



Bracknell Forest Council

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# 'THE DECK'

Full Business Case





## Bracknell Forest Council

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## Full Business Case

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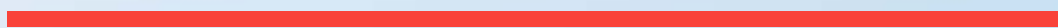
BRACKNELL STRATEGIC PROGRAMME

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# 1

## INTRODUCTION



# 1 INTRODUCTION

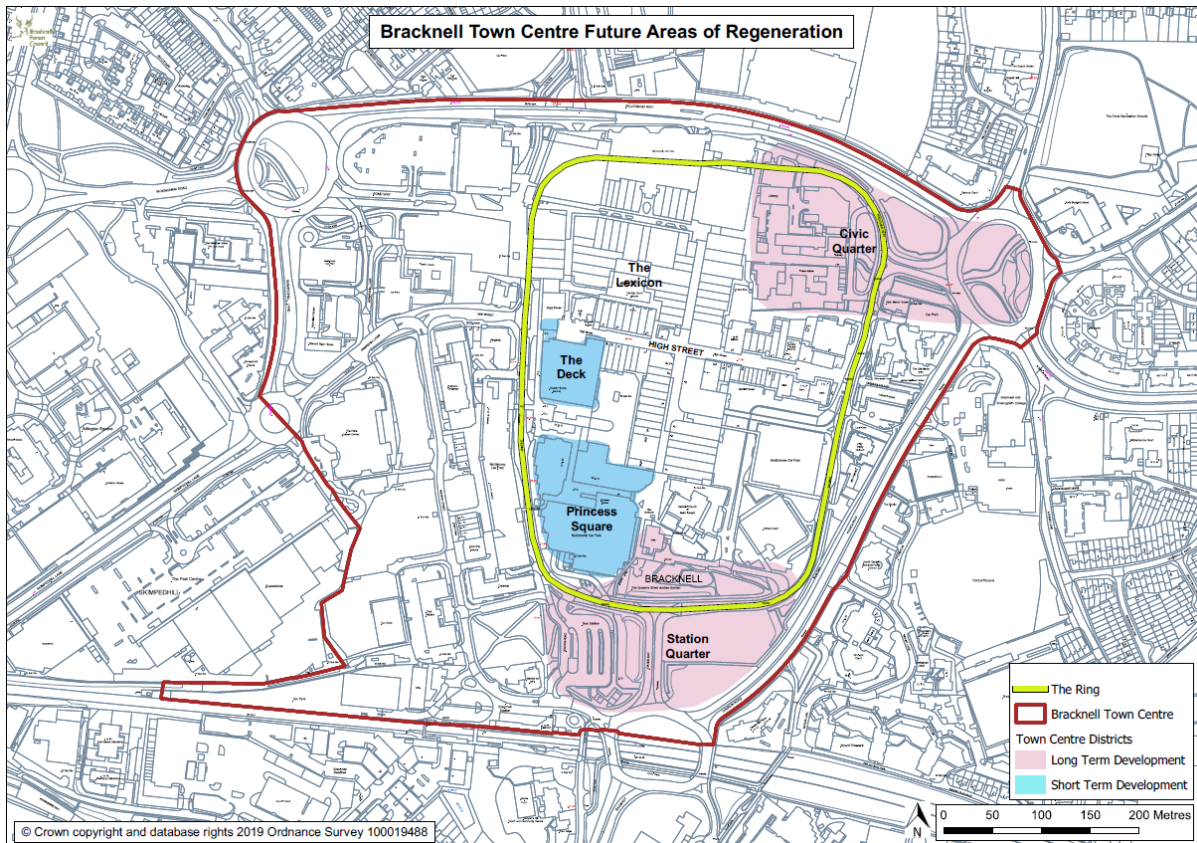
## 1.1 OVERVIEW

1.1.1. This document contains the Full Business Case (FBC) for The Deck (“the scheme”). It has been prepared on behalf of Bracknell Forest Council (BFC) for consideration by the Thames Valley Berkshire Local Enterprise Partnership (TVB LEP). The form of and content of the business case adheres to Government business case guidance<sup>1</sup>.

## 1.2 DESCRIPTION OF THE SCHEME

1.2.1. Bracknell is a New Town with the town centre at the heart of its employment areas and residential neighbourhoods. Bracknell town centre has historically had a well-defined shopping area, marked by the ring road highlighted on the map in Figure 1-1.

**Figure 1-1 - Bracknell Town Centre**



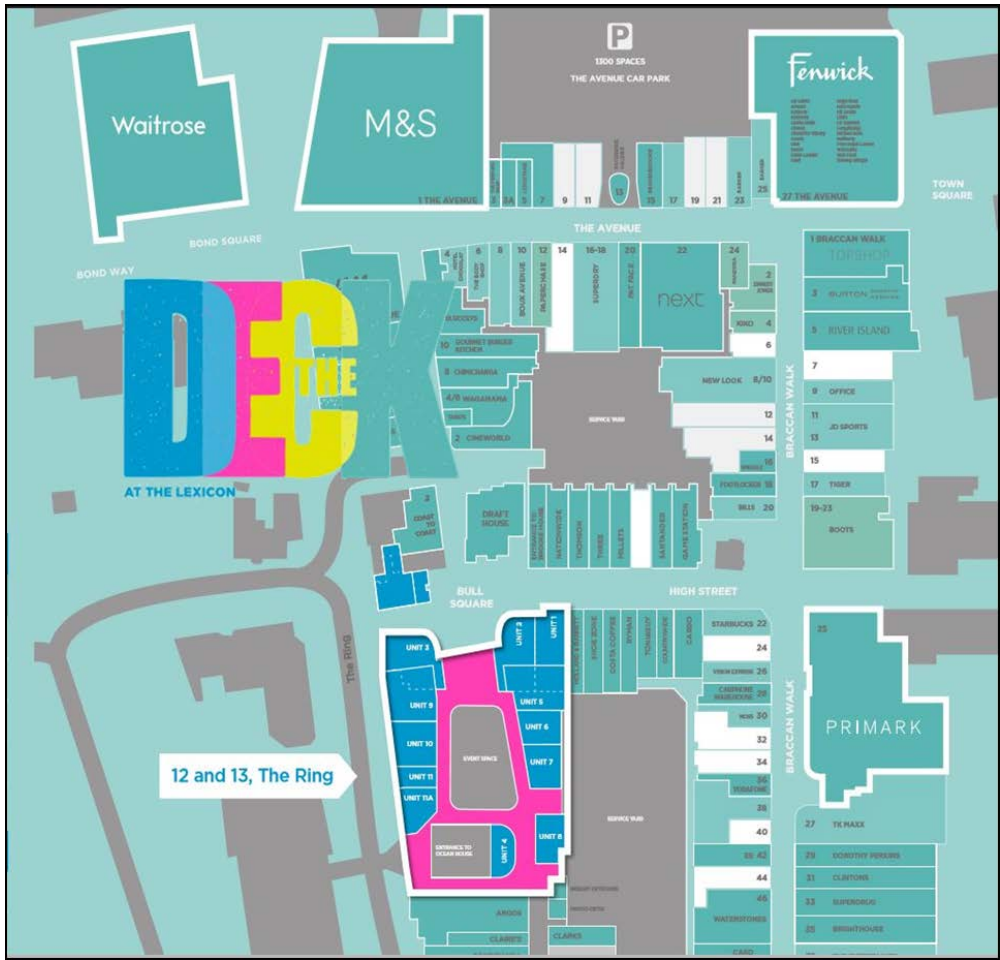
1.2.2. Bracknell is very well located and accessible with the M3, M4 and M25 all within less than 20 minutes’ driving time. Heathrow Airport can be reached within a 25-minute drive. The town centre also has a train station on the Reading to London Waterloo route. There is currently an excess of

<sup>1</sup> Guide to Developing the Project Business Case, HM Treasury, 2018

car parking, with six public car parks located in the town centre boundary and the capacity for 3,788 cars. Bracknell's size means that most of the people living or working in the town are less than three kilometres from the town centre.

- 1.2.3. Over the last decade, parts of Bracknell town centre have undergone significant public and private investment to create a greatly expanded choice of retail, leisure and commercial floor space. It is now an exciting, vibrant destination for the people of Bracknell Forest and the wider Thames Valley area. The first phase of development was completed in 2011 when a new £6 million Waitrose store opened on Bond Way. Phase 2 was the comprehensive redevelopment of Bracknell town centre known as The Lexicon Shopping Centre and this opened in September 2017.
- 1.2.4. The development included:
- 70 new retail and food and beverage outlets, including two 80,000 sq ft stores housing Fenwick and Marks and Spencer, and a 12-screen cinema;
  - 3,800 car parking spaces were provided in new or upgraded car parks;
  - 8 core buildings and 6 place making squares for events and activities;
  - £6.5 million extra investment in the highway infrastructure from Bracknell Forest Council; and
  - Apprenticeship and recruitment services were also developed to support the construction project, workers and the staff for new occupiers. Approximately 3,500 new job opportunities were created.
- 1.2.5. The Lexicon was developed by the Bracknell Regeneration Partnership (BRP), a 50:50 Joint Venture between Legal & General Property and the Schroder UK Property Fund. BRP are working in partnership with BFC to deliver this scheme after successfully delivering the earlier phases of the regeneration. In 2019, a legal agreement between BFC and BRP was signed to bring forward The Deck scheme.
- 1.2.6. The first two phases of the regeneration project have been a success and in the first year of phase 2 completion, more than 16 million people visited the scheme, increasing from circa 5 million in 2013. This helped propel the Lexicon from the 255th to the 26th top shopping destination in the UK, according to Trevor Wood Associates. This higher than Reading (i.e. the Oracle) which is 32nd. It has won major industry awards which include:
- REVO 2017 Re:new Award (December 2017);
  - REVO 2017 Best of the Best Award (December 2017);
  - 2018 iESE Transformation Gold Award, Community Regeneration Category (March 2018);
  - 2018 iESE Transformation Best of the Best Award (March 2018);
  - Thames Valley Property Awards 2018 – Development of the Year (May 2018);
  - REVO Purple Apple Marketing Awards 2018 – Strategic Marketing ‘Winning Back Local Hearts and Minds’ (May 2018); and
  - RICS Awards South East – Regeneration Category (May 2019).
- 1.2.7. As part of the next phase of the development, the Council is continuing to develop Princess Square and the area around the old Bentall's store (The Deck). The site where the Deck is proposed to be located is approximately 0.95 hectares in size and was formerly occupied by Bentalls Department Store and a separate McDonald's unit. The positioning of the site in relation to the rest of the centre can be seen in Figure 1-2.

Figure 1-2 - The Deck Site



- 1.2.8. In late 2017, Bentalls relocated to a new unit which forms part of The Lexicon Shopping Centre. Bentalls has been rebranded as Fenwick, and the new Fenwick Department Store was opened in September 2017.
- 1.2.9. McDonald’s lease of the unit expired in September 2018, following which the food outlet relocated to The Lexicon. The closure and relocation of the former Bentalls and McDonald’s has left the site unoccupied. Ocean House is an existing 13 storey office building which is located above the former Bentalls store within the southern area of the site. Ocean House is not proposed to be redeveloped and it is only the storage area underneath (which was previously associated with Bentalls) that is proposed to be redeveloped.
- 1.2.10. Full planning permission (ref: 16/01252/FUL) was granted on 24 April 2017 for the redevelopment of the former Bentalls Department Store and former McDonald’s (Unit 14), i.e. The Deck Scheme, to include:

*“Partial demolition and strip out of Bentalls Department Store and McDonald’s unit and redevelopment to include retail uses (use class A1), food and beverage uses (use class A3,A4,A5), non-residential institution uses (use class D1), assembly and leisure uses (use class D2), night club (sui generis), public event area, public realm improvements, landscaping, external seating and associated highway works.” As previously stated, the Site sits outside the red line area for the Outline Planning Permission for the redevelopment of Bracknell Town Centre”.*

1.2.11. A Section 73 application (ref: 19/00507/FUL) was approved on 18 July 2019 for the variation of Condition 02 (approved plans) for Unit 14. The approved proposals include minor variation of the design and layout, the number of entrances and windows for Unit 14.

1.2.12. The final Section 73 application (ref: 20/00457/FUL) was approved on 07 August 2020 which included some minor variations.

*“Application for minor material amendment (Section 73) to vary Condition 2 (approved plans) and Condition 10 (Bull Square Public Realm) of planning permission Ref: 19/00507/FUL dated 18 July 2019 for partial demolition and strip out of former Bentalls Department Store and McDonald's Unit 14 and redevelopment to include retail uses (use class A1), food and beverage uses (use classes A3, A4, A5), non-residential institution uses (use class D1), assembly and leisure uses (use class D2), night club (sui generis), public event area, public realm improvements, landscaping, external seating and associated highway works.”*

1.2.13. In summary, the plans were varied to include the following minor amendments:

- Extension of the roof, incorporating wind breaks, that covers the entirety of the upper level event space and the steps;
- Inclusion of additional space (former Bentalls storage area) on the first floor of Ocean House and the insertion of new windows over the event space;
- Insertion of a roof top terrace above Unit 3 on the upper ground floor;
- Repositioning of Units 1 and 2 (including an amendment to the Western elevation to reflect this);
- Combination of Units 12 and 13 for a larger leisure unit (Use class D2, as approved);
- Minor changes to the parapet, including an increase to the height;
- Minor alterations to the Western Terrace to allow for enhanced accessibility; and
- Raising of the event space floor level (marginally) to allow for acoustic installation as per requirements.

1.2.14. Figure 1-3 shows a Computer-Generated Image (CGI) of the scheme with the latest roof design.

Figure 1-3 - Proposed CGI View of The Deck<sup>2</sup>



### 1.3 THE NEED FOR THE SCHEME

- **Complete town offering and 'Figure of 8':** There is an apparent lack of connectivity between Princess Square and the remainder of the town centre, preventing customers from easily navigating around the centre, and therefore negatively impacting journey experience and convenience.
- **Safeguard the town centre and jobs (following the Pandemic and the impacts of Brexit):** Market conditions have caused high levels of uncertainty and risk. This puts the town centre at a higher risk of job losses and retailers shutting down completely as the number of vacant units increase and footfall declines. This will cause a 'cycle of decline' as further numbers of units become vacant and there are further reductions in footfall numbers. In addition, empty units can also impact potential new investment opportunities, not just in the town centre but also in the outer parts of the town.
- **Western Town Centre Gateway:** Currently, the existing Ring entrance to the High Street (when approaching the centre from the east) has a poor quality of frontage. Visually it is difficult to see what the centre has to offer due to the building layout. This is a problem because the quality of a frontage has been shown to impact upon the perceptions of the space to which that frontage relates.

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<sup>2</sup> Bentalls Redevelopment, Bracknell, Design & Access Statement, June 2020 Addendum, Piper Whitlock  
BIM Ref: BRBE-PWA-ZZ-ZZ-RP-A-0101-G1

**Town Centre 2032 Vision:** Although a number of regeneration projects have begun in the town centre, the comprehensive regeneration is at risk of stalling without further investment and therefore funding from the LGF will provide the much-needed catalyst for the next phase of development. Creating a mixed-use town centre will encourage further investment from developers to provide higher density development. Therefore, providing a town centre that has not only high-quality retail, but also has a broader range of amenities and living options which is a priority for Bracknell Forest.

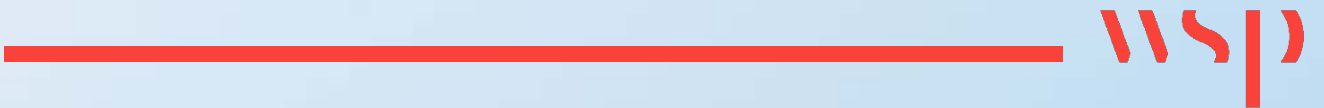
## 1.4 THE FIVE CASES

1.4.1. The FBC is made up of five separate cases. Together these show that the scheme is:

- Closely aligned to wider strategies and objectives – the Strategic Case;
- Best value for money – the Economic Case;
- Affordable – the Financial Case;
- Achievable in commercial terms – the Commercial Case; and
- Achievable in practical terms – the Management Case.

# 2

## STRATEGIC CASE



## 2 STRATEGIC CASE

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### 2.1 INTRODUCTION

- 2.1.1. The Strategic Case is the foundation of the Business Case. It demonstrates that the scheme has not been developed in isolation, but as part of a broader strategy for Bracknell, in response to real problems and has clear aims and objectives.
- 2.1.2. The overarching theme is the need for Bracknell to complete the retail and leisure offering in the town centre and to improve connectivity from Princess Square to the rest of the town centre. The Deck will ensure that Bracknell remains an attractive retail opportunity and is one of the first steps to deliver growth as outlined in the Bracknell Town Centre 2032 Vision.

### 2.2 BUSINESS STRATEGY

- 2.2.1. This chapter describes the strategic aims and objectives of Bracknell Forest Council (BFC) and Thames Valley Berkshire (TVB) LEP and sets out the policy context in which the scheme has been developed.

#### ORGANISATIONS PROMOTING THE SCHEME

- 2.2.2. BFC in partnership with the Bracknell Regeneration Partnership (BRP) have worked collaboratively to bring forward the regeneration of Bracknell Town Centre leading to the first phase of the £240 million Lexicon town centre development being complete in 2017. TVB LEP also supported the regeneration of Bracknell town centre through the Growing Places Funds.
- 2.2.3. BFC and BRP are continuing to work together to move forward with the next phase of the regeneration project (The Deck). In 2019, a development agreement between Bracknell Forest Council and BRP was signed to bring forward The Deck scheme and much needed investment. In 2020, Bracknell Forest Council (BFC) also approved £6 million of funding from its own budget to support development of The Deck scheme. This was to persuade BRP to invest in “major refurbishment” of land at Princess Square and take forward work at The Deck despite the adverse market conditions created by the COVID19 Pandemic and pressures from Brexit negotiations.
- 2.2.4. As with the previous phases of the regeneration scheme, TVB LEP have continued to support the overall project. This business case has been produced to secure TVB LEP Local Growth Funds to allow the demolition of the old Bentall’s building and unlock ‘The Deck’ scheme.

