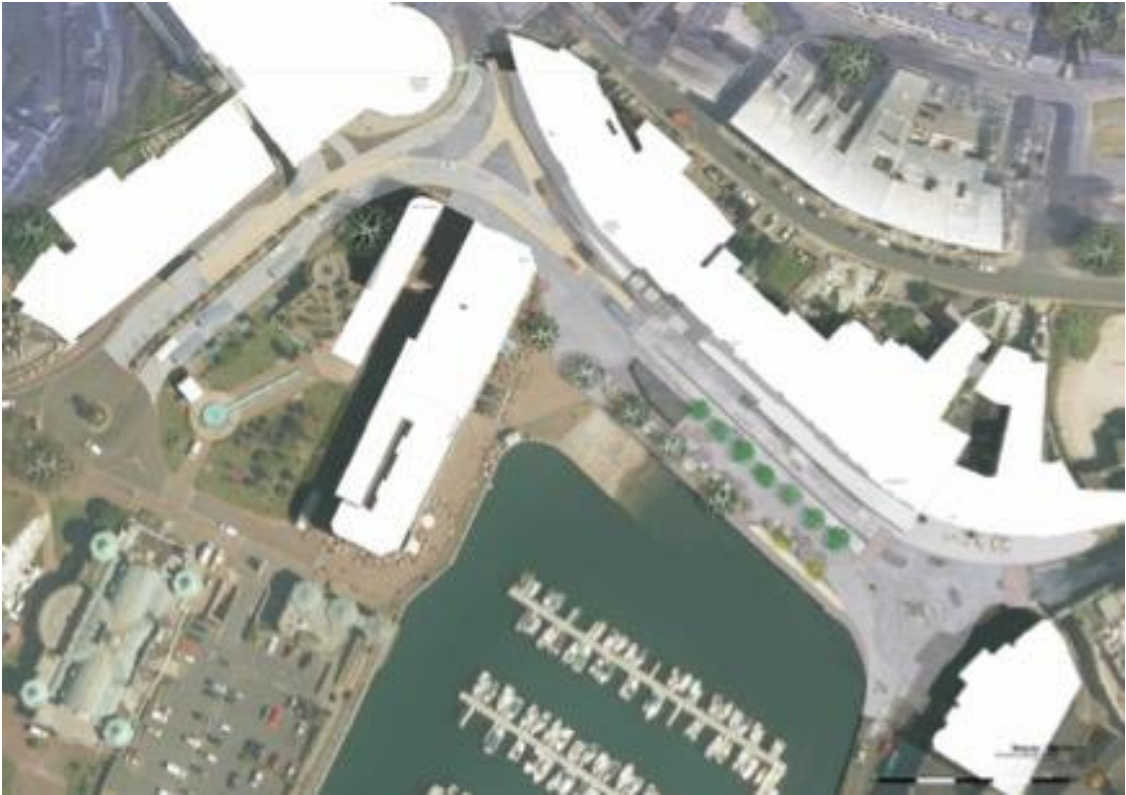
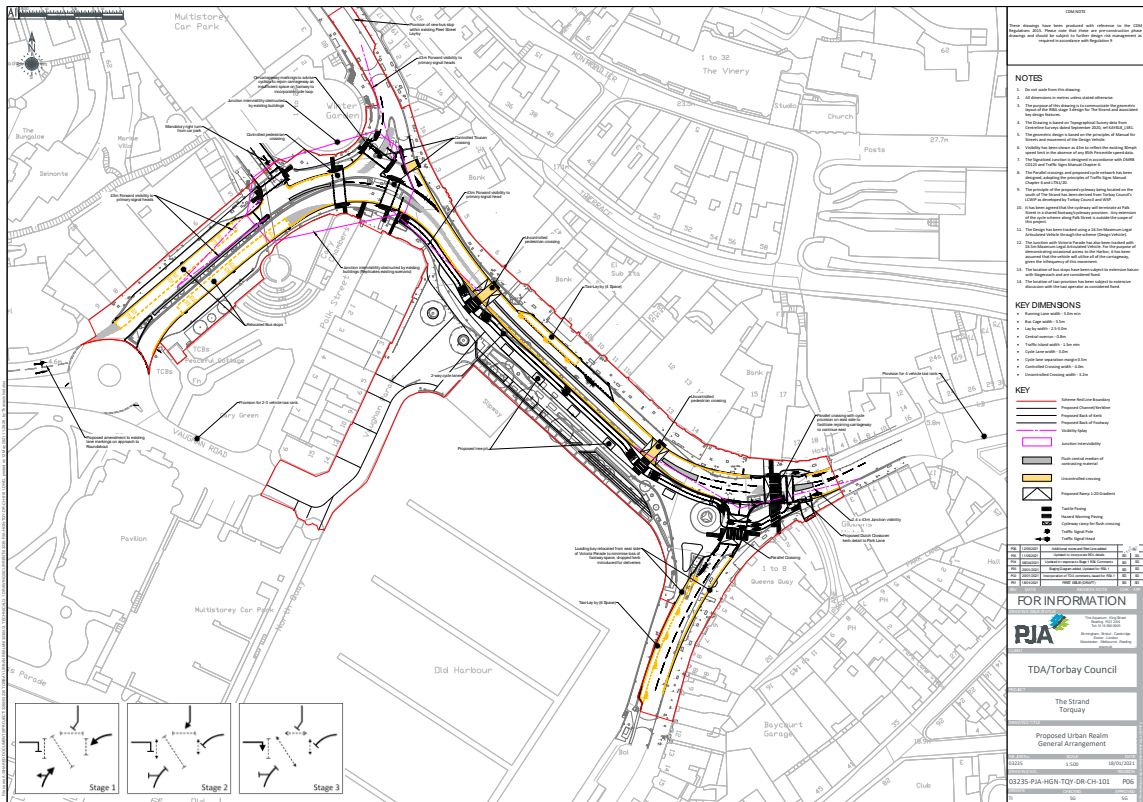