#### POLICY BACKGROUND

- 2.2.5. The proposed scheme is closely aligned with national, regional and local plans and policies. Collectively, these plans together set out a bold vision for economic growth and regeneration in the region, with a specific focus on the Bracknell area. The scheme is firmly part of that vision and aligns with the following documents:
- National policies and plans:
    - Industrial Strategy (2017)
    - National Planning Policy Framework (2019)

- Regional policies and plans:
  - Thames Valley Berkshire SEP (2015-2021)
- Local policies and plans:
  - Bracknell Forest Council Plan 2019 to 2023
  - Bracknell Town Centre Vision 2032
  - Bracknell Forest Council Draft Local Plan (2019)

## NATIONAL POLICIES AND PLANS

### Industrial Strategy

2.2.6. The Government's Industrial Strategy<sup>3</sup> sets the importance of five foundations of productivity – the essential attributes of every successful economy:

- Ideas – the world's most innovative economy;
- People – good jobs and greater earning power for all;
- Infrastructure – a major upgrade to the UK's infrastructure;
- Business environment – the best place to start and grow a business; and
- Places – prosperous communities across the UK.

2.2.7. 'Places' demonstrates a strong focus on local and regional economic growth. The Industrial Strategy seeks to address disparities in regional productivity and affluence by making better use of local assets.

2.2.8. The Deck scheme helps to deliver the 'places' objective from the Industrial Strategy. This scheme aims to promote retail recovery and make better use of local assets. With a very large catchment area including the towns of Ascot, Wokingham, Maidenhead, Henley and Bagshot, the scheme can attract customers and visitors into Bracknell, resulting in the town centre becoming a destination in its own right, enhancing its comparative advantage and facilitating local growth.

### National Planning Policy Framework (2019)<sup>4</sup>

2.2.9. National planning policy is contained within the Revised National Planning Policy Framework (NPPF). The Ministry of Housing, Communities and Local Government adopted the revised framework in February 2019.

2.2.10. Section 2 of the NPPF states the central pillars of the framework so that these are in favour of sustainable development. Achieving sustainable development means that the planning system has three overarching objectives:

- An economic objective – to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the most suitable types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure;

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<sup>3</sup> Industrial Strategy White Paper, Building a Britain fit for the future (November 2017)

<sup>4</sup> <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

- A social objective – to support strong, vibrant and healthy communities, by ensuring that a sufficient number and range of homes can be provided to meet the needs of present and future generations; and by fostering a well-designed and safe built environment, with accessible services and open spaces that reflect current and future needs and support communities' health, social and cultural well-being; and
- An environmental objective – to contribute to protecting and enhancing our natural, built and historic environment; including making effective use of land, helping to improve biodiversity, using natural resources prudently, minimising waste and pollution, and mitigating and adapting to climate change, including moving to a low carbon economy.

2.2.11. The scheme contributes to each of the objectives strongly especially from an economic and social perspective. The deck will create a safe, balanced and socially inclusive evening and night-time economy. Investment in this project will generate approximately 250 full-time jobs, as well as creating jobs and supporting apprentices during the construction phase. BRP also demonstrated in the planning process that the project will target a 'Very Good' BREEAM<sup>5</sup> sustainability rating and whilst also targeting a circa 5% reduction in carbon dioxide emissions through renewable energies.

2.2.12. The NPPF also states that local planning authorities should plan positively to create diverse town centres where people can live, visit and work. Whilst significant steps have been taken to improve the retail centre, key challenges remain for Bracknell Town Centre. This is primarily due to the lack of housing, employment and leisure space available within the centre and therefore investment is required in order to provide further mixed-use development that prepares the town for the future. This is explored further in section 2.3.

## REGIONAL POLICIES AND PLANS

### Thames Valley Berkshire LEP SEP (2015-2021)<sup>6</sup>

2.2.13. This document sets out the Strategic Economic Plan for Thames Valley Berkshire. The LEP has a vision that by 2021, people will choose the Thames Valley as the place to live and work, due to a strong and knowledgeable business community, whereby young people will be insured and older works highly valued.

2.2.14. This SEP supports the LEP's overall mission to generate sustainable economic growth in the TVB region and encourage people to live and work here. The overarching priority is to secure better access to talented people and innovative ideas, and to use both more effectively, which can be achieved through a focus on:

- Infrastructure;
- Enterprise, innovation and business growth;

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<sup>5</sup> Building Research Establishment Environmental Assessment Method (BREEAM) is a sustainability assessment method that is used to masterplan projects, infrastructure and buildings. It focuses on sustainable value across range of categories: Energy; Land use and ecology; Water; Health and wellbeing; Pollution; Transport; Materials; Waste; Management.

<sup>6</sup>

<http://www.thamesvalleyberkshire.co.uk/getfile/Public%20Documents/Strategic%20Economic%20Plan/TVB%20SEP%20-%20Strategy.pdf?inline-view=true>

- Skills, education and employment; and
- International offerings.

2.2.15. Currently, there are over 40,000 businesses within the TVB area. The document states that the area is ranked second behind London for Business birth rates (12.4%) and in economic output per head which is valued at £32,000. To maintain these standards, infrastructure will need to continually improve and grow.

2.2.16. The Deck scheme can help support the SEP's Employment and Business growth visions. The focus on enhancing the retail and night-time economy offerings in the region can benefit existing businesses through increasing footfall during out of work hours. The Deck will form an important part of the initial phases for the wider vision for Bracknell town centre over the next 12 years. Further development will enhance the area as a more attractive place to live, securing better access to a highly skilled workforce and innovative works generating sustainable economic growth.

## **LOCAL POLICIES AND PLANS**

### **Bracknell Forest Council Plan 2019 to 2023<sup>7</sup>**

2.2.17. Bracknell Forest Council's Plan sets out key objectives for the 2019 – 2023 period and is based on the pledges made to residents in the 2019 local election, with the key objective of ensuring that Bracknell Forest stays prosperous and remains a good place to live, work and play. The Plan identifies the following needs that will encourage a vibrant and connected community:

- Reducing the impact on climate change;
- Ensuring early help is available to the most vulnerable residents to keep them safe and to help them remain independent, whilst avoiding loneliness and isolation;
- Reducing homelessness;
- Developing all age learning and life skills; and
- Maintaining value for money.

2.2.18. To deliver on all these needs, the Plan focuses on the following six strategic themes:

- Value for money;
- Economic resilience;
- Education and skills;
- Caring for you and your family;
- Protecting and enhancing our environment; and
- Communities.

2.2.19. The Plan makes specific reference to the proposed Deck scheme, highlighting that 'Securing delivery of the next phase of Bracknell's town centre regeneration including The Deck and the refurbishment of Princess Square' is a key priority. This scheme directly aligns with the Plan's economic resilience strategic theme and the objectives of providing improved food and beverage, leisure and retail offers. These will contribute towards town centre regeneration, helping the town

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<sup>7</sup> <https://www.bracknell-forest.gov.uk/sites/default/files/documents/council-plan-2019-to-2023.pdf>

centre to flourish and grow and to provide an active 18-hour economy. This can help maintain high rates of local employment and ensure that Bracknell Forest remains a good place to live and work.

#### **Bracknell Town Centre Vision 2032<sup>8</sup>**

- 2.2.20. The Bracknell Town Centre Vision outlines the way forward for Bracknell's town centre over the next decade. It outlines future opportunities for growth in the town centre beyond the first phases of the Lexicon and specifically identifies further development of leisure and cultural uses as an important part of this. The vision highlights the potential to provide space for creative business that can complement the well-established commercial sector whilst also expanding the opportunities for town centre living.
- 2.2.21. The Vision sets out potential retail, leisure, commercial and residential plans for the town's further redevelopment in the short-term, medium-term and long-term.
- 2.2.22. It states that in the short term, the focus will be on:
- Identifying and unlocking key sites within the town centre that have immediate development potential. This includes the old Bentall's site for The Deck scheme.
- 2.2.23. In the medium term, the focus will be on:
- The potential for office and residential buildings within the town; and
  - Remodelling the roads around the southern quarter and developing the land in that area, using a phased approach.
- 2.2.24. In the long-term, the focus will be on:
- Further examining issues that could impact its success, for example driverless cars, in order to future-proof it for future generations; and
  - Looking at expanding the regeneration even further to the west.
- 2.2.25. The Deck would introduce new cultural and leisure uses in the town centre that are currently missing, ensuring that it feels vibrant and welcoming. The development forms a key part of the early stages of the vision and will create a welcoming, sociable and invigorating location which provides amenity, entertainment and excitement for locals and visitors.

#### **Bracknell Forest Council Draft Local Plan (2019)<sup>9</sup>**

- 2.2.26. The Draft Local Plan presents a spatial vision and objectives based on the priorities for BFC over the period from 2019 to 2036 and will deliver sustainable growth.
- 2.2.27. The plan has the following ambitions:
- Protect / enhance existing assets and create new assets;
  - Support economic growth and resilience;
  - Allocate suitable, available and well-located land to meet identified development needs;

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<sup>8</sup> <https://www.bracknell-forest.gov.uk/sites/default/files/documents/bracknell-town-centre-2032-vision.pdf>

<sup>9</sup> <https://www.bracknell-forest.gov.uk/planning-and-building-control/planning/planning-policy/development-plan/draft-bracknell-forest-local-plan/background>

- Continued regeneration of Bracknell Town Centre to accommodate a range of uses to support and expand its role as the main retail, leisure and cultural centre;
- Support and create strong, healthy and self-reliant communities where the identities of existing settlements are maintained;
- Achieving high quality development;
- Promote a well-designed and sustainable transport system which enables reliable, safe access to services and facilities, and provides choices about the need to travel and transport modes; and
- Ensure that future infrastructure needs are properly assessed, planned for and delivered at the right time during the development process.

2.2.28. The scheme and further development of the town centre will support many of these objectives. The greatest impact of the scheme will be the expansion of the town centre's retail and leisure offering especially as part of the night-time and 'out of work hours' economy.

2.2.29. An important part of the Local Plan is that Bracknell will remain a destination of choice for retail, leisure and employment. The Plan highlighted that since the Lexicon opened in September 2017, Bracknell Town Centre has risen in the retail rankings (Trevor Wood Associates) to 29th in 2019. Bracknell was ranked 255th before the redevelopment. The strong trading performance since opening needs to be complemented by implementation of the Deck scheme to provide new retail, food, drink and leisure facilities. The Plan recognises the importance of monitoring the impacts of the scheme on shopping patterns and turnover once it is in place. These reviews are built into the monitoring and evaluation plan for the scheme.

### **SUMMARY**

2.2.30. The scheme is closely aligned with national, regional and local policies and plans. At all levels, the policies recognise the importance of further development in the town centre, leading business growth and employment opportunities, to drive economic growth. They also recognise the significant role that town centre regeneration will play generating local economic benefits.

## **2.3 PROBLEMS AND OPPORTUNITIES IDENTIFIED**

### **PROBLEMS**

2.3.1. Despite Bracknell experiencing steady economic growth since the first of the developments were completed in 2011, there are several issues affecting the town and these are restricting its ability to achieve its maximum growth potential.

2.3.2. The problems identified, which provide the need and key drivers for the project, can be categorised into these broad categories:

- Falling Footfall and occupancy in recent months;
- Covid-19;
- The Deck scheme is not viable without funding;
- Lack of an 'evening economy';
- Lack of connectivity;
- Western Gateway Entrance to the town centre;
- Housing pressures.

## RELATIVELY LOW FOOTFALL AND OCCUPANCY LEVELS

- 2.3.3. Bracknell has witnessed an influx of investment over the last decade, which has seen the town centre develop into a more vibrant destination for the people of Bracknell Forest and the wider Thames Valley area. The investment has been completed in development phases. Phase 1 saw a Waitrose store completed in 2011<sup>10</sup>. The second phase, created 580,000sq ft of new space, establishing a retail offer of 70 new shops, high quality restaurants and a 12-screen cinema, which were completed in 2017.
- 2.3.4. The initial impact of the new developments was promising. The first nine weeks from Phase 2 inception indicated that there were more than three million visits to the new part of the town centre, which compares to 820,000 for the same period during the previous year. This coincides with supporting evidence undertaken by FSP Retail Business Consultants, who found that the new town centre was the destination of choice for 66% of people living in the area, up from 17% when the same research was carried out after the first week of opening.
- 2.3.5. Despite these early attempts to increase the attractiveness of Bracknell's town centre, these have fallen short in recent years with regional competitors remaining the preferred choice for retail, entertainment and recreation. Reading, for example, remains the largest consumer catchment area in Berkshire. This is supported by findings from the 2016 Berkshire Functional Economic Market Area Study which identified a hierarchy of retail venues across Berkshire and the surrounding area. This can be used to better understand how different centres compete for spend and investment, evaluating each venue in terms of their provision of multiple retailers. The score attached to each shopping venue has been weighted to reflect their overall impact on shopping patterns. Table 2-1 below shows the retail ranking position for the main centres in Berkshire and surrounding areas in 2013.

**Table 2-1 – Venuescore Shopping Venues Ranking**

Centre	VENUESCORE 2013 Rank
Reading	13
Windsor	98
Newbury	116
Slough	128
Camberley	163
Maidenhead	258

<sup>10</sup> <https://www.bracknell-forest.gov.uk/business-information/bracknell-forest-business/regeneration>

Bracknell	292
Wokingham	360

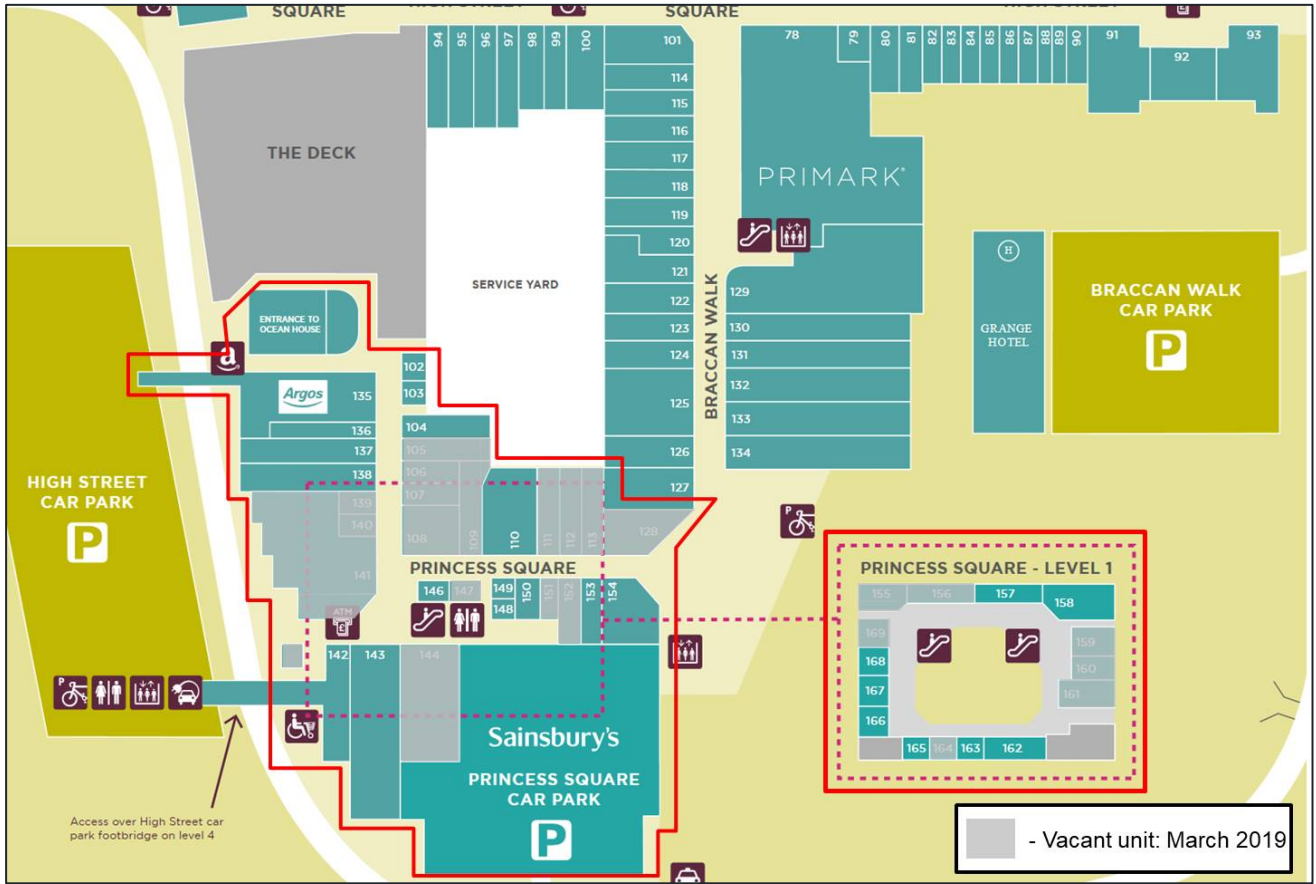
Source: VENUESCORE 2013-14. Note: The ranking scores comprise over 500 retail centres across the country

- 2.3.6. The table above confirms Reading’s position at the top of the sub-regional retail hierarchy, with a rank of 13 in overall terms across the country. In the most recent version of the ranking. Reading was still in top 20 in terms of overall rank placing 15<sup>th</sup> in the country. Focusing on Bracknell, the town was ranked 2<sup>nd</sup> lowest in the region, and in the bottom half nationally (ranking 292<sup>nd</sup> out of 500). This rank will have improved significantly since the first two phases of the town centre regeneration have been built but the detailed data is not available.
- 2.3.7. In regard to footfall, although the Lexicon was ranked the 26th top shopping destination in the UK by industry analyst Trevor Wood Associates in 2020, not only has this prosperity been contained and not ‘trickled down’ to the entire town centre, but more recently there has been a sharp decrease in footfall, mainly attributed to the 2020 pandemic.
- 2.3.8. The disparity between recent developments and the remainder of the centre is made apparent by the relatively high overall vacancy rate for the town’s retail core at 16.5%. This is significantly above the national average, with retail rather than leisure being the poorest performer with a vacancy rate of nearly 18%.
- 2.3.9. After the opening of the new Lexicon retail area, 19.3% of the town centre’s retail units were vacant<sup>11</sup> and primarily located within Princess Square as illustrated in Figure 2-1. The total amount of vacant floorspace across Bracknell town centre is 309,611 sqft. Four units in Bracknell town centre have never occupied since they were built.
- Unit 1 in Princess Square
  - Unit 5Y (14 Braccan Walk)
  - Unit 2C (7 The Avenue)
  - 29 Braccan Walk (unit 12) Central Retail Area
- 2.3.10. Units in Princess Square are currently 36% vacant (74,037 sqft.) and this expected to increase considerably without the Deck development in place. This is in part due to the location of Princess Square at the ‘weakest’ end for the town centre. This results in low footfall and a reluctance from businesses to occupy the space. The figure below displays the vacant premises in the town centre.

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<sup>11</sup> <https://www.bracknell-forest.gov.uk/sites/default/files/documents/economy-authority-monitoring-report.pdf>

**Figure 2-1 - Vacant premises in town centre**



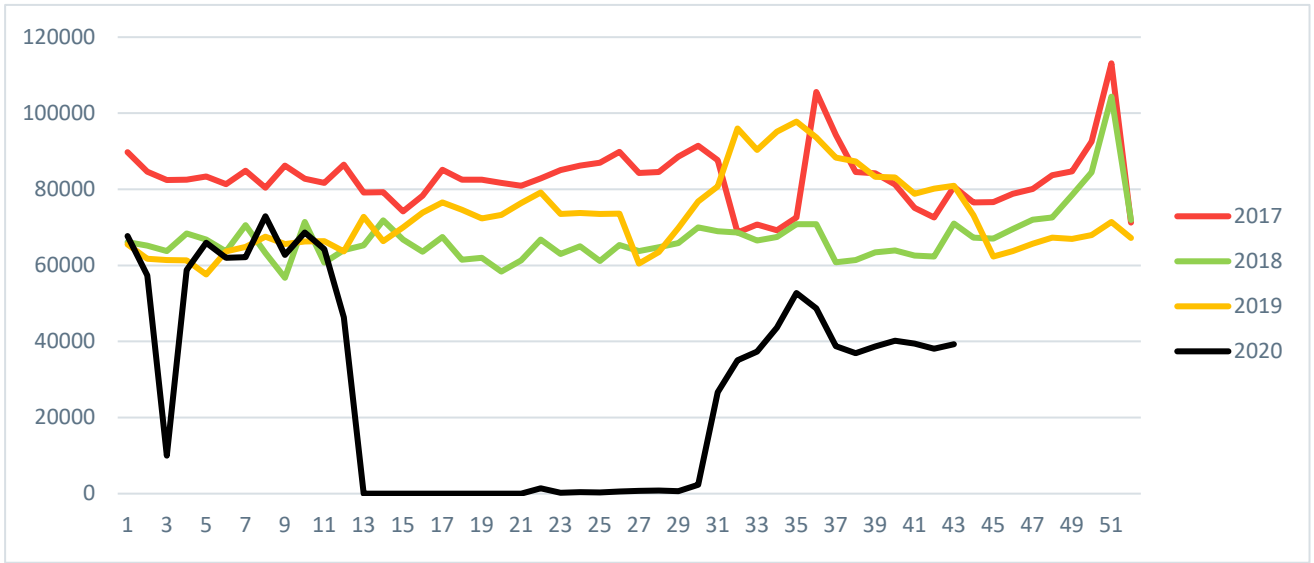
2.3.11. The Princess Square quarter is currently 36% vacant based on information provided by BRP. In terms of vacancies from established retailers and shops, the table below shows the tenants that have vacated from Bracknell town centre in the year 2020. This includes some significant national brands such as Sainsburys and Argos who have not chosen to continue their leases based on the falling footfall and poor connectivity of Princess Square with the rest of the town centre.

**Table 2-2 – Bracknell 2020 vacancies**

Princes square	Northern retail sector
Sainsburys	Kiko
Argos	Carphone Warehouse
Ponden Homes	Carluccio

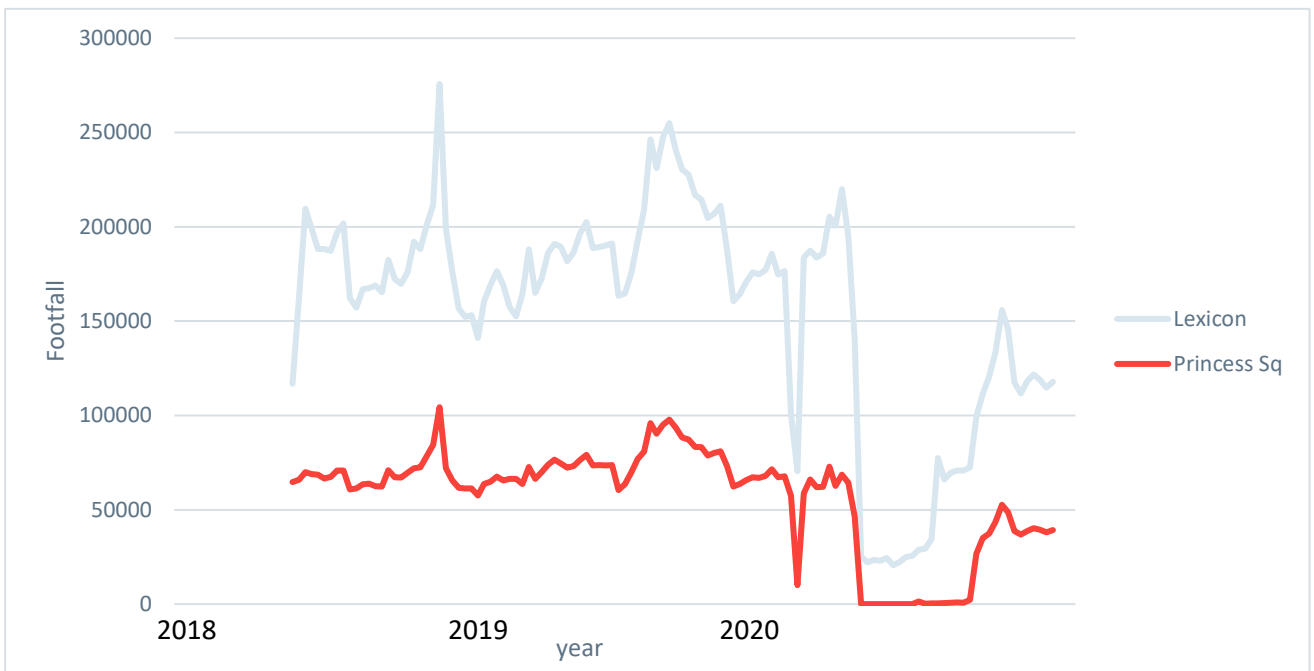
2.3.12. Figure 2-2 and Figure 2-3 show how footfall has changed in the Princess Square since 2017 and how it compares with the Lexicon. The footfall data is based on two sources as the system was replaced in 2019. The first being ShopperTrak RCT Retail Intelligence data from 2017 to 2019 (October) and Springboard footfall data from 2019 (October) to present.

**Figure 2-2 - Princess Square footfall 2017-2020**



2.3.13. Figure 2-2 compares the footfall in Princess Square across the years 2017 to 2020. The graph shows that footfall in Princess Square is lower since 2017 which is when the Lexicon opened. The exception is during the summer of 2019 where footfall was higher than previous years.

**Figure 2-3 - Lexicon vs Princess square footfall comparison**



2.3.14. Figure 2-3 shows the disparity in footfall in the Lexicon and Princes square from the years 2018 to 2020. Despite both shopping areas experiencing an overall downwards trend, the graph shows that the Lexicon has outperformed Princess Square. The Lexicon achieved a footfall peak of 275,000 in 2019, more than double the Princess square shopping area peak of 105,000. This shows that the

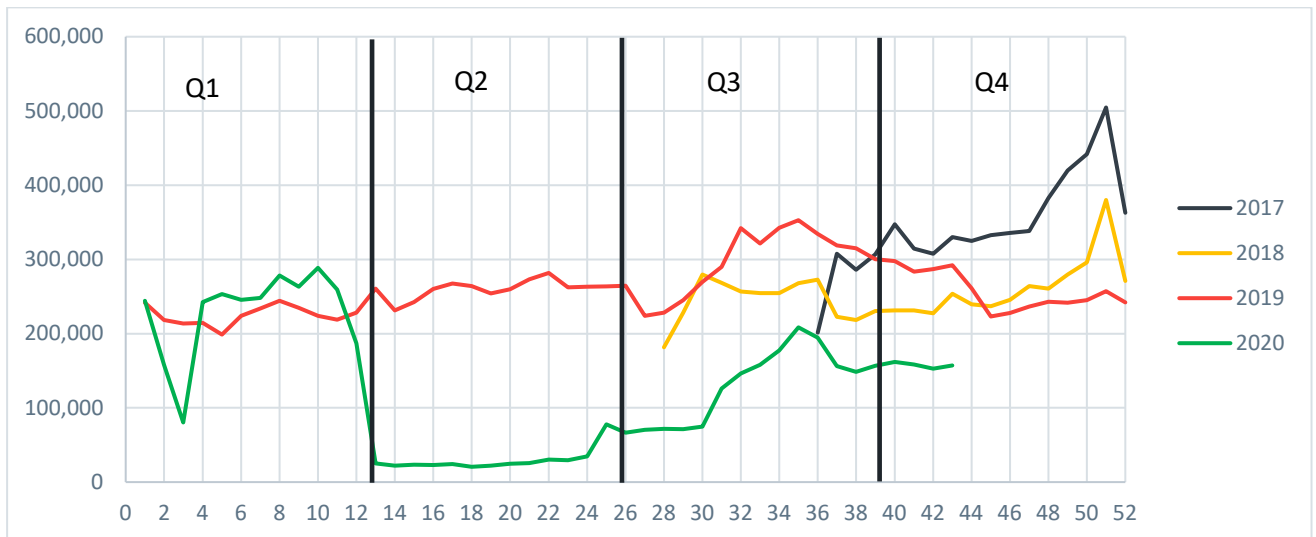
Lexicon is the more popular retail area. Better connectivity to the units is major reason why footfall is so much higher and can explain why vacancy rates are rising in Princess Square as retailers look to other locations with better pedestrian connectivity for their stores.

2.3.15. In summary, the retail and leisure opportunity is underrepresented in all but one Berkshire authority (Reading). This presents an opportunity and scope for Bracknell to improve its relative position and outperform direct regional competitors<sup>12</sup>, with the Deck scheme playing a significant role in enhancing the role and performance of the town. Developing food and beverage, leisure, nightclub and public event areas will improve the attractiveness of Bracknell, particularly when compared with regional centres. Development will also provide the opportunity to increase footfall, lengthen dwell times, increase the frequency of visits and attract customers travelling from further away.

### COVID 19

2.3.16. During early 2020, the Coronavirus outbreak (COVID-19) meant that the UK went into lockdown, with thousands of businesses being forced to stop, reduce or alter trading. Following the reopening of the UK's retail and hospitality sectors through June and July, there were hopes that the economic damage of the coronavirus pandemic could be lessened. However, all towns and cities have seen a sharp drop in levels of activity since entering the lockdown and even during lockdown recovery, centres of all sizes have become increasingly quieter (likely to be driven by significant reductions in the numbers of people coming from outside the area). Bracknell town centre is no different to other retail centres across the country. The combined footfall of The Lexicon and Princess Square between 2017 to 2020 is displayed in the graph below.

**Figure 2-4 - Bracknell Town Centre footfall data 2017-2020<sup>13</sup>**



<sup>12</sup> <https://www.bracknell-forest.gov.uk/sites/default/files/documents/economy-authority-monitoring-report.pdf>

<sup>13</sup> Note that footfall data was not available in 2017 prior to week 36 2017 (2nd week of September 2017) and in 2018 prior to week 28 (2<sup>nd</sup> week of July 2018).

2.3.17. The figure above shows the impact that Covid-19 has had on footfall. Focusing on 2020, from week 0 to week 10 (January-March), Bracknell was outperforming 2018 figures, with footfall reaching a peak of near 300,000. The impact of a national lockdown can be seen in the sharp decline between week 10 and 13, with footfall falling to below 30,000. A footfall below 30,000 was maintained throughout the Q2 lockdown period. Week 24, the first week of June saw the start of a persistent increase in footfall; which continued until the summer shopping peak of week 35, the final week of August. Historically, week 35 represents the second highest footfall number of the year. However, footfall in week 35 was below 210,000, which is significantly lower than what was witnessed in previous years. This comparatively low footfall trend is expected to continue well into Q4 and the 2020 Christmas period.

**Opportunity #1** - Bracknell to retain shoppers and recreation seekers who would have previously headed to larger centres such as London or Reading. The scheme can help the town tap into the nationwide increase in localism, which if undertaken correctly, can be sustained long past the COVID-19 pandemic and reverse the fortunes of the failing Princess Square quarter.

## THE DECK SCHEME IS NOT VIABLE WITHOUT FUNDING

- 2.3.18. Market failure, as defined by the Green Book, is when the market mechanism cannot achieve economic efficiency, and nobody can be made better off without someone else being made worse off. There is a fundamental market failure present, which, without intervention from the public sector, will continue to remain and will not self-resolve. The market failure in this instance is that, as it currently stands, developers are unable to invest in the scheme fully without the security of additional public funding. Estimated Rental Values (ERVs) have reduced as result of the COVID-19 pandemic. Based on current market conditions this scheme is not viable without additional public funding.
- 2.3.19. Detailed cost estimates put the total costs at the site to be approximately £19 million. BRP cannot build out the development unless the old Bentall's unit is demolished. In this case, market mechanisms alone cannot achieve an economically efficient outcome, and LGF funding is necessary to make the site viable and to start the works. Market failure is evident as the developer alone is not able to fund the demolition and construction of the Deck and based on current market uncertainties be confident about the return on investment.
- 2.3.20. Overall, whilst the development was assessed as viable when it was developed UK retail conditions have dramatically changed since 2016/17. As mentioned in the previous section, there has been a substantial decrease in footfall in Bracknell town centre due to current COVID-19 restrictions. Even prior to the pandemic footfall in Bracknell was already starting to fall leading to increased vacant units in the town centre. This decline in footfall is seen as a deterrent to potential investors, as investing in a new development may no longer generate a return on investments.
- 2.3.21. Brexit is an additional market pressure that has increased uncertainty and increased the level of risk even before the effects of the pandemic had been realised. Investment activity in the retail sector has also fallen dramatically over the last five years, with retail accounting for 20% of all investment deals by volume in 2014, and only 8.2% in the first quarter of 2019. Indeed, according to Property

Data, BRP have highlighted the risk of market yield on units weakening further if the food and beverage market deteriorates in next year or so during construction period.

- 2.3.22. Without the scheme BRP expect ERVs in Bracknell to reduce by 5 to 10% in the short-term valuation hit if the decision was made to not progress the site. Then in the longer term ERVs could reduce between 25% to 50% without the Deck as making any further investment into the centre is unlikely to be financially unviable. The knock-on effects of this downward of spiral investment in the town unit vacancies will increase further and lead to local jobs losses undoing the work of the £240 million investment in the Lexicon in the last decade.

**Opportunity #2** - Public sector investment will remove some of the risk from the developer and allow the scheme to proceed and deliver the expected benefits in terms of connectivity and increase leisure opportunities for the local and wider community. Although the developers will still bear the majority of project investment, additional financial support will reduce overall costs to the private sector, thus encouraging investment and unlocking the new units and jobs that will be created as a result.

### LACK OF EVENING AND NIGHT-TIME ECONOMY BEYOND RESTAURANTS

- 2.3.23. In terms of the evening and night-time economy, Bracknell performs poorly against the UK average with an undersupply of culture and entertainment venues, bars, clubs and pubs. Bracknell is currently unable to offer either the diversity or quality of offer that its demographic make-up requires.
- 2.3.24. Demographic shifts and an emergence of the “millennial” generation has led to an increasing trend for people to want to be close to local amenities and working environments. According to 2019 ONS demographic figures, 45% of Bracknell’s population are aged between 15 and 49, the age group most commonly, but not solely, associated with engaging in evening entertainment. In addition, the working age population has been growing due to inward migration and this in turn has generated an increase in the demand for after work activities. Further to this, high property values across London are forcing many people to relocate to regional towns and cities across the country, providing a significant opportunity for places such as Bracknell.
- 2.3.25. Successful towns have focused not just on providing places to work and live, but also the provision of high quality mixed-use urban environment, where residential, retail and office property are located side-by-side. Bracknell is yet to adopt this approach. This puts regional competitors at an advantage, which is supported by 2018 ONS data, highlighting that Bracknell is underperforming in terms of the number of jobs in the arts, entertainment and recreation sectors, when compared to regional and national averages. This disparity can be seen in Table 2-3 below.