Figure 1.3: Harbour Public Realm Plan



Dependencies, Constraints & Key Risks

1.4.4 Regeneration of the Harbour public realm is generally dependent on receipt of public sector funding to ensure successful delivery of physical high-quality public realm infrastructure; improving the attractiveness of the town to visitors, residents and investors. This project is already well advanced and risks are considered low. The high level risks relate to:

- Cost Escalation. Increase in costs mitigated by effective project cost engineering, management and contracting.
- Delay in Delivery. Mitigated by effective project management and contracting.

1.4.5 A Risk Register has been formulated for this project and provided as a separate document.

Rationale – Outcomes and Impacts

1.4.6 The aim is to re-invigorate the Harbour area so it becomes the destination of choice for residents and visitors; re-shaping the High Street experience and making it a much more vibrant, healthier and better connected space.

1.4.7 Successful delivery of the Harbour public realm improvements will have a ripple effect, adding greater vibrancy and quality to the town centre with its historical and natural environment at its heart.

1.4.8 The improvements will contribute to increased footfall and improve the experience of the space throughout the day and night.

1.4.9 It will become a vital social focus for the community and visitors to Torquay and contribute to resolving pockets of anti-social issues in this part of town, and significantly improve the experience of visitors.

1.4.10 The outcome will be a ‘stickier’ place – in which people will spend more time, more money, rental levels will increase, marketability and re-letting will be improved, and land values will be uplifted. It will better connect with other areas of the town; widening the benefits of the intervention and adding pace to the recovery and repositioning of Torquay Town Centre.

1.5 Stakeholder consultation

Town Investment Plan

1.5.1 The stakeholder consultation undertaken to inform the preparation of the Town investment Plan is set out in that document. Key points are set out below.

1.5.2 Torbay Together has been involved in the formulation of the town Investment Plan. It is a strategic partnership that has been working together to develop a vision for the whole of Torbay. This partnership includes representatives from the private, public, voluntary and community sectors. Establishment of this partnership has been pivotal in bringing partners together, breaking down organisational barriers and encouraging a forward thinking vision for the area. The approach for Torquay has been grounded along the same principles.

1.5.3 The community has been instrumental in the development of the plans with consultation being a constant feature of these wider strategies.

- 1.5.4 There is a golden thread from the early work of the Neighbourhood Forum through the masterplans to the very recently adopted Torquay Neighbourhood Plan which strongly supports town centre regeneration and the wider aspirations of the TIP.
- 1.5.5 We have convened through the Community Development Trust a community board, comprised of a representative from each of the community partnerships, and a representative of the Torquay Neighbourhood Plan Forum.
- 1.5.6 Torbay Business Forum is an umbrella body for businesses and business representative organisations across Torbay. It brings together small and large businesses together with local anchor organisations to help share information, challenge decision makers and influence the development of strategies and plans.
- 1.5.7 The following local businesses and investors are part of the Town Deal Board:
- Torbay Business Forum
 - TDA
 - Torbay Leisure Hotels
 - Torbay Hi Tech Cluster
 - English Riviera Tourism Co

Harbour Public Realm

- 1.5.8 The Harbour public realm has captured that knowledge and understanding through various workshop sessions held during stage 3 design and regular and continued engagement with key stakeholders, community and business representatives. This engagement allowed stakeholders and workshop attendees - which included local business owners, residents representing a range of ages and abilities, key transport users (Stage Coach, Taxi Association, local bus operators) to share their views directly with the design team, shaping and informing the proposals.
- 1.5.9 The Delivery Team led by TDA has and continues to consult with key transport users and other users of the space, including briefing sessions with the Transportation & Parking working party, and sessions with leading Partners of the Community such as the Chamber and Torquay Community Partnership.
- 1.5.10 The Town Deal and Future High Streets Steering group which includes cross party representatives will provide further input and oversight during the final design and delivery stages of this project.
- 1.5.11 The key messages from the community, investors, key stakeholders and analysis of the space were identified as:
- Minimise traffic (whilst improving connectivity & wayfinding).
 - Create and enhance space for people (animating the space).
 - Better use of the space (connecting with its natural and historic environment).
 - Integrate design and material (to respond to the heritage context).