**Table 2-3 – Bracknell industry comparison 2018**

Industry	Bracknell Forest (Employee Jobs)	Bracknell Forest (%)	South East (%)	Great Britain (%)
Arts, Entertainment and Recreation	1,250	2.0	2.7	2.5

Source: <https://www.nomisweb.co.uk/reports/lmp/la/1946157279/printable.aspx>

- 2.3.26. The table above shows that only 2% of employed people within Bracknell Forest work in the Arts, Entertainment and Recreation industry. This falls below South East and Great Britain averages of 2.7% and 2.5% respectively. The relatively low number employed in these sectors is a direct result of a small number of recreational businesses in Bracknell, a clear signal that there is a lack of establishments offering evening economy services.
- 2.3.27. In terms of the economic benefits, figures from the Night-Time Industries Association (NITA) show that Bracknell is failing to tap into and capitalise on the benefits of this industry. The night-time economy is a growing part of the UK economy. Nationally, it is the UK's fifth-biggest industry, accounting for at least 8% of the UK's employment, with annual revenues of £66 billion.
- 2.3.28. This means that Bracknell is currently not taking advantage of a night/evening time offering, which can include:
- recreation for people, which is often welcome after finishing work for the day;
  - increased direct employment;
  - increased indirect and induced employment - the industry has a vast value chain ranging from taxi firms to brewery suppliers;
  - reduced social exclusion and increased vitality in towns; and
  - tax revenue.

**Opportunity #3** - This scheme presents an opportunity for the town centre to tap into the lucrative evening and night-time economy. Figure 2-5 displays what the proposed leisure offering will look like once the scheme is built. This scheme will create a space whereby workers and locals can enjoy recreation activity, allowing Bracknell to realise its potential as a strong town centre, serving a prosperous and dynamic area, which is a part of the town's 2032 Vision.

Figure 2-5 - The Deck leisure offering<sup>14</sup>



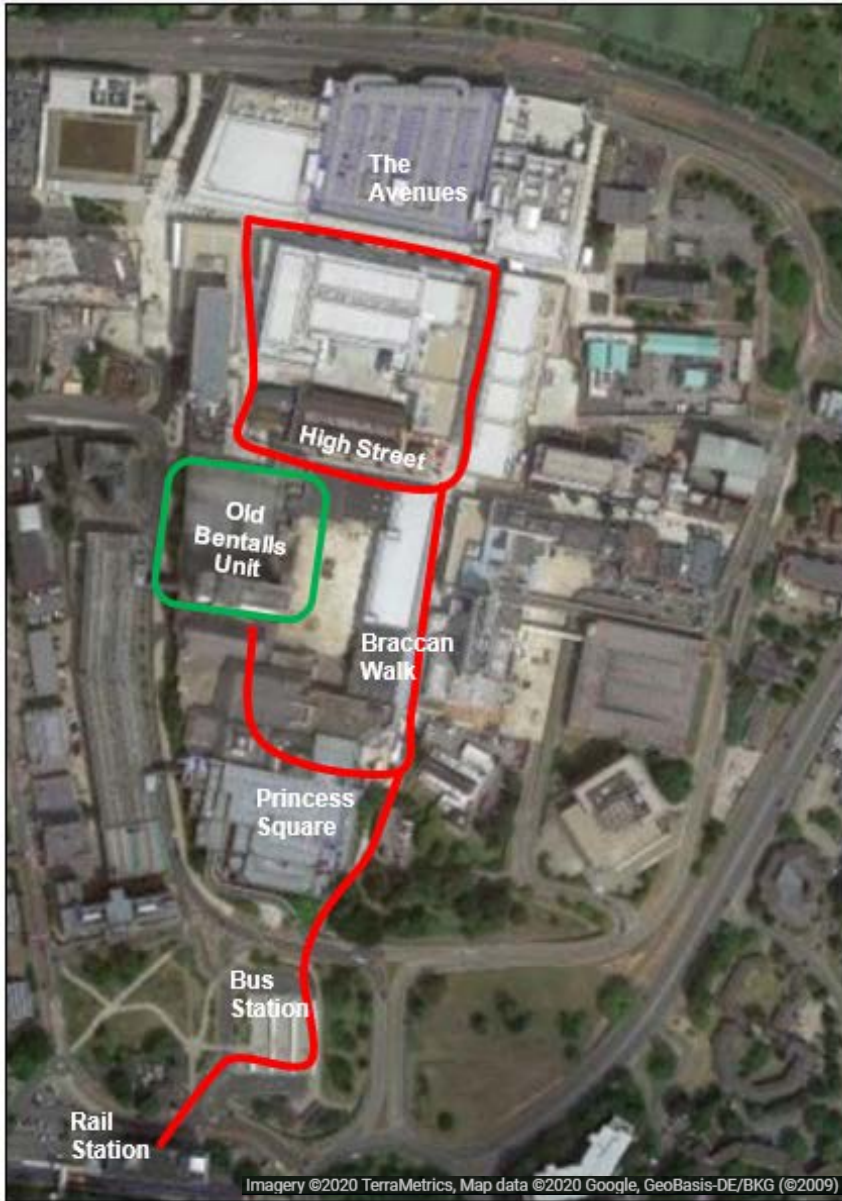
### LACK OF CONNECTIVITY BETWEEN PRINCESS SQUARE AND THE LEXICON

- 2.3.29. Consumer behaviour has fundamentally changed. The UK are moving into an experience-based economy where the customer journey is paramount, and convenience is key. Figure 2-6 below shows the current Bracknell's pedestrian circuit.

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<sup>14</sup> Bentalls Redevelopment, Bracknell, Design & Access Statement, June 2020 Addendum, Piper Whitlock  
BIM Ref: BRBE-PWA-ZZ-ZZ-RP-A-0101-G1

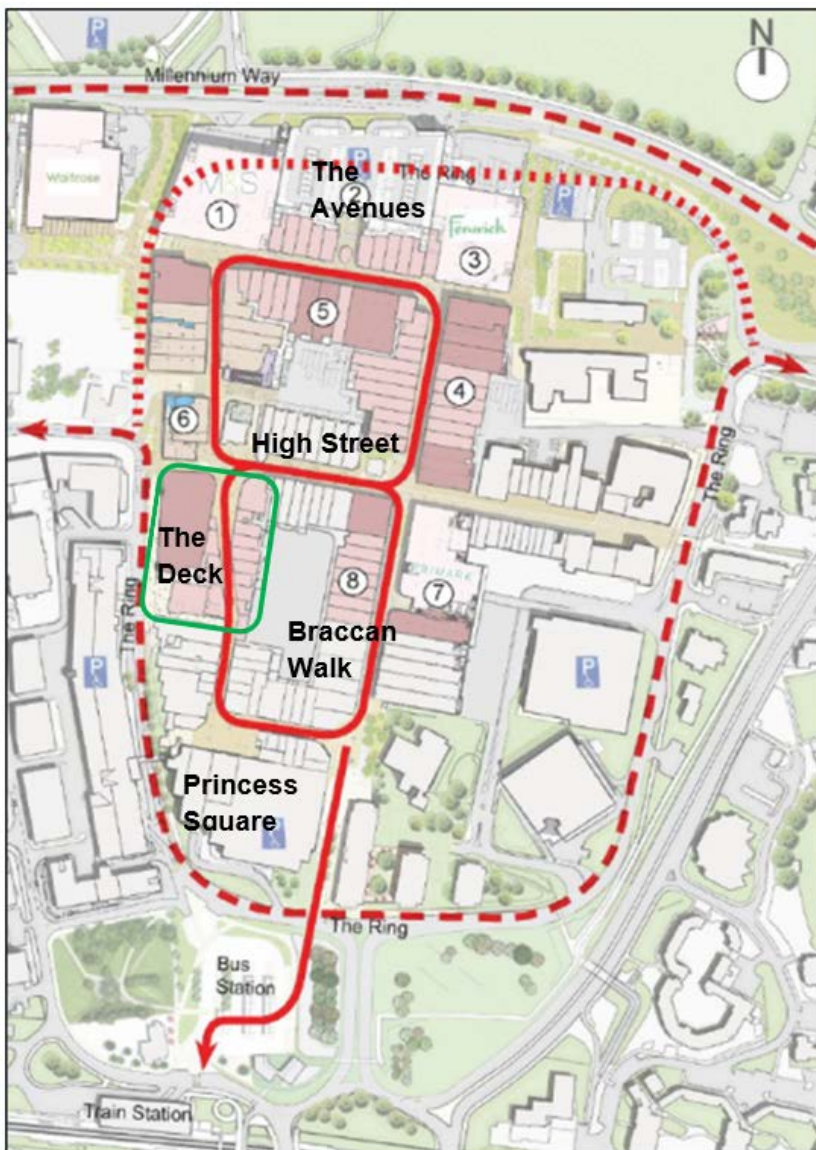
Figure 2-6 - Bracknell current pedestrian circuit



2.3.30. There is an apparent lack of connectivity between Princess Square and the town centre, preventing customers from easily navigating the centre, and therefore negatively impacting the overall experience and convenience. This can be described as an incomplete ‘figure of 8’ pedestrian circuit, which means that visitors are not currently able to easily complete a loop around the entire centre, resulting in isolated areas which receive lower footfall. This is an example of the barrier effect, whereby poor physical connectivity and psychological barriers between Princes Square and the Lexicon has created two separate shopping communities, forming a divide that leaves Princes Square at a disadvantage.

**Opportunity #4** - This scheme presents the perfect opportunity to complete the ‘figure of 8’ and therefore contribute towards completing the town’s offering. Public realm improvements remain a key element to this scheme. These improvements will open up the town, creating an attractive free-flowing route which will help visitors more readily access some of the isolated areas. This can reduce the connectivity barrier between Princess Square and the Lexicon, allowing people to meet, congregate and socialise; lengthening dwell times and increasing the frequency of visits. This will also likely increase car parking numbers to the council owned Princess Square and High Street car parks. Figure 2-4 below shows the proposed Bracknell’s pedestrian circuit.

**Figure 2-7 – Bracknell proposed pedestrian circuit**



## WESTERN GATEWAY ENTRANCE TO THE TOWN CENTRE

- 2.3.31. Visuals, whether cues or aesthetics, can play an integral role in influencing consumer patterns and behaviours. Currently, the existing Ring entrance to the High Street, when approaching the centre from the east, has a poor quality of frontage; visually it is difficult to see what the centre has to offer due to the building layout. The Ring's previous entrance can be seen in Figure 2-8.

**Figure 2-8 - The Ring current entrance<sup>15</sup>**



- 2.3.32. This presents a problem because the quality of frontage has been shown to impact upon the perceptions of the space to which that frontage relates. Evidence suggests that when the quality of active frontage increases, so does the perception that the space is safer, more comfortable, lively, sociable, pleasant, convivial, active and interesting<sup>16</sup>. This suggests that Bracknell town centre will benefit from increased visibility as it can increase footfall, benefiting the retail, leisure and recreational offerings in the centre.

<sup>15</sup> Bentalls Redevelopment, Bracknell, Design & Access Statement, December 2016, Piper Whitlock  
BIM Ref: BRBE-PWA-00-ZZ-RP-A-0100-G1\_DAS

<sup>16</sup> <https://ro.uow.edu.au/cgi/viewcontent.cgi?article=7162&context=eispapers>

**Opportunity #5** - This scheme will provide the opportunity to clearly mark the High Street 'gateway' viewed from The Ring to the wider town centre and provide the missing linkage while providing a further architectural and urban design impetus to this part of the town. The new shop frontage will help visually demonstrate the excitement and activity that the centre has to offer, welcoming visitors into a more pleasant environment. Figure 2-9 shows the proposed new entrance frontage.

**Figure 2-9 – Proposed new west gateway frontage<sup>17</sup>**



## HOUSING PRESSURES

- 2.3.33. At a national level, the UK is facing a housing shortfall, and regionally over the last five years the local planning authorities of Berkshire have also struggled to meet their existing housing delivery targets. At a local level, Bracknell has also been unable to keep pace with their target **housing delivery targets**. The Housing Strategy for Bracknell Forest 2018 - 2036<sup>18</sup> shows the gap between dwelling planned and dwelling completed, which can be seen in the table below.

<sup>17</sup> Bentalls Redevelopment, Bracknell, Design & Access Statement, December 2016, Piper Whitlock  
BIM Ref: BRBE-PWA-00-ZZ-RP-A-0100-G1\_DAS

<sup>18</sup> <https://democratic.bracknell-forest.gov.uk/documents/s119283/FINAL%20Housing%20Strategy%202018-36.pdf>

**Table 2-4 – Housing targets**

<b>year</b>	<b>No. of Dwellings planned (net)</b>	<b>No. of Dwellings delivered (net)</b>
Completions 2014/15	572	376
Completions 2015/16	572	336
Completions 2016/17	572	437

2.3.34. Bracknell has experienced significant pressures to increase housing supply with higher than average future population growth expected. The growing pressure on Berkshire has further increased with Bracknell’s nearest large town, Reading and the wider Thames Valley growing substantially in recent years. As these have both been identified to be within the highest performing areas of the UK, this has increased Bracknell’s attractiveness as a commuter town. Bracknell has not been able to keep up with this increase in demand, and this has been made evident in Bracknell Forest’s annual housing means assessment, highlighting that the town was not able to deliver within 10% of the annual housing targets<sup>19</sup>.

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<sup>19</sup> <https://www.bracknell-forest.gov.uk/sites/default/files/documents/amr-housing-2018-2019.pdf>

**Opportunity #6** - The developer Countryside has been appointed by Bracknell Forest Council to deliver hundreds of affordable new homes as part of the town centre’s regeneration. The sites are expected to provide up to 140 new affordable homes as well as 260 market homes, a new health centre, restaurant, gym, office space, community space and public art. This is for the third phase of the town centre’s regeneration, focusing on key areas adjacent to the main Lexicon retail site.

This additional growth in housing will create further pressures on the town centre to provide a diversity of retail, leisure and employment opportunities. With consented planning permissions for over 700 new town centre dwellings and many already under construction, Bracknell has the challenge of providing a town centre serving the needs of these individuals. The development of The Deck will be critical to generating an evening economy and leisure activities for these individuals.

Although a number of regeneration projects have begun in the town centre, the comprehensive regeneration is at risk of stalling without further investment and therefore funding from the LGF will provide the much-needed catalyst for the next phase of development.

Creating a mixed-use town centre will encourage further investment from developers to provide higher density development. High density town centre housing has been supported by the Thames Valley Berkshire Local Enterprise Partnership (TVB LEP) which has identified that younger generations are seeking well connected and convenient urban living. Therefore, providing a town centre that has not only high-quality retail, but also has a broader range of amenities and living options which is a priority for Bracknell Forest and can be addressed through The Deck.

## OPPORTUNITIES

2.3.35. Bracknell Forest Council commissioned a Vision document outlining the short, medium- and long-term goals to prepare the town centre for the modern, diverse economy of 2032 and beyond. Over the coming decade, Bracknell hopes to realise its potential as a strong town centre, serving a prosperous and dynamic area. The 2032 vision focuses on:

- Investment;
- Re-invention;
- Public spaces;
- Business;
- Living;
- Landscape;
- Connections; and
- Unlocking growth.

2.3.36. The proposed town centre developments will unlock the potential growth in these areas and encourage developers to invest further. Development, as identified in the 2032 Vision, will support Bracknell in overcoming some of the challenges with respect to housing and employment space shortages. As the population continues to grow and more people move to the area, there will be a

greater demand for the town centre to provide a mixture of facilities and activities This scheme will provide the gateway opportunity to complete the re-invention of Bracknell’s town centre into a modern centre with renewed public spaces, a competitive retail offering and a leisure/recreational experience that suits the needs of the changing town demographics. Apprenticeships and recruitment services will also be developed to support the construction project.

- 2.3.37. Investor confidence is currently low as there are high levels of market uncertainty. Therefore, Bracknell Forest is at a critical point where investment in The Deck is needed to boost the project and provide confidence to existing and future town centre residents and businesses. This will unlock further developments in the town as the Deck scheme reduces perceived investment risks and uncertainties. This will present a clear signal to would-be investors that Bracknell is a town with significant growth potential and is worthy of investment.

**SUMMARY**

- 2.3.38. Table 2-5 summarises the problems that Bracknell faces and highlights the opportunities and the stakeholder that are affected.

**Table 2-5 – Problem Identified Summary**

<b>Problem Identified</b>	<b>Key stakeholders affected or concerned</b>	<b>Opportunities</b>
<b>Relatively low footfall and occupancy levels-</b> regional competitors remain the preferred choice for retail, entertainment and recreation	Local businesses Employees	Developing retail, food and beverages, leisure, nightclub and public event areas will improve the attractiveness of visiting Bracknell, particularly against regional centres, provides the opportunity to increase footfall, lengthen dwell times, increase the frequency of visits and attract customers travelling from further away.
<b>COVID 19</b>	Current resident population Future residents Local businesses (existing and potential) Employees	The scheme can help the town tap into the nationwide increase in localism, which if done correctly, can be sustained long past the COVID-19 pandemic.

<p><b>Unviable based on current market</b></p>	<p>Current resident population Local businesses (existing and potential) Employees</p>	<p>Remove some of the risk from the developer and allow the scheme to proceed and deliver the expected benefits in terms of connectivity and increase leisure opportunities for the local and wider community. Although the developers will still bear the majority of project investment, additional financial support will reduce overall costs to the private sector, thus encouraging investment and unlocking the new units and jobs that will be created as a result.</p>
<p><b>Lack of evening and night-time economy beyond restaurants</b></p>	<p>Current resident population Future residents Local businesses (existing and potential) Employees</p>	<p>Opportunity for the town centre to tap into the lucrative evening and night-time economy, with the following benefits:</p> <ul style="list-style-type: none"> <li>■ Recreation for people, which is often welcome after finishing work for the day</li> <li>■ Increased direct employment</li> <li>■ Increased indirect and induced employment- The industry has a vast value chain ranging from taxi firms to brewery suppliers</li> <li>■ Reduced social exclusion and increased vitality in towns</li> <li>■ Tax revenue</li> </ul>
<p><b>Lack of connectivity between princess square and the rest of the lexicon</b></p>	<p>Current resident population visitors Local businesses (existing and potential) Employees</p>	<p>Improvements will open up the town, creating an attractive free flowing route which can help encourage visitors into visiting more isolated area.</p>
<p><b>Poor west gateway to the town centre</b></p>	<p>Current resident population Local businesses (existing and potential) Visitors</p>	<p>The opportunity to clearly mark the high street 'gateway' viewed from the ring to the wider town centre and provide the missing linkage while providing a further architectural and urban design impetus to this part of the town</p>

## 2.4 IMPACT OF NOT CHANGING

- 2.4.1. The population of Bracknell is forecast to grow substantially in the coming years. By 2021, 910,000 residents will live in Bracknell's catchment area with 10,780 new homes (based on data in the Bracknell Forest Council Housing Assessment). Population growth has led to demographic shifts and by 2021, the town's 'retail' population is expected to have quadrupled, from 37,000 to 151,000. Failing to address the issues will constrain local growth, and the potential of the region will not be fully realised.
- 2.4.2. According to 2018 ONS data, wholesale and retail trade remains the largest employer by industry for Bracknell Forest, with 13,000 employed, representing over one fifth of total employee jobs. Table 2-6 below shows a breakdown of how this industry compares to regional and Great Britain averages.

**Table 2-6 – Industry comparison**

Industry	Bracknell Forest (%)	South East (%)	Great Britain (%)
Wholesale and Retail Trade;	21.3%	16.4	15.5

Source: <https://www.nomisweb.co.uk/reports/lmp/la/1946157279/printable.aspx>

- 2.4.3. The table shows that Bracknell has a higher percentage of people employed in wholesale and retail trade (21.3% compared to the southeast and Great Britain averages of 16.4% and 15.5% respectively). This suggests that if there was no intervention, the nationwide slowdown in high street footfall currently being witnessed, and its subsequent negative impact on retail trade, will impact Bracknell more severely. This puts the town centre at a higher risk of job losses and retailers shutting down completely. A rise in unemployment can cause a negative multiplier effect, potentially resulting in social instability. Areas of high unemployment historically tend to have more crime and vandalism. Ultimately, this can impact how Bracknell town centre is perceived and its attractiveness as a working, living and visitor location, undoing the positive impacts of the previous Phase 1 and 2 developments.
- 2.4.4. This scheme will not only create new jobs, but it will play a significant role in the retention of current retail jobs, which play a key role for the town. In a do-nothing scenario, occupancy in Princess Square will continue to fall and jobs in the town centre will be lost.
- 2.4.5. Empty units create a general feeling of decline in the area, resulting in an unpleasant shopping experience for visitors and locals no longer wishing to socialise in the high street. As vacant units increase, footfall declines, resulting in a ‘negative feedback loop’ of even more vacant units and further reductions in footfall numbers. High streets must have a critical mass of shops and services to ensure consumers have a reason to visit them. Further to this, empty units can also impact on potential new investment opportunities (not just in the town centre but also in outer town areas). ERVs (estimated rental values) will reduce from between 25% - 50% without the Deck making any further investment into the centre financially unviable.
- 2.4.6. The Deck scheme recognises the relationship between high-street prosperity and future investment opportunities. If potential investors see that the area is not performing well economically, they will potentially look to invest elsewhere due to higher uncertainty and risks, with lower profits. The scheme can help advertise Bracknell as an attractive and lucrative town to invest in, unlocking further developments, and thus enabling the town to realise its 2032 growth goals.

## 2.5 OBJECTIVES

- 2.5.1. The high-level strategic outcomes and objectives of the scheme are:
- To fulfil the potential of Bracknell Town Centre in relation to existing and new opportunities;
  - To redevelop the former Bentalls Department Store and Unit 14 located in Bracknell Town Centre;
  - To create a new roof terrace and provide a mix of retail, food and beverage and leisure offers which seek to complement and support the existing shopping facilities within The Lexicon and Bracknell Town Centre;
  - To enhance Bracknell Town Centre’s evening offer;

- To improve pedestrian linkages and connectivity through the Town Centre from the High Street to Princess Square quarter;
- Achieve an overall increase revenue for existing businesses in the town centre;
- To create new 250 jobs and safeguard 100 existing jobs in the town centre;
- To improve the gateway entrance from The Ring to the High Street;
- Create a town centre which demonstrates commercially viable offering to businesses and increase occupancy of new and existing empty units in the town centre; and
- To create a new roof and a covered event space which can be used for seasonal events.

2.5.2. The objectives relate closely to the policies, opportunities and problems described above.

## 2.6 MEASURES FOR SUCCESS

2.6.1. It is important to be able to demonstrate that the scheme, when complete, is performing as expected and that it is delivering the strategic aims and objectives set out in section 2.5. A programme of monitoring will be put in place prior to construction. Table 2-7 outlines the measures for success for each objective and how this will be measured.

**Table 2-7 – Measures for Success**

Objective	Measures for success	How will this be measured
<b>To fulfil the potential of Bracknell Town centre in relation to existing and new opportunities</b>	Development in the town centre that comes forward post delivery	Progress against the identified development opportunities in the Bracknell Town Centre Vision and Local Plan
<b>To redevelop the former Bentalls Department Store and Unit 14 located in Bracknell Town Centre</b>	The Deck is delivered	Scheme construction
<b>To provide a mix of retail, food and beverage and leisure offers which seek to complement and support the existing shopping facilities within The Lexicon and Bracknell Town Centre</b>	Deliver 5,355 sqm of new retail floorspace comprising 14 units for leisure, food and beverage uses.	BRP monitoring
<b>To enhance Bracknell Town Centre’s evening offer</b>	Increase footfall in the evening	Footfall surveys
<b>To improve pedestrian linkages and connectivity through the Town Centre from the High Street to Princess Square Shopping Centre</b>	Increase in overall footfall in the town centre	Footfall surveys

<b>Achieve an overall increase revenue for existing businesses in the town centre</b>	Increase in revenues for existing businesses in the town centre by 5% by 2025	BRP leasing monitoring
<b>To create new jobs and safeguard existing jobs in the town centre</b>	Create 250 new jobs No demonstrable fall in jobs at existing retail sites once the scheme is in place	Monitoring employment activity of occupants
<b>To improve the gateway entrance from The Ring to the High Street</b>	Increase in overall footfall in the town centre	Footfall surveys
<b>Create a town centre which demonstrates commercially viable offering to businesses and increase occupancy of new and existing empty units in Footfall data the town centre</b>	50% of existing empty units in princess square filled by 2025 80% of the 14 newly built filled or secured units by end of 2022.	BRP leasing monitoring
<b>To create a new roof and a covered event space which can be used for seasonal events</b>	Demonstrable increase in the number of community events in the town centre	

2.6.2. The objectives relating to economic growth and investment in business and housing will be difficult to quantify, especially in the short-term, so cannot be directly attributable to the development. A longer-term evaluation could seek to monitor economic, employment and housing growth in the Town Centre.

## 2.7 SCOPE

2.7.1. The scope of The Deck scheme includes partial demolition/strip out and subsequent redevelopment of the former Bentalls Department Store and former McDonald's in the town centre.

2.7.2. The redevelopment will include:

- 3,207 sqm of Food and beverage uses (use class A3/A4/A5);
- 2,148 sqm of Assembly and leisure uses (use class D2);
- Night club (sui generis);
- Public event area;
- Roof covering;
- Public realm improvements; and
- Associated highway works.

Figure 2-10 – Proposed Lower Ground and Ground floor plans<sup>20</sup>



<sup>20</sup> Bentalls Redevelopment, Bracknell, Design & Access Statement, June 2020 Addendum, Piper Whitlock BIM Ref: BRBE-PWA-ZZ-ZZ-RP-A-0101-G1

## 2.8 CONSTRAINTS

### PHYSICAL

- 2.8.1. BRP have indicated through the planning process that there are no physical constraints to development of the scheme.

### ENVIRONMENTAL

#### Heritage

- 2.8.2. Two Grade II Listed assets have the potential to be affected by the development: The Red Lion Inn (now known as Blues Smokehouse) and The Bull. The impact of the proposed development on this setting and therefore significance has then been assessed. It has been concluded that there will be no harm to the assets. The development will enhance the setting of both Grade II Listed assets. Overall it will have a negligible impact on the significance of The Red Lion and will moderately enhance the significance of The Bull.

#### Energy

- 2.8.3. An Energy Strategy was adopted for the Development which aimed at achieving, as a minimum, a 10% carbon reduction from a base L (2013) target. This scheme provides 9.40% of its energy requirements from renewables (ASHP). Therefore, the proposed Development attains part compliance with Bracknell Forest Core Strategy Policy CS12 by achieving a carbon saving of 10.3%.

#### Noise

- 2.8.4. A report to consider the potential noise and vibration impacts associated with the scheme (in relation to construction activities and the operation of the completed development) concluded that the following all have negligible residual effects:

- Construction Traffic Noise;
- Road Traffic Noise;
- Noise from Fixed Plant;
- Servicing noise; and
- Noise generated by the potential night club.

- 2.8.5. Noise and vibration from construction activities will have negligible to occasional moderate adverse residual effects. Mitigation will be put in place during construction to reduce the impact as much as possible.

### FUNDING

- 2.8.6. Affordability constraints may include agreed limits on capital and revenue spend. Constraints on the project need to be managed from the outset, since they will constrain the options that can be considered for project delivery.

### MARKET

- 2.8.7. BRP have highlighted the risk of potential market yield shifts and the possible downsides should the market weaken whilst The Deck was being constructed. While future market conditions are volatile,

BRP have tried to mitigate this by identifying different options<sup>21</sup> for the Deck if the food and beverage market does not improve or deteriorate further prior to the scheme being built. As it stands the scheme will continue as planned with the decision to be reviewed periodically at pre-set out milestones through the demolition phase.

## 2.9 INTERDEPENDENCIES

2.9.1. The scheme already has planning approval as outlined in section 1.2 and can be delivered independently of other development proposals. The scheme is only dependent on additional funding from TVB LEP to unlock the scheme and allow it to proceed.

## 2.10 STAKEHOLDERS

2.10.1. This section identifies the main stakeholders who are affected by the proposed scheme, or who are involved in some way with its delivery and the decision-making processes.

2.10.2. The main stakeholders include:

- Bracknell Forest Council;
- Bracknell Town Council (BTC);
- Bracknell Regeneration Partnership (50:50 Joint Venture between Legal and General and Schroders);
- Bracknell Forest Economic & Skills Development Partnership;
- Thames Valley Chamber of Commerce Group;
- Thames Valley Berkshire Local Enterprise Partnership;
- Activate Learning (Bracknell and Wokingham College);
- Bracknell Business Improvement District;
- James Sunderland (local MP); and
- The wider community.

2.10.3. BFC has been directly engaging with BRP on the scheme throughout the development and planning process. The other stakeholders have all demonstrated support for the Deck scheme during the development process and believe that the town centre would greatly benefit from an increased variety of evening and leisure facilities in addition to improvements to public realm.

### STATEMENT OF COMMUNITY INVOLVEMENT

2.10.4. In November 2016, a pre-application consultation exercise was undertaken to allow local residents and other key stakeholders to express their views on the proposals and to inform the design of the development. This complied with national and local requirements, allowing a range of stakeholders to have their say and openly influence the proposals through consultation.

2.10.5. The pre-application exhibition exercise included the following components:

- Pre-application consultation with BFC;
- Technical meetings with BFC Officers;

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<sup>21</sup> See appendix A for more detail about the different options.

- Private exhibition with key stakeholders; and
- Public exhibition with members of the public.

2.10.6. The consultation was well received. People who attended the public exhibition welcomed the opportunity to view the emerging development proposal and to discuss them with the Applicant's consultant team, who sought to respond to the queries that were raised. The public exhibition was well attended over the course of three days. The exhibition was publicised by way of an online presence, publication in the Bracknell and Wokingham Weekender and invitations to the local community and key stakeholders.

2.10.7. Key concerns that were raised during the consultation exercise have been addressed / adequately responded to and are confident that the proposed development will deliver significant overall benefits for the local community and Bracknell Town Centre.

## 2.11 OPTIONS

2.11.1. A list of options for the scheme is difficult to describe and summarise succinctly because the scheme has evolved over the past three years. The plans for The Deck have changed since the original planning application in 2016 as described in section 1.2 with aim of improving the scheme and achieving the objectives. Design changes include:

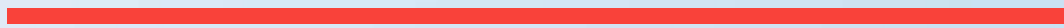
- Extension of the roof to make the space suitable year-round;
- Insertion of a roof top terrace; and
- Repositioning or combining of units.

2.11.2. However fundamentally the main focus of the scheme is still increasing evening and leisure opportunities in the town centre. Appendix A indicates that BRP have assessed different high-level options for the site, but the preferred option is to develop the scheme as outlined in the scope (section 2.7). No detailed design has been undertaken on these alternative scenarios but have been assessed in terms of the expected financial performance of each them.

2.11.3. The main reason behind this decision is that even today's retail market that BRP believe that creating units for leisure, food and beverage will produce a better return on their investment than other options which may look at creating office space or more retail units. It also the best option to complement BRP's existing investment in the Lexicon and the Bracknell Town Centre 2032 vision.

# 3

## ECONOMIC CASE



### 3 ECONOMIC CASE

#### 3.1 INTRODUCTION

3.1.1. The Economic Case identifies and appraises the scheme impacts to determine its overall Value for Money. It takes account of the costs of developing, building the scheme, and the benefits and disbenefits of its impacts. These include those impacts which can be monetised, as well as quantitative and qualitative impacts that cannot be monetised. The Economic Case considers the extent to which the scheme’s benefits will outweigh its costs.

3.1.2. This chapter covers:

- Options appraised;
- Overview of methodology and assumptions;
- Scheme costs;
- Scheme impacts;
- Sensitivity testing; and
- Value for Money statement.

#### 3.2 OPTIONS APPRAISED

3.2.1. A simplified cost-benefit analysis was undertaken and only the following options have been considered in the appraisal.

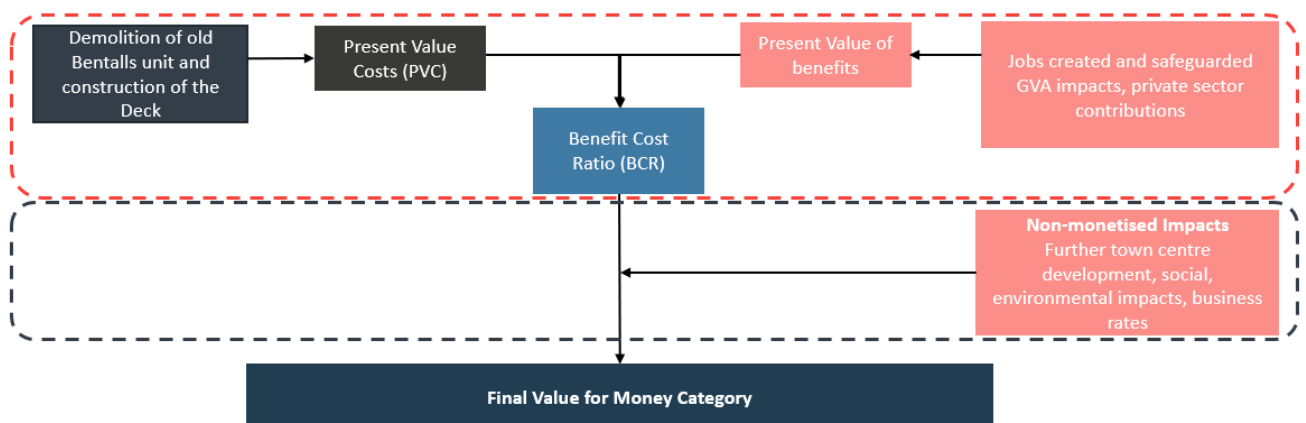
- **Do Nothing** – the deck scheme is not built and the former Bentall’s building remains empty and unused, and the trends identified in the Strategic Case continue and jobs will be lost in Princess Square; and
- **Do Something** - the deck scheme is built, and 5,355 sqm of new leisure, food and beverage floorspace are realised alongside some minor highway and public realm improvements.

#### 3.3 OVERVIEW OF METHODOLOGY AND ASSUMPTIONS

3.3.1. The economic assessment of the scheme has been undertaken in accordance with HM treasury Green Book and MHCLG guidance.

3.3.2. An overview of the appraisal process is presented in Figure 3-1.

**Figure 3-1 - Process to derive BCR and Value for Money**



3.3.3. The benefits outlined above were compared with the scheme costs to produce a Benefit Cost Ratio (BCR).

### GENERAL APPRAISAL ASSUMPTIONS

- All impacts have been calculated over a 10-year period from completion of the scheme i.e. from 2022 to 2032<sup>22</sup>;
- A total of 5,355 sqm of new food, beverage and leisure use floorspace, based on assumed breakdown discussed in section 2.7;
- Assumes occupation of new food and beverage units 60% in 2022, 80% in 2023, and 100% from 2024 onwards<sup>23</sup>;
- Assumes occupation of the bowling alley will start from 2023;
- All financial amounts are discounted to 2020 values; and
- The results are shown in 2020 prices and present value.