2 Economic Case

2.0.1 The economic case needs to consider a set of options to meet the objectives, including business-as-usual, the preferred option and any others. An appraisal of these options is needed to identify the preferred option. The costs, benefits and value-for-money of the preferred option are required.

2.1 Market failure

2.1.1 Public realm and new road infrastructure which encourages active travel are public goods and will not be provided by the market. However, the external(ity) benefit of public realm and new roads to the people and economy of Torquay means that there is a case for public investment in delivering these.

2.2 Options appraisal

Do-Nothing

2.2.1 Under the business as usual option no investment will take place in the Harbour Public Realm, so there will be no changes to traffic and pedestrian flows and the use of this space.

2.2.2 A series of discrete, or sequential options, with increasing costs and increasing levels of benefit were then considered as part of the stakeholder engagement and project development process. These are set out below.

Phase 1: Meanwhile use

2.2.3 This option involves reduction of the roadway, road re-configuration, relocation of buses, partial resurfacing, new kerbs, new trees, public art and a range of temporary uses throughout the year. This is a ‘cost-effective, quick-win’ solution to deliver temporary changes which can be ‘tested’ through public use before potentially being made permanent.

Phase 2: Permanent use – Preferred Option

2.2.4 This option builds on the previous option and involves more fixed, permanent improvements to the space including further extension of the public realm, more wayfinding, and the creation of permanent enhancements

Phase 3: Further potential work

2.2.5 In addition to Phase 2, this option includes improvement and enhancement to Cary Park Parade and roundabout, including the potential to form part of an improved transport interchange. No detailed design work has been undertaken on this option.

Preferred option

2.2.6 The preferred option is closest to Phase 2, and also includes a cycle path. This has been chosen because it meets the objectives for the project, and is more affordable than the Phase 3 option. This was chosen because of greater benefits it offers, whilst providing the best value-for-money at this stage, with limited funding available for projects in Torquay. If additional funds are made available then the project could be progressed to Stage 3.

2.3 Economic costs

Real costs

2.3.1 The latest cost estimate for the preferred option comprises:

- Phases 1 and 2 core works cost £1,706,000 including 10% contingency on construction and professional fees. Costs have been provided by QSPM Consultants dated July 2020, but it has been confirmed that these are 2019-based costs. These are set out in Appendix 1 to this business case.
- A further £475,000 for additional work, including waling and cycling infrastructure. This figure has been estimated by QSPM Consultants and includes 10% contingency
- These figure give a total construction cost of £2,181,000
- ONS Construction Output Price Indices suggests 1.99% cumulative inflation from July 2019 to March 2021, which gives an inflated cost of £2,224,400. However, inflation is likely to be higher in the coming months

Optimism bias

2.3.2 Optimism bias has not been applied to these costs given the advanced state of the costings, although there is 10% contingency within the cost estimate. If the contract value is higher than the figure shown above, then the scope of the project will be adjusted or additional funding sought from other sources. The amount of Towns Fund sought to deliver the project will not be increased.

Spend profile

2.3.3 The project will be entirely delivered in the current financial year – 2021/22.

2.3.4 No match funding is applied to this project, and all funds will come from the Towns Fund.

Economic costs

2.3.5 No further inflation is added from the 2021 base costs as the construction contract will be let in 2021.

2.3.6 Costs would be discounted at 3.5% per year, but as the project is entirely delivered in the current financial year the Present Value (PV) cost is the same as the real cost i.e. £2,224,400.

2.4 Economic benefits

2.4.1 The quantifiable benefits of this project are:

- Local employment in the construction of the scheme
- Land value uplift in the adjacent buildings
- Active travel and health benefits to those walking, cycling and using public transport,

Construction

2.4.2 Employment will be generated by the construction of the scheme, and some of this will benefit local people – in this case residents of Torbay. The construction process will generate 11.5 person-years of employment. This in-turn will create £921,000 of GVA. As this happens in 2021/22, the Present Value of this benefit is the same as the real value, so is £921,000.

2.4.3 A better measure of the benefit to the local economy takes account of leakage of benefit out of the local area (Torbay), displacement of activity within the local area, and the multiplier impact on the local

economy. When these factors are taken into account, the Present Value net additional benefit to the Torbay economy is £449,000. This is a one-off impact on 2021/22, and is not repeated.

Land value uplift

2.4.4 The investment in the public realm in the Harbour area will generate increased value in the adjoining properties because of the improvement in the environment. This will most readily be seen in increased rental levels for these properties. As there has been no investment in the properties, the increase resides in the value of the site (or land) that the property is located on. MHCLG (formerly DCLG) guidance sets out the principles of this, and property advisers JLL along with HJA have developed a methodology for calculating this.