### ADDITIONALITY

3.3.4. The method adopted is based on the additionality guidance set out in HCA's Additionality Guide<sup>24</sup>. The additionality calculations are based on the standard steps set out in the guidance. These cover:

- The level of 'leakage' (i.e. the proportion of new jobs that are expected to be created for residents outside of Berkshire);
- The level of 'displacement' (i.e. the proportion of new employment generated that will simply be displaced from neighbouring areas or retail centres); and
- The economic 'multiplier' impacts (i.e. the additional jobs generated in supply chains, indirect employment, and through the expenditure of employees, induced employment).

3.3.5. To calculate the extent of additionality, the following assumptions were made and were applied to both the intervention and reference cases:

- Leakage: a Medium impact of 25% was selected (*based on Table 4.3 in the Additionality Guide: Fourth Edition*);
- Displacement: a Medium impact of 50% was selected (*based on Table 4.8 in the Additionality Guide: Fourth Edition*); and
- Multiplier: a multiplier value of 1.26 was selected for Food/Beverage and Leisure respectively (*based on the Office for National Statistics industry multiplier rates published in 2019*).

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<sup>22</sup> Paragraph 2.14, Green Book, HM Treasury

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/685903/The\\_Green\\_Book.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf)

<sup>23</sup> This assumption has been made as worst case scenario in terms of unit occupation based on discussions with BRP and their consultants.

<sup>24</sup> Homes and Communities Agency, Additionality Guide, Fourth Edition 2014

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/378177/additionality\\_guide\\_2014\\_full.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/378177/additionality_guide_2014_full.pdf) (note that several aspects of this additionality guidance are also contained in DCLG's Appraisal Guide of December 2016)

- 3.3.6. Using the MHCLG formula for additionality a 38% additionality rate has been calculated. Multiplier impacts will be shown in the Indirect and Induced benefits calculations for GVA.
- 3.3.7. The leakage value has been selected based on analysis of travel to work census data in the Thames Valley Berkshire LEP area. This analysis showed that around 30% of people who worked in the area live outside the area. Based on this and the fact that the nature of jobs means these are likely to be filled by people local to Bracknell we consider a Medium leakage rate of 25% to be appropriate.
- 3.3.8. The Medium displacement factor has been selected even though we would expect displacement will be low given that the scheme is going to attract more investment to the shopping centre rather than stop other investment coming forward. However, we have taken cautious approach to ensure the benefits are not overstated.

### **JOB CREATION AND GROSS VALUE ADDED**

- 3.3.9. The construction of The Deck is expected to encourage businesses to locate to the new units and thus create additional jobs. This will subsequently generate significant economic benefits for the area. The analysis examines the extent that new jobs will create additional Gross Value Added (GVA). The employment will also generate further demand across the new businesses' supply chains, which in turn creates additional economic growth and jobs.
- 3.3.10. The additional employment and activity generated by the new food/beverage and leisure sites will increase the economic activity in the local economy (as measured by its GVA impact). GVA is used in the estimation of GDP, which is a key indicator of economic activity across the whole economy. The methodology used to estimate each benefit is as follows:
- **Direct on-site employment** – based on estimated floorspace and employment densities (SQM of floorspace per FTE), the annual GVA from new jobs has been estimated. This is based on ONS GVA<sup>25</sup> and employment data<sup>26</sup> for 2018 in Bracknell Forest.
  - **Indirect and induced employment** – additional jobs and economic activity are supported through the supply chain expenditure of businesses within the local and wider UK economy. This will increase because the new developments and businesses will generate additional demand for their services. Moreover, those directly or indirectly employed via activity at the sites support further employment in the local economy through their expenditure on goods and services. The indirect and induced effects have been estimated by the use of economic multipliers taken from the HCA (now Homes England) Additionality Guide (2014).
- 3.3.11. GVA data has been adjusted from 2018 to 2020 values using the GDP deflator from TAG Data Book.

### **Jobs safeguarded**

- 3.3.12. In addition to creating new jobs, the scheme is expected to protect existing jobs within the town centre. As discussed in the Strategic Case, the Deck completes the town centre offering by

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<sup>25</sup> Regional gross value added (balanced) by industry: local authorities by NUTS1 region: UKJ South East

<sup>26</sup> Employee Jobs, ONS Business Register and Employment Survey

providing a mix of leisure, food and beverage units which seek to complement and support the existing retail facilities within The Lexicon and Bracknell town centre. Without the scheme, Bracknell may continue to see more store closures, leading to job losses elsewhere in the town centre.

- 3.3.13. The strategic case demonstrates the rising number of vacant units across the town centre but the greatest increase in vacant units experienced in recent years is in Princess Square. The scheme is expected to have a significant impact in terms of increased footfall and improved commercial viability of units in Princess Square. Without the Deck vacancies are expected to increase in Princess Square significantly beyond the current rate of 36%.
- 3.3.14. This scheme will open up the town, removing the barrier of the old Bentall's unit and creating a free-flowing route which will help visitors more readily access some of the isolated areas such as Princess Square. This means people are more likely to meet, congregate and socialise; lengthening dwell times and increasing the frequency of visits helping to halt and reverse the decline of Princess Square.
- 3.3.15. We have estimated the opportunity cost the scheme has in terms of safeguarding existing jobs in Princess Square. This is based on the estimated number of FTE's roles that retail units with tenants support in Princess Square, approximately 345, we have estimated the impacts of a 3%<sup>27</sup> year-on-year fall in employment in the town centre and what impact this would have in terms of lost GVA. Based on the current trends relating to falling footfall and increase in vacancies in retail units in Bracknell and across the country we believe that a 3% fall on year-on-year is a conservative estimate. The Centre for Retail Research estimate that UK job losses in retail will reach 236,000 in comparison to 143,000 last year<sup>28</sup>. Without the scheme, more store closures and jobs losses are expected by BRP in Princess Square the wider town centre.
- 3.3.16. The GVA assumptions for jobs safeguarded are the same as discussed above for the appraisal of new jobs.

## **BUSINESS RATES**

- 3.3.17. WSP has also looked at the increase in business rates as result of the new food/beverage and leisure units that will come forward. The assumptions used within the economic modelling to capture the benefits within the 10-year appraisal period (2022-2032) are stated below.
- Business Rates are calculated on a per annum basis in 2020 prices;
  - To calculate the Business Rates, the area in square foot was converted into square metres;
  - This was multiplied by the chargeable rate per square metre to get a Rateable Value;
  - The chargeable rate has been based on the Government's Valuation Office Agency (VOA) data for £68 for food/beverage and the bowling alley);
  - A multiplier rate of 0.512 has been assumed based on the Government's published multiplier rates for 2020/21.

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<sup>27</sup> Based on 2.8% fall year on year from 2019 Q3 data British Retail Consortium (BRC) Retail Employment Monitor, <https://brc.org.uk/news/2019/retail-employment-falls-by-85-000>

<sup>28</sup> <https://www.retailresearch.org/retail-crisis.html>

3.3.18. Business rates have not been included in the PVB and BCR calculations but expected values have been calculated. This has been done to avoid potential double counting of business rates within GVA impact analysis. Increases in business rate revenue is effectively reducing the net public sector costs rather a specific economic benefit.

### NON-MONETISED IMPACTS

3.3.19. There are several impacts associated with the scheme that have not been monetised as part of the appraisal. These should, however, be considered as part of the overall Economic Case. These include:

- Supporting future development (commercial and residential);
- Social (apprenticeships and construction jobs); and
- Environmental (including heritage, energy usage and noise).

3.3.20. It is not considered proportionate or in some case feasible to monetise these impacts, but they should be considered as part of the overall Value for Money framework.

## 3.4 COSTS

3.4.1. The cost of the proposed scheme has been estimated in 2020 prices, as set out in detail in section 4.2, the Financial Case. This includes all costs associated with demolition, scheme preparation and construction.

3.4.2. The costs have been calculated in line with HM Treasury Green Book and uses the following methodology:

- Estimation of a base cost estimate and risk;
- Incorporation of a real cost increases;
- Application of optimism bias-cost adjustment; and
- Discount cost to 2020.

### ESTIMATION OF BASE COST ESTIMATE

3.4.3. The initial cost estimate of the scheme is **£18.5 million** in 2020 prices. This includes costs for the demolition and construction of the scheme and includes risk as discussed in section 4.2.

**Table 3-1 – Investment Costs, £s at 2020 prices**

Investment Costs	Costs (£s) at 2020 prices
Preliminaries	1,775,000
Demolition	2,116,861
Construction	12,530,600
Externals	1,164,800
Risk	931,000
<b>Total</b>	<b>18,518,261</b>

3.4.4. Table 3-1 includes sunk costs (i.e. costs that have already been spent prior to this economic appraisal and cannot be retrieved). Sunk costs are not, however, included in the Present Value of Costs calculation. The costs incurred prior to the scheme appraisal, at 2020 prices, total £1.04 million.

### INCORPORATION OF REAL COST INCREASES

3.4.5. The base investment cost estimate does not take account of real increases in costs, and it therefore needs to be adjusted to provide real costs that account for the effects of inflation.

3.4.6. The real cost adjustment is calculated by inflating base costs by the construction cost index and then dividing by the rate of general inflation to give their 'real' value. General inflation is based on the most recent forecasts of the GDP deflator by the Office for Budget Responsibility (OBR), while construction costs are forecast to increase based on the RPI forecasts in the DfT's TAG Databook (July 2020). Using the real cost adjustment to multiply by the initial base estimate derives a 'real' cost estimate.

### APPLICATION OF OPTIMISM BIAS-COST ADJUSTMENT

3.4.7. In line with Green Book guidance, an optimism bias adjustment has been applied to all costs. The purpose of Optimism Bias is to ensure that the cost-benefit analysis is robust. Optimism bias is only applied to costs in the economic assessment and is not included in the Financial Case. The recommended optimism bias uplifts for Standard Building projects are set out in Table 3-2 below.

**Table 3-2 - Recommended optimism bias uplifts<sup>29</sup>**

Types of projects	Capital Expenditure	
	Lower	Upper
Standard Buildings	2%	24%

3.4.8. Based on the risk management process completed by BRP, we believe it is possible to reduce the upper bound adjustment by 50%. We believe this is appropriate as the scheme is well developed in the planning process and a significant proportion of the risk has already been identified and included in the cost estimates<sup>30</sup>. Therefore, the optimism bias adjustment applied to the costs in the appraisal is 12%.

### DISCOUNT COST TO PRESENT VALUE

3.4.9. As well as rebasing, a discount factor is applied to adjust costs occurring in different periods (to 2020 Present Values, PVs). A discount rate of 3.5% per year is applied for years 2020 until 2022. This reflects the lower weighting placed on costs (and benefits) incurred at a future date compared to those incurred in the present. Table 3-3 shows the present value of scheme costs for public and private costs with sunk costs removed.

<sup>29</sup> HM Treasury Green Book Annex 5

<sup>30</sup> See section 4.2.

**Table 3-3 - Present Value of Costs**

<b>Costs (£m's)</b>	<b>TVB LEP Contribution to Costs</b>	<b>Bracknell Forest Contribution to Costs</b>	<b>Private Sector (BRP) Contribution to Costs</b>
2020 (Outturn cost with risk adjustment)	£0.96m	£6.0m	£12.1m
2020 prices (real) <sup>31</sup>	£0.96m	£5.9m	£10.9m
2020 prices including OB	£1.07m	£6.6m	£12.2m
<b>Present Value of Costs (PVC) - 2020 PV prices</b>	£1.07m	£6.4m	£11.6m

## 3.5 BENEFITS

### DIRECT JOBS CREATED

- 3.5.1. Direct Jobs created will be in the form of Restaurant & Cafes (User Class A3) and a new bowling alley (User Class D2). These units are expected to create 203 in terms of Full Time Equivalents (FTEs) in Bracknell. It is estimated that 38% of these FTEs are additional based on the additionality rate calculated above. The estimates of GVA are based on the expected increase in FTEs, with an average GVA per employee calculated at £93,395 assumed for each direct job. The total direct GVA benefits across the appraisal period are circa £52.6 million in 2020 PV.

### INDIRECT AND INDUCED EFFECTS

- 3.5.2. The Deck will support further job creation within Bracknell's economy through supply chain expenditure and the wages of those directly or indirectly employed. Based on indirect and induced effects as well as additionality factors, it is estimated that the restaurants/cafes and bowling alley would create 53 indirect and induced FTEs, and total indirect/induced GVA across the appraisal period are circa £13.7 million in 2020 PV.
- 3.5.3. Table 3-4 summarises the expected local economic impacts and the net additional impacts of the newly created jobs in the town centre.

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<sup>31</sup> Sunk costs removed at this stage.

**Table 3-4 – Jobs created and GVA impacts**

	<b>Gross Jobs</b>	<b>Net Jobs (after additionality)</b>	<b>Total GVA after additionality (2020 PV)</b>
<b>Direct impacts</b>	203	76	£52.6m
<b>Indirect and induced impacts</b>	53	20	£13.7m
<b>Total</b>	<b>256</b>	<b>96</b>	<b>£66.4m</b>

### Jobs Safeguarded

- 3.5.4. The Deck will also safeguard existing jobs in the town centre as without the scheme, the number of unit vacancies is expected to increase, and this will lead to job losses without the investment in the Deck. The total direct GVA benefits of these safeguarded jobs across the appraisal period is circa £11.0 million in 2020 PV with a total of 80 jobs safeguarded across the appraisal period. Table 3-5 summarises the expected local economic impacts and the net additional impacts of the safeguarded jobs in the town centre.

**Table 3-5 – Jobs safeguarded and GVA impacts**

	<b>Jobs</b>	<b>Total GVA (2020 PV)</b>
<b>Total</b>	80	£11.0m

## 3.6 BENEFIT COST RATIO

- 3.6.1. The BCR is calculated by dividing the Present Value of Benefits (PVB) by the Present Value of Costs (PVC). The calculations of the BCR are set out in Table 3-6.

**Table 3-6 - Analysis of monetised costs and benefits**

<b>Analysis of monetised costs and benefits (BCR)</b>	<b>Benefits (£m in 2020 PV)</b>
<b>GVA impacts from direct jobs created</b>	£52.6m
<b>GVA impacts from indirect/induced jobs created</b>	£13.7m
<b>GVA impacts from jobs safeguarded</b>	£11.0m
<b>Total benefits</b>	£77.4m
<b>Private sector costs</b>	£11.6m
<b>Present Value of Benefits Adjusted (Benefits minus Private Sector Costs)</b>	<b>£65.7m</b>

<b>BFC capital reserves funding</b>	£6.4m
<b>TVB LEP LGF</b>	£1.1m
<b>Present Value of Costs</b>	<b>£7.4m</b>
<b>Net present Value</b>	<b>£58.3m</b>
<b>BCR</b>	<b>8.8:1</b>

3.6.2. Based on the analysis of Monetised Costs and Benefits (AMCB), the total monetised benefits exceed the costs by more than £58.3 million, giving a BCR of 8.8:1, indicating Very High Value for Money. The largest proportion of the benefits can be attributed to GVA impacts from the direct jobs created followed by the indirect/induced jobs and safeguarded jobs. Private sector contributions to the scheme costs have taken away from the total benefits as MHCLG guidance states private sector costs should not be captured in the benefits and should be taken away from the Present Value of Benefits.

### BUSINESS RATES

3.6.3. The results of the business rates calculations covering the 10-year appraisal period are shown in Table 3-7.

**Table 3-7 – Business Rates impacts**

<b>Local Authority</b>	<b>Business Rates, (2020 PV)</b>
Bracknell	£562,000

3.6.4. The table above shows the increase in business rate revenue in Bracknell will have a present value of £562k.

### NON-MONETISED IMPACTS

#### Supporting future development

3.6.5. Over the coming decade, Bracknell will realise its potential as a strong town centre, serving a prosperous and dynamic area. The strong retail centre which has been carefully developed will be extended with complementary uses, supporting a diverse and resilient economy. The Deck plays an important role in delivering this. The scheme is one the first phases of the Bracknell 2032 vision and will try to complete the town’s retail and leisure offering creating amenity, entertainment and excitement for all. The retail centre and the Deck will help to deliver the planned housing, leisure and business developments outlined in the 2032 vision. The vision will create numerous jobs and economic activity in the region that with a focus supporting ICT, Digital and High-tech sectors.

#### Social impacts

3.6.6. Construction jobs and apprenticeships will be created in the initial demolition and strip out of the Bentalls Department store and McDonalds unit as well as the redevelopment of the area. These apprenticeships will provide the opportunity for young individuals to develop skills in construction

which will boost the productivity in the Bracknell and when further investment comes forward in the area there will be an improved supply of skilled construction workers.

3.6.7. Investment in construction has many benefits for the local area. The construction of the Deck is expected to generate economic benefits for Bracknell based on the increased GVA and the jobs it creates. It also provides supply side expenditure, standard requirements associated with major construction processes include:

- Construction equipment - mobile and tower cranes, scaffolding, access equipment, hand tools, generators, earth moving equipment, site cabins, etc.; and
- Supplies – concrete, drainage products, steel, bricks, blocks, and mortar, paving and tarmac, cabling, pip work, cladding materials, etc.

3.6.8. It is likely these will be demanded locally so will buy/rent equipment and goods from local businesses providing a boost to the economy. Additionally, as the construction runs over a 2 year period, workers will demand other goods and services in the area, such as:

- Accommodation;
- Transport (public transport and vehicle/taxi hire);
- Catering and welfare facilities;
- Security; and
- Couriers.

### **Environmental impacts**

#### **Heritage**

3.6.9. Two Grade II Listed assets have the potential to be affected by the development:

- The Red Lion Inn (now known as Blues Smokehouse); and
- The Bull.

3.6.10. The impact of the proposed development on this setting and therefore significance has then been assessed. It has been concluded that there will be no harm to the assets. The development will enhance the setting of both Grade II Listed assets. Overall it will have a negligible impact on the significance of Blues Smokehouse and will moderately enhance the significance of The Bull.

#### **Energy**

3.6.11. An Energy Strategy was adopted for the Development which aimed at achieving, as a minimum, a 10% carbon reduction from a base L (2013) target. This scheme provides 9.40% of its energy requirements from renewables (ASHP). Therefore, the proposed Development attains part compliance with Bracknell Forest Core Strategy Policy CS12 by achieving a carbon saving of 10.3%.

#### **Noise**

3.6.12. The potential noise and vibration impacts associated with the scheme (in relation to construction activities and the operation of the completed development) concluded that the following all have negligible residual effects:

- Construction Traffic Noise;
- Road Traffic Noise;
- Noise from Fixed Plant;

- Servicing noise; and
- Noise generated by the potential night club.

3.6.13. Noise and vibration from construction activities will have negligible to occasional moderate adverse residual effects. Mitigation will be put in place during construction to reduce the impact as much as possible.

### 3.7 SENSITIVITY ANALYSIS

3.7.1. To understand the sensitivity of the above benefits to a range of alternative parameters, a number of sensitivity tests have been performed. These are described below.

#### ADDITIONALITY

3.7.2. The appraisal model tests the level of displacement and leakage applied and this impacts the additionality rate applied to jobs created and safeguarded GVA analysis. The results are summarised in Table 3-8.

**Table 3-8 - Sensitivity Testing on Additionality**

Test Scenario	Displacement Rate, %	Leakage rate %	Additionality Rate, %	Total GVA impacts (Jobs created and safeguarded)	BCR
Core Scenario	50%	25%	38%	£77.4m	8.8:1
S1 (Higher Leakage)	50%	50%	25%	£51.6m	5.4:1
S2 (Lower Leakage)	50%	10%	45%	£92.8m	10.9:1
S3 (High Displacement)	75%	25%	19%	£38.7m	3.6:1
S4 (Lower Displacement)	25%	25%	56%	£116.0m	14.0:1

3.7.3. The Core Scenario shows an additionality rate of 38% with a Medium rate applied to Displacement and Leakage. The sensitivity tests show that although the benefits are sensitive to additionality assumptions, the scheme still generates a BCR greater than 3:1 for each sensitivity test undertaken. The table shows that even in the scenario with the lowest levels of additionality, the scheme still delivers strong benefits with a BCR is 3.5 representing High value for money.

#### OPTIMISM BIAS

3.7.4. As noted in section 3.4, an allowance of 12% Optimism Bias is considered appropriate for this scheme, given the level of development and risk assessment. The effect of changing the level of OB on the PVC and BCR (applied to the upper and lower bounds of the core scenario, based on Annex 5 of the Green Book for standard building projects) is set out in Table 3-9.

**Table 3-9 - Alternative optimism bias sensitivity tests (2010 prices and values)**

Allowance for Optimism Bias	Private sector contributions	PVB (£m)	PVC (£m)	BCR
12% (Core scenario)	£11.6m	£65.7m	£7.4m	8.8:1
24% (Upper Bound)	£12.8m	£64.5m	£8.2m	7.8:1
2% (Lower Bound)	£10.5m	£66.8m	£6.8m	9.8:1

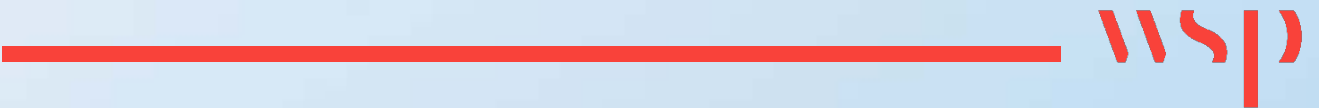
3.7.5. These results show that when high levels of Optimism Bias are applied the BCR remains above 4.0:1, which indicates Very High value for money regardless of which the level of Optimism Bias is applied and is not that sensitive to increase in overall costs.

### 3.8 VALUE FOR MONEY SUMMARY

- 3.8.1. The cost benefit analysis for the scheme shows that the monetised benefits of the scheme (PVB) of **£65.7 million** are greater than the monetised costs of the scheme (PVC) of **£7.4 million**. The benefit-cost ratio (BCR) is **8.8:1** which demonstrates that the scheme offers **Very High value for money**.
- 3.8.2. A range of sensitivity tests have been undertaken including: altering the Leakage, Displacement and Optimism Bias. The results of the tests show that the BCR ranges from **3.6:1 to 14.0:1** which indicates for all scenarios the scheme demonstrates High value for money. These sensitivity tests provide a high degree of certainty that that the scheme will generate significant benefits which will outweigh the costs of the scheme.

# 4

## FINANCIAL CASE



## 4 FINANCIAL CASE

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### 4.1 INTRODUCTION

4.1.1. This section sets out the financial case for the proposed scheme to demonstrate its affordability. It describes how much the proposed scheme is expected to cost, and how this has been calculated. This is based on:

- Risks that could affect the cost of the scheme;
- How the scheme will be paid for and by whom; and
- The anticipated profile of expenditure over time (whole life costs).

4.1.2. This chapter deals with costs and accounting issues. The Value for Money appraisal is dealt with separately in the Economic Case.

### 4.2 COSTS - CAPITAL AND REVENUE REQUIREMENTS

4.2.1. An extensive costing exercise has been completed for the project. HMBC Cummings have produced a Cost Plan, on behalf of BRP for the primary works associated with the development of the site. The cost plan can be found in Appendix B. This exercise estimated the base scheme costs at 2020 Q2 prices.

4.2.2. The scope of the cost estimates is the partial demolition of the existing Bentalls department store and Unit 14 to form a large 'Event Space' surrounded on two sides with 15 units. This also includes the roof covering, public realm improvements and any associated highway works. The estimate also includes other associated project costs such as preliminaries, external works and provisional sums.

4.2.3. HMBC Cummings' Cost Plan uses industry benchmarking data to support the measurements and estimates of each element of the project that is typically expected of a project of this type. The benchmarking data also considers the nature and specification of the project, the expected method of construction and the location and defined uses.

4.2.4. The Cost Plan is also based on the following assumptions:

- Demolition costs estimates are based on negotiated tender with Erith Ltd who undertook the asbestos and strip out of Unit 14 and the Bentalls building;
- Inflation is excluded as the original programme was for the project to be continuous. The demolition was going to be followed immediately by construction, so it was felt that inclusion of inflation was not necessary; and
- VAT is excluded.

4.2.5. The estimate incorporates a 6.5% risk allowance made up of 4% for Design Development and 2.5% for construction risks. The 4% allowance has been maintained through the project as until recently there were still design decisions to be made associated with the roof structure and the design of steelwork to support the roof. The construction risk has reduced as the design approached Stage 4

of the Royal Institute of British Architects Plan of Work<sup>32</sup> and ground investigations had identified previously unknown issues. As outlined in the Commercial Case, any other risk is being passed to the contractor.

- 4.2.6. The estimated cost of the scheme is shown below at 2020 Q2 prices (excluding future inflation and non-recoverable VAT).

**Table 4-1 – Estimated costs of the proposed scheme**

<b>Investment Costs</b>	<b>Costs at 2020 prices (£'s)</b>
Preliminaries	1,775,000
Demolition	2,116,861
Construction	12,530,600
Externals	1,164,800
Risk	931,000
<b>Total</b>	<b>18,518,261</b>

#### **EXPENDITURE TO DATE**

- 4.2.7. Expenditure to date represents those costs incurred prior to the scheme appraisal and which cannot be retrieved. In the case of this scheme, this refers to any cost incurred before October 2020. The costs incurred by BRP prior to the scheme appraisal, at 2020 prices, total £1.04 million.

#### **OUTTURN PRICE ADJUSTMENT**

- 4.2.8. The cost estimates assume a price base of 2020 without inflation. An allowance is therefore made for expected inflation between the date of the estimate and the date when the expenditure is expected to occur.
- 4.2.9. Inflating the base costs by forecasted RPI in the DfT's TAG Databook July 2020 per year provides a total outturn cost of £19.1 million. Therefore, the inflation allowance for construction of The Deck is £0.60 million.

#### **SPEND PROFILE**

- 4.2.10. The build-up of the cost estimate and spend profile over time is demonstrated in Table 4-2.

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<sup>32</sup> <https://www.architecture.com/-/media/GatherContent/Test-resources-page/Additional-Documents/2020RIBAPlanofWorkoverviewpdf.pdf?la=en>

**Table 4-2 – Breakdown of scheme**

Scheme element	Costs (£'s) in 2020 prices			
	2020/21	2021/22	2022/23	Total
Preliminaries	-	1,331,250	443,750	1,775,000
Demolition	1,375,960	740,901	-	2,116,861
Construction	1,065,101	8,959,379	2,506,120	12,530,600
Externals	-	873,600	291,200	1,164,800
Risk	-	698,250	232,750	931,000
<b>Total</b>	<b>2,441,061</b>	<b>12,603,380</b>	<b>3,473,820</b>	<b>18,518,261</b>
Outturn	-	384,403	215,850	600,254
<b>TOTAL</b>	<b>2,441,061</b>	<b>12,987,783</b>	<b>3,689,670</b>	<b>19,118,515</b>

## WHOLE LIFE COSTS

- 4.2.11. The scheme will give rise to additional revenue liabilities for operating and maintenance, when compared to a future scenario where the Deck does not exist. All maintenance obligations will fall under the purview of BRP and, as such, will be fulfilled as part of the maintenance regime operated by BRP. BFC will have the ongoing liabilities for the adopted highway elements which make a small portion of this scheme.

## 4.3 OVERALL AFFORDABILITY AND FUNDING

- 4.3.1. The scheme will be funded by a combination of public (Bracknell Forest Council and TVB LEP LGF) funding and private finance from BRP. An estimated funding profile is outlined in Table 4-3, split by the financial year.

**Table 4-3 – Estimated funding profile**

Budgetary Impact Summary (£s)	2020/21	2021/22	2022/23	Total (%)
Bracknell Forest Council	-	6,000,000	-	6,000,000 (31%)
Thames Valley Berkshire LEP	955,000	-	-	955,000 (5%)
Private Sector (BRP)	1,486,061	6,987,783	3,689,670	12,163,515 (64%)
<b>Total</b>	<b>2,441,061</b>	<b>12,987,783</b>	<b>3,689,670</b>	<b>19,118,515 (100%)</b>

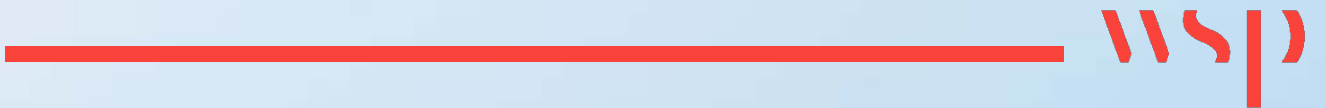
- 4.3.2. The largest contribution to scheme costs (£12.2 million) will be provided by BRP. In 2019, BRP has previously confirmed its intention to provide investment to bring the forward the scheme however since. BFC have also provided a contribution to encourage BRP to commit the funds necessary to

commence the development. The deterioration in market conditions as result of the Covid-19 Pandemic have meant, however, that the scheme is no longer viable based on previous funding commitments. Since the TVB LEP have granted the scheme entry into the programme to bid for Local Growth Funding (LGF), BRP have recommitted to providing the investment to allow the scheme to come forward. Appendix A present a summary of the minutes from the BRP Board Meeting in October 2020 and states that BRP will continue to progress with the scheme as planned if additional the LGF funding is secured.

- 4.3.3. A local contribution of £6 million from Bracknell Forest Council, will account for 31% of the scheme costs. This has been secured from Council reserves as part of a Development Agreement with BRP. This has been approved as part of the council's capital budget for the 2020/2021 year and the regeneration is set to be funded through council capital reserves.
- 4.3.4. Finally, if successful in being granted the LGF from TVB LEP, the £955,000 of LEP funding will be used to undertake the demolition of the old Bentalls site. This will give BRP the confidence to unlock the rest of the scheme despite the current adverse market conditions experienced throughout the UK.
- 4.3.5. Any additional cost incurred during scheme construction beyond the estimates in this Financial Case would be covered by BRP and their contractors as they bear the full risk of any additional financial obligations related to the scheme. BFC have secured the maximum amount possible from council capital reserves to support the scheme so no additional public funding will be provided if there are increases in costs.

# 5

## COMMERCIAL CASE



## 5 COMMERCIAL CASE

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### 5.1 INTRODUCTION

5.1.1. This chapter outlines the commercial viability of the scheme and the procurement strategy used to engage the market. The Commercial Case has been developed following the outline set out below:

- Output based specification;
- Procurement strategy;
- Sourcing options; and
- Risk allocation and transfer.

### 5.2 SERVICE REQUIREMENTS AND OUTPUTS

5.2.1. The scope of The Deck scheme includes partial demolition/strip out and subsequent redevelopment of the former Bentalls Department Store and former McDonald's in the town centre.

5.2.2. The demolition works include the soft strip and asbestos removal then demolition of the Unit 14 and Bentalls units.

5.2.3. The retail and public space works includes:

- Substructure
- Superstructure (building works and roof)
- Internal Finishes
- Fixtures, Fittings & Equipment
- MEP Services
- External Works (public realm)

5.2.4. The redevelopment will include:

- 3,207 sqm of Food and beverage uses (use class A3/A4/A5);
- 2,148 sqm of Assembly and leisure uses (use class D2);
- Night club (sui generis);
- Public event area;
- Roof covering;
- Public realm improvements; and
- Associated highway works.

### 5.3 PROCUREMENT STRATEGY

5.3.1. The town centre regeneration is being led by the BRP and as such their procurement strategy will be dictated by their own internal processes. BFC will, however, emphasise that any works undertaken making use of public funding will be subject to public accountability and scrutiny. The developers will procure all the works through selective tendering via their supply chain.

5.3.2. The initial soft strip and asbestos removal works for the scheme were a large unknown for BRP and they believe that if this had been put straight into a main contract tender that it would have created uncertainty and price or programme risk. Therefore, it was decided to proceed with the ongoing design changes to The Deck in early 2020 while progressing the soft strip and asbestos removal. This allowed the design risk to be reduced as it meant structural investigations could be carried out

to ratify structure as well as re-measure for dimensional accuracy as all dimensions for early stage design were based on a fully fitted out retail store

- 5.3.3. BRP negotiated with the lowest tendering contractor on the strip out (Erith Limited) for the remaining full demolition package. This is fixed to end of 2020 and would mean a dedicated procurement under its own Building Contract, for just this element of works. BRP have indicated that Erith Limited could be on site within 6 weeks to mobilise the demolition process. As specified in the project programme, the contract for demolition phase of the scheme will run from January 2020 to June 2020.
- 5.3.4. This option remains feasible, although will need to now be detached from the main contract rebuilding tender which has been prepared for the rest of the works. The contractor pricing remains open. BRP need to identify some of the site protection issues that are needed in the event of works being delayed beyond demolition as it will then be a cleared site needing protection.
- 5.3.5. BRP have considered two construction contract procurement routes:
- **Single Stage Design and Build** - This method utilises the contractors input into the design process and is more suited to new build projects. The contractor is able to understand the design solution far better than a traditional procurement route and as a consequence is able to price for taking the design and therefore programme responsibility, together with its associated risks.
  - **Two Stage Design and Build** – This is similar to a two-stage traditional approach. The contractor is introduced into the design process at an early stage which is developed under the Clients control. The contractor can be selected on limited documentation and they ‘buy into’ the Cost Plan, programme and will value engineer the project with the design team.
- 5.3.6. Both procurement methods are traditionally used for ‘un-complicated’ one-off schemes such as this the Deck. The matrix in Table 5-1 below demonstrates strengths and weaknesses of both options.

**Table 5-1 – Procurement routes considered**

Approach	Strengths	Weaknesses
<b>Single Stage Design &amp; Build</b>	<ul style="list-style-type: none"> <li>■ Tender sought based on time, design, efficiency and price</li> <li>■ Design and construction risk (development and co-ordination) with the contractor</li> <li>■ Price certainty (subject to changes of scope)</li> <li>■ Integrated design and construction functions</li> <li>■ Consultants can be novated to the contractor to maintain consistency of design</li> <li>■ Design process to suit contractor’s mode of operation</li> <li>■ Early site start as a minimum amount of design and specification are required to invite tenders</li> <li>■ Contractor input into design</li> <li>■ Less exposure to abortive fees</li> </ul>	<ul style="list-style-type: none"> <li>■ Contract variations can be expensive</li> <li>■ Quality can suffer</li> <li>■ Once agreed the contract can be inflexible</li> <li>■ Disputes under design and build contracts can arise when there are differences between the employer’s requirements and the contractor’s proposals</li> <li>■ If extensive variations are required by the employer during the construction period, this can have a seriously detrimental effect on the benefits which would otherwise be obtained by adopting a design and build contract</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Contractor responsible for final design information, therefore no opportunity to claim for late receipt of information</li> <li>▪ Single point responsibility</li> </ul>	
<b>Two Stage Design &amp; Build</b>	<ul style="list-style-type: none"> <li>▪ First stage tender is quicker with a limited cost on the basis of Preliminaries, Overheads and Profit and design fees</li> <li>▪ Design and construction risk (development and co-ordination) with the contractor</li> <li>▪ Price certainty at end of second stage (subject to scope changes)</li> <li>▪ Integrated design and construction functions</li> <li>▪ Consultants can be novated to the contractor to maintain consistency of design after the second stage tender completed</li> <li>▪ Design process to suit contractor's mode of operation</li> <li>▪ Contractor input into design, buildability and programme at an early stage</li> <li>▪ Less exposure to abortive fees</li> <li>▪ Contractor responsible for design information, therefore no opportunity to claim for late receipt of information</li> <li>▪ Contractor buys into cost plan at an early stage</li> <li>▪ Single point responsibility</li> <li>▪ Flexible up to the point of second stage tender agreement</li> </ul>	<ul style="list-style-type: none"> <li>▪ Contract variations can be expensive</li> <li>▪ Quality can suffer</li> <li>▪ Reasonable lead-in time required</li> <li>▪ Once agreed the contract can be inflexible</li> <li>▪ Project could fail without correct approach from both client and contractor</li> <li>▪ Second stage tender costs high and can be abortive if acceptable contract sum not agreeable</li> <li>▪ Disputes under design and build contracts can arise when there are differences between the employer's requirements and the contractor's proposals</li> <li>▪ If extensive variations are required by the employer during the construction period, this can have a seriously detrimental effect on the benefits which would otherwise be obtained by adopting a design and build contract</li> </ul>

5.3.7. Given the nature of the works and intention to deliver by 2022 Q3, BRP are procuring the works using the Single Stage Design and Build procurement route. The form of contract being Joint Contract Tribunal (JCT) Design and Build Contract 2016 edition. This decision is outlined in more detail in procurement strategy paper in Appendix C.