2.4.5 JLL has calculated that the land value uplift generated by the Harbour Public Realm project is £2,467,000 comprising:

- £2,057,000 in adjoining commercial sites/premises
- £410,000 in adjoining residential sites/properties

2.4.6 Full report from JLL will be provided.

2.4.7 This benefit will be created immediately after the completion of the construction works. This is assumed to be in 2022/23. Therefore the present value of the benefit, applying a 3.5% per annum discount rate is £2,383,600. The net additional local benefit, allowing for additionality, is £1,162,000.

Active travel and health benefits

2.4.8 There are a number of transport and health benefits arising from this scheme. These are:

- Decreased congestion from more walking and cycling
- Lower cost of infrastructure maintenance
- Fewer accidents
- Improved local air quality
- Reduction in noise
- Reduction in greenhouse gasses
- Reduced risk of premature death
- Less absenteeism due to better health
- Journey ambience

2.4.9 Using Department for Transport data, a value is placed on each of these benefits.

2.4.10 Transport Consultants PBA have calculated the transport and health benefits of the proposed project. This is done using a Department for Transport model that is consistent with its Transport Analysis Guidance (TAG). Typically this converts costs and benefits to 2010 prices. However, in this case PBA has used the model to calculate the Present Value of benefits in 2021 prices (i.e. discounted at 3.5% over 60 years, following DfT TAG guidance).

2.4.11 PBA has considered four scenarios, in keeping with DfT TAG guidance. These are:

- 20% growth in pedestrian and cycling flows across the area
- 40% growth in pedestrian and cycling flows across the area

- ‘Go Dutch’ scenario, with 40% increase in pedestrian flows and a 6.5 times increase in cycling flows, in keeping with Dutch levels of cycling
- E-bike scenario, with 40% increase in pedestrian flows and a 16 times increase in cycling flows, in keeping with greater use of e-bikes

2.4.12 The 40% growth scenario has been chosen as the most likely on the basis of Living Streets (2018) research which suggests that improvements to public spaces can boost footfall and trading by up to 40%. The following case studies in England illustrate this potential benefit:

- In Piccadilly, Stoke-on-Trent, a £10 million investment to make the area more pedestrian-friendly has increased footfall by 30% (*Stoke-on-Trent City Council, 2017*)
- In Altrincham, Greater Manchester, £15 million of investment in the public realm providing better streets, pavements and crossing points are credited with increasing footfall by 25% between 2010 and 2017 (*Trafford Council, 2017*)
- A range of improvements to Coventry City Centre – new pedestrian areas, a new civic square, clearer signs and better placement of street furniture – were credited with a 25% rise in footfall in the town centre on Saturdays (*NWDA/RENEW Northwest, 2007*).
- An evaluation of the public realm improvements to the Peace Gardens (Sheffield) reported a 35% increase in footfall in the City Centre (*Genecon, 2010*).

2.4.13 The present value of the active travel and health benefits (discounted over 60 years, in 2021 prices) are shown in the figure below.

Figure 2.1: Active Travel and Health Benefits of the Harbour Public Realm Project (2021 prices)

Scenario	PV Benefit
20% increase	£14,583,200
40% increase	£26,862,900
Go Dutch	£50,325,600
E-bikes	£94,971,700

2.4.14 The benefit attributed to a 40% increase in active travel is £26,862,900.

Benefits and objectives

2.4.15 The figure below shows how these benefits contribute to meeting the objectives that are set out in the Strategic Case.

Figure 2.2: Benefits and Objectives

Objective	Transport and health impacts	Land value uplift	Construction Employment
A high quality, vibrant town centre	X	X	
A safer environment for the community and visitors	X		
A pedestrian focused environment	X		
Improved active travel and health benefits	X		
Better access to the town centre in a more coherent way	X		
An improved commercial, leisure & retail offer	X	X	

Objective	Transport and health impacts	Land value uplift	Construction Employment
Other economic benefits to Torquay			X

Net additional benefits

2.4.16 The net additional local benefit of the scheme needs to be considered. This has been estimated using the following ‘ready reckoners’ taken from Homes & Communities Agency guidance on additionality¹:

- Deadweight 0 – no change in the absence of this scheme
- Leakage 25%
- Displacement 50%
- Multiplier effect 1.3

2.4.17 The active travel and health benefits are additional benefits arising from the change in active travel, so are not discounted further.

Discounted net additional benefits

2.4.18 The present value of benefits are calculated by applying a 3.5% annual discount rate to the lifetime of the benefits. For the construction impacts and the land value uplift this is a one-off benefit. The active travel and health benefits repeat annually for 60 years, in keeping with DfT TAG guidance.

Figure 2.3: Present Value of Net Additional Benefits

Benefit	Present Value
Construction	£449,000
Land Value Uplift	£1,162,000
Active Travel and Health (40% scenario)	£26,862,900
Total	£28,473,900

2.5 Risk assessment

2.5.1 The full risk register for the delivery of the project is set out in Appendix 2. This sets out the risks, their probability, impact, and cumulative risk score. The risk register then sets out the current status and mitigation of each of the risks.

Figure 2.4: Risk Register (see Appendix 2 for larger version)

¹ HCA (2014) Additionality Guide: Fourth Edition

RISK REGISTER: HARBOUR PUBLIC REALM (STRAND)											
		Probability Score:			Impact before mitigation Score:			Risk Score/Rating			
		1 = Unlikely - will only occur in exceptional circumstances (less than 1-20%) it will impact on programme or			1 = Minor impact on schedule/cost			1 - 4 = Low Risk			
		2 = Possible - may occur (21-50%)			2 = Moderate impact			6 - 8 = Medium Risk			
		3 = Likely - reasonable chance of occurring (51-80%)			3 = Significant impact			9 - 16 = High Risk			
		4 = Probable - likely to occur than not (greater than 50%)			4 = Major impact on programme						
		x		y		x*y					
ID No.	Open / Closed	Risk Description	Probability	Impact before mitigation	Risk Score	Who identified the risk	Date identified	Risk Owner	Current Status, any mitigations, or opportunities along with any contingencies we may have	Last Review Date	Date closed
1	Open	Unable to obtain the necessary statutory approvals / TRO which compromises scheme quality and deliverability.	2	2	4	NM	10.05.21	Prog Deliver Team	Early & regular engagement with the Highways team should ensure delivery and known risks / uncertainties flagged and mitigated	10.05.21	
2	Open	Public support or objections might prove challenging and the risk is objectors hold up progress and delivery.	2	3	6	NM	10.05.21	Prog Board	A significant number of community sessions have already taken place during Stage 3 & 4 design and TDA will keep key community representatives updated as the scheme progresses. The Town Deal and FHSF Steering Group which also includes representatives across the political parties agreed a design freeze on 20.05.21	10.05.21	
3	Open	The Consultant/ or Contractor goes bankrupt	2	2	4	NM	10.05.21	Prog Deliver	Ensure full financial checks are in place and work closely with them. Consider appropriate insurance cover.	10.05.21	
4	Open	The potential pedestrianisation of Fleet Street significantly impacts deliverability of the scheme with significant abortive costs and programme delay incurred.	2	3	6	NM	10.05.21	Prog Deliver Team	Regular communication with TDA / Council to monitor potential decisions.	10.05.21	
5	Open	Stage Coach accept the design plans in principle however then challenge technical delivery and operational impact further in the programme & design process	2	3	6	NM	10.05.21	Prog Delivery Team	Regular communication with Stage Coach during the design process and ensure they are aware of key design and technical changes. Stage Coach have agreed to a design freeze.	10.05.21	
6	Open	The introduction of the cycle path is based on the LCWIP which is adopted. Further guidance and changes to the LCWIP later in the process may impact design, costs and programme.	2	3	6	NM	10.05.21	Prog Delivery Team	Ensure regular engagement with WSP and Highways and key Council contacts. Ensure opportunities and constraints are managed effectively following RSA.	10.05.21	
7	Open	There are certain construction details / level of information that have not been carried out due to budget RIBA 4 design constraints and if not available at the tender stage could inflate contractor price quotations to reflect risks	3	2	6	NM	10.05.21	Prog Delivery Team	A supplementary list of additional information required for tender has now been appointed - providing opportunity for more accurate and competitive cost quotations. TDA knows the area well and risks are considered to be low	10.05.21	
8	Open	Further requirement for more intrusive underground services / utilities investigation during RIBA 5+ raises issues in scheme deliverability; impacting cost and programme	3	2	6	NM	10.05.21	Prog Delivery Team	Ground penetration surveys, C3 utility estimates have now been commissioned which will confirm design and deliverability. TDA and drainage team knows the area well and the risks are considered to be low	10.05.21	
9	Open	The cost to deliver the scheme following RIBA Stage 4 exceeds the funding envelope, providing limited scope for artist/cultural engagement and areas such as lighting / technology advances	2	2	4	NM	10.05.21	Prog Delivery Team	Ensure the estimated costs works are considered early so as any design mitigation measures can be considered, cost over runs avoided and opportunity for value engineering and option testing to be allowed for.	10.05.21	
10	Open	The redevelopment proposals for Debenhams may result in a need to phase delivery of the public realm which may result in cost inefficiencies, budget overrun and programme timeline.	2	3	6	NM	10.05.21	Prog Delivery Team	Ensure regular communication with TDA/Council colleagues to better understand the debs proposals, timings and delivery.	10.05.21	
10	Open	Issues in the supply chain and supply of materials as a result of the pandemic adds to above inflationary cost movement to Stage 3 design cost estimates	3	2	6	NM	10.05.21	Prog Delivery Team	Stage 4 design is nearing completion and the estimated costs prior going out to tendering of a contractor will be reflected within the QS cost plan which will reflect current market conditions	10.05.21	
CLOSED											
12	Closed	The Road Safety Audit (RSA) post design freeze flags up risks in particular relating to the LCWIP plan which provides design, programme and deliverability uncertainty	2	3	6	NM	10.05.21	Prog Delivery Team	Detailed traffic modelling was undertaken by PJA during RIBA 3 activities however the RSA will confirm the risks associated with the LCWIP inclusion into the design and these risks will be managed	10.05.21	10.05.21

2.6 Value for Money

2.6.1 The appraisal period for transport projects is typically 60 years, so this has been used in this case.

2.6.2 Discounting has been applied at 3.5% per year for years 0 to 30 and 3.0% for years 31 to 60, in keeping with the latest HMT Green Book guidance.

2.6.3 All prices have been adjusted so that 2021 is the base year.

Value-for-money

2.6.4 The present value of the public sector cost of delivering this project is £2,224,400. The present value of the net additional local benefit of this project over 60 years is £28,473,900.

2.6.5 The net present value of this project is £26,249,500, and the benefit-to-cost ratio (BCR) is 12.8.

Sensitivity analysis

2.6.6 Sensitivity can be tested through modelling cost increases and benefit reductions, to determine the impact on the value-for-money indicators.

2.6.7 Cost increases tested are:

- Cost plus 10%

2.6.8 Benefit decreases tested are:

- Construction – less net additional local impact (lowest additionality levels)
- Land value uplift – 50% of land value uplift
- Active travel and health – 20% uplift scenario rather than 40% uplift

2.6.9 With the combination of increased costs and decreased benefits the BCR is 6.5.

2.7 Non-quantifiable benefits

2.7.1 The benefits discussed above and included in the value-for-money calculation can all be quantified. However there are further benefits that will result from the scheme but which cannot be quantified.

2.7.2 The scheme will help to increase the attractiveness of Torquay as a destination. This should lead to increased visitor numbers, and increased investment in property and businesses in the town centre.

3 Financial Case

3.0.1 The financial case needs to demonstrate the affordability and funding of the preferred option, including all capital, revenue, and whole life costs.

3.1 Costs

Real costs

3.1.1 The real cost of the scheme (i.e. without inflation) has been compiled from the following data:

- Phases 1 and 2 - £1,706,000 including 10% contingency on construction and professional fees. Costs provided by QSPM Consultants dated July 2020, but it has been confirmed that these are 2019-based costs – see Appendix 1.
- £475,000 for additional work. This figure has been estimated by QSPM and includes 10% contingency
- These figure give a total construction cost of £2,181,000
- ONS Construction Output Price Indices suggests 1.99% cumulative inflation from July 2019 to March 2021, which gives an inflated cost of £2,224,400. However, inflation is likely to be higher in the coming months

Optimism bias

3.1.2 Optimism bias has not been applied to these costs given the advanced state of the costings, although there is 10% contingency within the cost estimate. If the contract value is higher than the figure shown above, then the scope of the project will be adjusted or additional funding sought from other sources. The amount of Towns Fund sought to deliver the project will not be increased.

Financial costs

3.1.3 The project will be delivered entirely in the current financial year – 2021/22, so no further inflation needs to be added to the financial costs. Any exceptional cost inflation in this year will be covered by the contingency. Therefore the financial cost of the project is £2,224,000.

3.2 Funding Profile

3.2.1 The project will be wholly funded by the Towns Fund, with no match funding from other sources. This will comprise £2,224,400.

3.2.2 All funding will be drawn down in the current financial year 2021/22.

3.2.3 There is no borrowing or revenue income to this project.

3.3 Affordability Assessment

3.3.1 Town Deal funds will be paid in advance of project spending so there is no financial risk to Torbay Council.

3.4 Risk register

3.4.1 A full risk register is attached at Appendix 2, and is shown in the Economic Case, above.

3.4.2 The key risks relating to the financial aspects of the project are summarised below.

- Any delays to the delivery of the project may lead to cost increases. The risk of delay is being mitigated through ongoing consultations with stakeholders who may affect the progress of the scheme
- Additional costs may arise during further design and construction. This risk is being mitigated through the commissioning of surveys, and gathering utilities data from TDA and Torbay Council
- Delivery costs may be higher than estimated. This risk is being mitigated through constant monitoring of cost estimates, and progress of the design and quality of cost estimates
- Development of the adjoining Debenhams building may lead to delays and increased costs. This is being mitigated through ongoing communication with the team undertaking that work

3.5 Wider Financial Implications

3.5.1 As Town Deal funds are drawn down in advance of spending, there are no further financial implications for Torbay Council.

4 Commercial Case

4.0.1 The following sets out the Commercial Case for the Harbour public realm project, Torquay. This section should be read in conjunction with the Town Investment Plan.

4.1 Deliverability and delivery confidence

4.1.1 TDA /Torbay Council is confident of delivery of this project given the skills, capabilities and in-house expertise across a broad range of disciplines within the organisation.

4.1.2 The programme of work and timelines are considered to be realistic given the significant design work already completed and the next steps towards procurement of a contractor allowing delivery of a high quality public realm scheme much needed for Torquay.

4.1.3 A combined TDA /Torbay Council delivery team will enable robust management of the programme (see the Management Case).

4.1.4 TDA, as a wholly owned and controlled company of Torbay Council, will be responsible for project management and oversight of the delivery of the Harbour public realm project - for and on behalf of Torbay Council.

4.1.5 TDA has an experienced and qualified internal project management team, operating within a PRINCE2 project management framework and quality assurance processes. It will draw upon skills from its Property Services, Estates, Economy, Investment and Enterprise and Professional Services teams in order to deliver the project. This management and property expertise will be enhanced by other professional advisers including, potential novation, of one or more of the design leads.

4.1.6 TDA has the skills and experience necessary to manage and deliver large capital schemes, including townscape and public realm works. This includes for example delivery of public realm improvements of Fleet Street which physically connects with this project.

4.2 Procurement strategy

4.2.1 TDA's Property Services team will procure and appoint a contractor, working with Torbay's Council's Procurement Team, and ensuring the successful delivery of this scheme.

4.2.2 Our anticipated procurement route is to appoint a main Contractor using the Torbay Councils 'Highway Standing List' of Contractors. This procurement route will ensure speed and pace of an appointment, and therefore delivery.

4.2.3 The list of seven contractors can be used for any Council tenders over £250,000 in value. The Standing list came into effect in 2018, and runs until September 2022. The Contractors were selected using a pre-selection process, where they were scored on various criteria that relate their ability to carry out this type of work.

4.2.4 The selection process and evaluation of Contractors during the Framework selection included questions on the following key requirements.

- Organisational Structure,
- Health & Safety,

- Quality,
- Social value,
- Sustainability and the Environment.

4.2.5 Tender documents will be developed for this project and whilst tenders sent out via this standing list will be primarily evaluated on price, the above requirements such as social value including Community Wealth building requirements will be determined, including for example number of apprentices and so on.

5 Management Case

5.0 Project organisation and governance

- 5.0.1 TDA as Torbay Council’s wholly owned economic development company will be principally responsible for delivery of the Harbour public realm. This will include ensuring that programme governance is robust and working with local partners and other key stakeholders to identify and manage associated risks throughout the process.
- 5.0.2 TDA provides economic development, asset management and project management services to Torbay Council and has robust project and financial controls in place.
- 5.0.3 TDA has an experienced and qualified internal project management team who operate within the PRINCE2 project management framework and quality assurance processes to ensure that the project is delivered to the expected standards.
- 5.0.4 A summary Project Plan outlining the key roles and responsibilities during the scheme is summarised below.

Figure 5.1: Delivery plan roles and responsibilities

Role	Key Responsibility	Organisation / Lead
Project Manager	Implement and manage the day-to-day activities. Key point of contact for the project, including reporting to community and stakeholders.	TDA (design and delivery stages)
Principal Design Team	Completion of RIBA Stage 3 (developed) and Stage 4 design (technical)	QSPM, Kay Elliott, BD Landscapes & PJA
Tender Stage	To compile tender documentation and tender an experienced contractor + CDM role	Tender appointment will be managed by TDA
Principal Contractor	Construction phase; to also plan, manage monitor and coordinate health and safety including supervision of key sub-contractor roles.	Tender appointment anticipated via the Council’s approved list of contractors’ framework, managed by TDA

- 5.0.5 The project is and will continued to be coordinated and managed by a Delivery Team, comprising the project manager key, lead designer and, during delivery, a contractor representative.
- 5.0.6 The project governance structure is outlined in the Town Investment Plan.
- 5.0.7 The Delivery Team - through the Project Manager - will continue to liaise with the local community, interest groups and other key stakeholders through to project delivery.

5.1 Scope, programme/schedule management

- 5.1.1 A detailed programme and ‘live’ timeline is in place for the project, with a number of key milestones and review dates already completed, well underway or in progress.
- 5.1.2 A summary of the programme plan at the current time of writing is provided below. A more detailed programme of key activities and milestones mapping out the delivery expectation of this project is included in Appendix 3.

Figure 5.2: Programme and milestones

Milestone / Review	Start Date	End Date	Note
Stage 3 Design	-	-	Complete
Stage 4 Design	01.09.20	01.07.21	Nearing Completion
Design – Final Draft	01.09.20	12.03.21	Design freeze agreed 12 March by the Town Deal & FHFSF Steering Group
Design – Final	12.03.21	01.06.21	Review & Sign-Off (TBC)
Design & Drawings Package	01.06.21	01.07.21	Including additional supplementary information to support the tender pack
Tender – Contractor	05.07.21	11.10.21	Programmed
Tender documents	05.07.21	09.08.21	Procurement via Torbay Councils list of approved contractors
Tender; Returns & Evaluation	09.08.21	27.09.21	TDA / Torbay Council
Contract Award	04.10.21	11.10.21	TDA / Torbay Council
Construction Period	11.10.21	30.06.22	Subject to Above / TBC
Order / Mobilisation	11.10.21	25.10.21	-
Construction Period	25.10.21	30.06.22	Including construction float

- 5.1.3 This project is well advanced, with Stage 3 design already complete, and Stage 4 design nearing the final stages of completion.
- 5.1.4 Further work is currently underway in order to allow for a comprehensive and detailed design and tender package which will on completion allow for a more competitive tender process and ultimately programme and cost certainty. Further technical work and specialist input including for example lighting design, C3 utility enquiries and drainage design is underway and is programmed accordingly.
- 5.1.5 Interfaces with key organisations and stakeholders such as key transport users will be continually engaged with through the final stages of the design and as the project moves into the delivery stages of the project.
- 5.1.6 Similarly, the Community will also be consulted through continued dialogue through the community partnerships.

5.2 Risk management

- 5.2.1 A Risk Register is already in place for this project, outlining the key risks and mitigation measures which have been developed to help identify and manage risks; with ‘early warning’ signals identified and ways to mitigate those managed accordingly. This can be seen in Appendix 2.
- 5.2.2 The Risk Register will be updated regularly during the project timeline – using PRINCE 2 project management principles – and will be reported back to the Town Deal board flagging risks, and allowing oversight of the scheme, progress and alignment with the wider objectives of the Town Investment Plan.
- 5.2.3 As the project further progresses, the risk register will be further developed and risks will be assigned to ‘risk’ owners, pre- and during the construction stages.
- 5.2.4 The management of the risk will be led by the Delivery Team assigned to the project, with the strategic level of risk being overseen by the Board with key decisions made.
- 5.2.5 Change management will also be reflected and implemented following the anticipated condition of contract that will include early warnings and compensation events.
- 5.2.6 The headline risks for this project are listed as follows:
- Project cost escalation
 - Funding / Financial risks
 - Programme delay, i.e. from Covid-19 or delays in specialist items/survey work.
 - Contractor / Construction risks

5.3 Stakeholder engagement

- 5.3.1 Significant engagement with the Community and key stakeholders has already taken place for this project. The relevant key stakeholders will be continually engaged with during the programme and as the project enters a ‘delivery stage’, working closely with the relevant Council teams, including for example Highways.

5.4 Benefits, monitoring and evaluation

- 5.4.1 A dedicated resource using TDA assets has already been committed to formulating the Monitoring and Evaluation Plan and to ensure the requirements as defined by the Ministry of Housing, Communities and Local Government (MHCLG) are met.
- 5.4.2 TDA’s economic development team will ensure overall accountability for developing, reporting and overseeing monitoring and evaluation and alignment of the core objectives defined within the Town Investment Plan for this project specifically. TDA will ensure that the programme and benefit calculation tools and resources are in place, working closely with the wider TDA team, Torbay Council and its relevant partners.
- 5.4.3 TDA will ensure that the key inputs, activities and outputs meet MHCLG’s mandatory reporting requirements, as well as developing it’s own ‘project’ specific metrics considered relevant to the

Harbour public realm scheme specifically. Those ‘project’ specific KPI’s and other performance metrics have been formulated, outsourcing where necessary any specialist external services.

5.4.4 TDA will internally develop and complete the following activities, during and at the end of the project lifecycle, with support from external suppliers for example in the case of footfall data collection.

- **Monitoring & Evaluation Plan**, as required by MHCLG and further developed internally by TDA as described above and in accordance with MHCLG guidance.
- **A Benefit Realisation Plan (BRP)** will be developed for the Harbour public realm scheme incorporated into an overarching BRP for the Town Deal projects. The BRP will show the key targeted baseline benefits, measures and the headline approach and methodology in calculating and monitoring those.
- **An ‘End Project Report’** that includes all end stage reports and confirms handover of all construction work. This report will provide an update of how well the project has gone against the original business case and project specific objectives.
- **A “Lessons Report”** that builds on the lessons logs produced during the scheme. The Lessons Report documents all lessons that could be applied to other schemes and integrated into the organisation’s way of working.

5.4.5 TDA, for and on behalf of Torbay Council will be responsible for all monitoring and evaluation activities for this project, and will set out, monitor and report on spend, performance metrics, milestones, outputs and outcomes.

5.4.6 It will use the existing Town Deal & Future High Street Steering group to oversee and monitor delivery of the programme of work. It will be this Board that is, ultimately, responsible for evaluating its success.

5.4.7 Data collection, analyses and evaluation work will also be shared with the Future High Streets Task Force - via Council and TDA web pages - and other forms of social media, via briefings and publications.