5.3.8. This method allows early identification of a suitable contractor and enables this contractor to be involved as the design develops. BRP can decide when to novate the architect and other design team members. This seeks to place some of the remaining risk on design with the main contractor through a series of Construction Design Portion (CDP) packages. These have been developed to RIBA Stage 4 to limit the potential exposure on design risk as they have been taken to a more detailed level than is sometimes the case with Design and Build routes.

5.3.9. A variation on this may be to get initial pricing of Preliminaries, Profit and Overheads from four or five contractors to narrow down a tender list.

5.3.10. As specified in the project programme, the contract for construction of the scheme will run from June 2020 to August 2022.

## 5.4 SOURCING OPTIONS

5.4.1. BRP has chosen to procure the design works using the existing relationships built in earlier project stages in regeneration of the town centre due to the underlying knowledge of Bracknell within the

team. These existing supplier relationships will be easier to transition to the Deck scheme borne out of the successful implementation of the Princess Square upgrade earlier in 2020. The time spent to introduce a fully new team and integrate them was deemed to be unnecessary.

- 5.4.2. Specialists for roof design have been introduced where there was insufficient knowledge in house and sourcing this specialism was deemed to be better dealt with by negotiating with known companies in the field that were known to the incumbent team, rather than presenting this to the wider market and having to spend valuable design time, selecting suitable providers.
- 5.4.3. The experience of the design team, knowledge of the market and the 'fit' of suitable contractors to the type of work is an important consideration in contractor selection. For this project BRP do not believe the pre-qualification stage need not be too formal, however the financial and 'health' checks on any contractors would still be undertaken. Four contractors will be invited to tender after a Pre-Qualification Questionnaire (PQQ) process. At this time, the following list of contractors has been identified:
- Vinci Construction
  - McClaren Construction
  - Graham Limited
  - RG Group Ltd
  - Galliford Try
- 5.4.4. The contract will be subject to a competitive tendering process and each tender will be evaluated so that the evaluation team are satisfied that each Contractor has properly understood the project scope within its tender and has presented both a competitive tender price and realistic programme for the overall delivery, as well as demonstrating a good understanding of the overall project.
- 5.4.5. Once the stage tender is priced, BRP believe there should be a reasonably clear path to reaching an agreed contract sum with the preferred contractor. There will inevitably be some closing negotiations to clarify positions, allowances and expectations and to incorporate any late changes to design or material selection. The Building Contract will be drafted at this point but nearly always will be subject to final discussions on commercial and legal points. Cash flow expectations, contract sum analysis can also be confirmed at this point.

## 5.5 RISK ALLOCATION

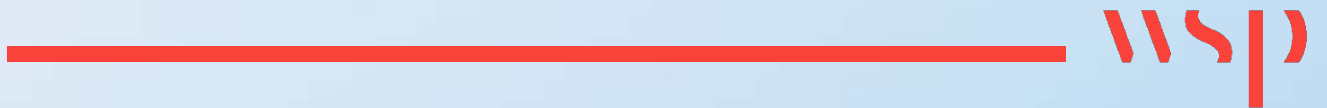
- 5.5.1. The developers design team have prepared a risk assessment based on their experience and following detailed investigations on the ground. It is for the developer's team to allocate risks to the organisation best suited to overcome the risk.
- 5.5.2. Table 5-2 shows the likely allocation of risk between the public and private sector for this project. The risks for the scheme will be mostly transferred to BRP and any Contractor they procure to undertake the works, as they are responsible for ensuring that works are complete. BFC risks are more reputational risks.

**Table 5-2 – Risk transfer matrix**

<b>RISK TRANSFER MATRIX</b>			
<b>Risk Category</b>	<b>Potential allocation</b>		
	<b>Public</b>	<b>Private</b>	<b>Shared</b>
1. Design risk		✓	
2. Construction and development risk		✓	
3. Transition and implementation risk		✓	
4. Availability and performance risk		✓	
5. Operating risk		✓	
6. Variability of revenue risks		✓	
7. Termination risks		✓	
8. Technology and obsolescence risks		✓	
9. Control risks		✓	
10. Residual value risks		✓	
11. Financing risks		✓	
12. Other project risks			✓

# 6

## MANAGEMENT CASE



## 6 MANAGEMENT CASE

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### 6.1 INTRODUCTION

6.1.1. The Management Case sets out the processes and controls in place to manage the implementation of the scheme, and track and realise future benefits. It demonstrates the way in which the scheme will be delivered in accordance with best practice, outlines timescales, and establishes the governance structure and assurance framework that will oversee the project. The following sections cover:

- Evidence of similar projects;
- Programme and project dependencies and interfaces;
- Governance, organisational structure and roles;
- Programme and project reporting against milestones;
- The stakeholder management process;
- Risk management strategy; and
- How the benefits set out in the economic case will be monitored and realised.

### 6.2 EVIDENCE OF SIMILAR PROJECTS

- 6.2.1. The Bracknell Regeneration Partnership (BRP) who are delivering the regeneration of Bracknell Town Centre is a Joint Venture between Legal and General property and Schroders. Legal and General Property (LGP) are the Development Managers for the project and are one of the largest and most experienced Fund managers of Commercial Property in the UK. LGP have a dedicated team of 11 professionals in their Development Team who deal with major redevelopments across the UK including projects in London, Birmingham and Cardiff as well as other major projects within Bracknell Borough. These include retail and leisure, residential and office projects, across the spectrum of differing sectors.
- 6.2.2. LGP is providing significant infrastructure and regeneration capital in the UK in the next five years (circa £15bn) and is committed to stimulating the UK economy through capital investment. LGP was founded in 2013 to help look after the financial interests of its millions of customers. It helps deliver benefits to society by ensure financial security for its customers and funding investments in public projects. In 2013, LGP invested £2.9 billion in a range of sectors, including housing, care homes, hospitals and city regeneration. LGP and Schroders have been long term partners with the Council on the delivery of the Town Centre Regeneration.
- 6.2.3. The Lexicon, part of the Bracknell regeneration programme and built by BRP, has been recognised by many organisations as an example of a successful town centre regeneration project. Revo is an organisation which shapes the future of retail property by working with Government and others to help develop a beneficial regulatory environment. In 2017, The Lexicon and BRP were successful at the annual Revo awards ceremony winning Gold in the Re:new category and 'Best of the Best' in

the Re:turn category<sup>33</sup>. The Lexicon and BRP were also successful at the South East RICS Awards 2019 after being awarded the Regeneration project award<sup>34</sup>. Finally, the Lexicon won 'Development of the Year' at the Thames Valley Property awards in 2018<sup>35</sup>. These awards reflect the quality and scale of one of the largest town centre regeneration projects in the UK. It also demonstrates that effective management arrangements were put in place by BRP to deliver the project successfully.

## 6.3 PROJECT MANAGEMENT GOVERNANCE ARRANGEMENTS

6.3.1. Governance arrangements for Bracknell Town Centre are already well developed and are operating successfully. This is because the scheme has already received Planning approval and successfully delivered the earlier phases of the town centre regeneration.

### BRP BOARD

6.3.2. An appropriate governance structure is essential to the successful operation of the town centre and delivery of the scheme. The BRP Board is well established, aligned with best practice guidance on project and programme management.

6.3.3. The BRP Board is the decision-making body for BRP. It provides overall direction of the Town Centre, the Deck scheme and is accountable for its success. It approves all major plans and authorises any significant deviations from agreed plans. The Board ensures that the required resources are committed and arbitrates on any conflicts in the project.

6.3.4. Project reporting to the Board will include the necessary detail to inform the Board's primary function of decision-making and review. The reporting will be delivered through the project Delivery Team in advance of Board meetings. The reporting will provide updates on scheme progress including programme review, financial matters, risks and opportunities. Particular emphasis will be given to change events and will highlight any key decision or actions required by the Board.

6.3.5. The Board meet on a regular basis review the progress of projects such as the Deck against the programme, identifying if milestones have been met and will make decisions at gateway review points.

6.3.6. The BRP Project Director in conjunction with their contractors will oversee the detailed design, construction and monitoring stages of the scheme. The day to day delivery of the scheme will be managed by the Project Manager.

6.3.7. An organogram detailing the BRP and consultant team organisational structure for the scheme as it currently stands can be seen in Table 6-1.

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<sup>33</sup> <https://www.thelexiconbracknell.com/news/top-industry-award>

<sup>34</sup> <https://www.rics.org/uk/training-events/rics-awards/rics-awards-south-east/>

<sup>35</sup> <https://thamesvalleypropertyawards.co.uk/winners-2018/>

**Table 6-1 – Project consultant team**

<b>Consultant</b>	<b>Role</b>
Piper Whitlock	Architect
Campbell Reith	Civil and Structural Engineer
Cudd Bentley	Mechanical and Electrical Engineer
MHBC	Project Manager, Principal Designer, Contract Administrator and Cost Consultant
Deloitte	Planning Consultant
KPM Fire Solutions	Fire Engineer
David Bonnett	Access Consultant
Gillespies LLP	Landscape Design
Plowman Craven	Measured Survey Surveyor
TBC	Roofing Consultant

## 6.4 DEPENDENCIES

- 6.4.1. The successful delivery of this scheme is not dependent on the prior delivery of any other project, nor is any other project dependent upon this scheme.
- 6.4.2. The scheme is dependent upon the receipt of the LGF funding. Without this funding the scheme will not proceed.

## 6.5 PROJECT PROGRAMME

- 6.5.1. A project programme has been developed by BRP setting out all the key project tasks and their duration, the interdependencies between each of the tasks, with key milestones and gateways also recorded. This can be found in Appendix D. Certain elements of the programme have built in tolerance/contingency to account for risks identified within the risk register (which could have an impact upon the programme).
- 6.5.2. The programme will be a live document, with progress on planned task completion being monitored against actual progress on a weekly basis by the project manager. The Project Manager will report progress against plan to the BRP Board.

**Table 6-2 – Key Programme Dates / Milestones**

Key Milestones	Dates
Full Business Case submitted to TVB LEP	w/e 30 <sup>th</sup> October 2020
TVB LEP Board Meeting and Approval Decision	12 <sup>th</sup> November 2020
Demolition of Bentall's	January 2021 – June 2021
Construction of The Deck	June 2021 – August 2022
Tenant fitouts	April 2022 – August 2022
Scheme Opening	August 2022

## 6.6 RISK MANAGEMENT ARRANGEMENTS

- 6.6.1. The approach to risk management taken on the project, is a methodical approach which involves identifying, quantifying and managing risks. It proceeds through a process which is broadly cyclical (plan-do-review) requiring an on-going review and update of risks to ensure that effective controls are implemented during for the operation of the town centre and delivery of the scheme.
- 6.6.2. The risk assessment has been undertaken using the following process
- Risk identification;
  - Risk quantification - Assessing the impacts of risk;
  - Managing risk.
- 6.6.3. Completion of each of these processes enable the population of a risk register for operations of Bracknell town centre. An extract of the risk register can be found in Appendix E which shows risks that have been highlighted relating to the scheme.

### RISK IDENTIFICATION

- 6.6.4. BRP and their consultants populated (and “own” / manage) the risk register for the operation of the whole town centre, identifying all risks which have the potential to stop or hinder the successful delivery of the project and their operations. The risk register is also a ‘live document’ meaning that it is reviewed regularly, so that individual risks can be monitored and updated.

### RISK QUANTIFICATION

- 6.6.5. Risk are quantified by assessing the severity of impact on the project. These are scored using a 3-scale point system from Low, Medium to High.

### MANAGING RISKS (RESPONSE PLANS AND MITIGATION)

- 6.6.6. Following the initial assessment of risks, a systematic approach is adopted to respond to risks and allocate responsibility to the most appropriate party in line with the governance arrangements. One of the following four strategies is adopted for each risk when developing a suitable response plan:
- Accept or tolerate consequences in the event that the risk occurs – In the event that a) the cost of taking any action exceeds the potential benefit gained; or b) there are no alternative courses of action available;

- Treating the risk – Continuing with the activity that caused the risk by employing four different types of control including preventative, corrective, directive and detective controls;
- Transferring the risk – Risks could be transferred to a third party e.g. insurer or contractor; and
- Terminating the activity that gives rise to the risk.

## **6.7 ASSURANCE AND APPROVAL PLANS**

6.7.1. BRP and its consultancy team follow a “Gateway Process” as a mechanism for assessing projects at critical stages in their lifecycle prior to commencing the next stage. The use of the Gateway process enables:

- Realistic and achievable targets to ensure successful delivery;
- Deployment of relevant skills and competencies to a project;
- Compliance with best practice;
- Key stakeholder input and understanding;
- Project feedback through lessons learnt; and
- A visible audit trail.

6.7.2. These milestones have been built into the project programme and will be monitored by the Developers Project Manager and reported to the BRP Board.

### **QUALITY ASSURANCE OF WORKS BEING PERFORMED**

6.7.3. The building contract will be administered by a Contract Administrator whose duties include fortnightly inspections of works in progress for compliance with quality standards set by the Building Contract and associated specifications drafted by the design team (architect, structural engineer and services consultants).

6.7.4. On a monthly basis the quantity surveyor will value the works completed after verifying scope by inspection and will issue a “valuation” to the contract administrator to raise a payment certificate. In order to raise such a certificate, the contract administrator will need to have first obtained a commentary for the design team that the works as progress are free, as far as can be ascertained by visual inspection, of defects.

6.7.5. In the event that works are not to the specified standard the contract administrator will issue a certificate on none conformity and payment to the contractor will be adjusted by the quantity surveyor to reflect the value of works (if any) which fail to meet the necessary standard(s).

6.7.6. In the connection with mechanical and electrical services the contractor will need to demonstrate to the contract administrator, the services consultants and independent commissioning engineers, that systems are performing to the intended standards.

6.7.7. This rolling process of quality assurance, involving all the design team, is intended to allow deficiencies (if any) to be dealt with as the works progress rather than allow them to accumulate to the end of the project.

### **FUNDING ASSURANCE**

6.7.8. The Section 151 Officer will approve the release of local funding, when satisfied and appropriate to do so.

## 6.8 STAKEHOLDERS

- 6.8.1. As the proposals have evolved, BRP has continued to engage with the community and considered the views of all those affected by them. The process has been in full accordance with pre-applications advice both at the national and the local level.
- 6.8.2. In November 2016, a pre-application consultation exercise was undertaken to allow local residents and other key stakeholders to express their views on the proposals and to inform the design of the development. This complied with national and local requirements, allowing a range of stakeholders to have their say and openly influence the proposals through consultation.
- 6.8.3. The key objectives of the scheme's stakeholder management process are to:
- Keep stakeholders aware of schemes development and progress;
  - Increase public and stakeholder awareness of the scheme through local publicity; and
  - Provide information and support to those affected by the scheme during construction and operation.
- 6.8.4. The scheme's Statement of Community Involvement (SCI) aligns with the Government's reform of the planning system, emphasising increased community participation. The SCI's key objectives involved engaging with representatives of the BFC, key stakeholders, as well as groups and residents in the area, and to allow the community adequate opportunity to consider, understand and comment on the development proposed.
- 6.8.5. The pre-application exhibition exercise included the following components:
- Pre-application consultation with BFC;
  - Technical meetings with BFC Officers;
  - Private exhibition with key stakeholders; and
  - Public exhibition with members of the public.

## 6.9 BENEFITS REALISATION ARRANGEMENTS

- 6.9.1. As part of the ongoing management of the town centre BRP will employ their own monitoring and evaluation processes to ensure that the scheme provides a return on investment. Monitoring and evaluation are important elements of any major project. They help to determine the extent to which it is meeting its objectives and delivering the expected benefits, helping to improve future decision making.
- **Monitoring** seeks to check progress against planned targets. It can be defined as the formal reporting and evidencing that spend and outputs are successfully delivered, and milestones met
  - **Evaluation** is the assessment of the initiative's effectiveness and efficiency during and after implementation. It seeks to measure the causal effect of the scheme on planned outcomes and impacts and assessing whether the anticipated benefits have been realised, how this was achieved, or if not, why not.
- 6.9.2. BRP have an asset management team which produces in-depth research into every phase of the scheme and look at following information:
- Focus groups;
  - Footfall analysis;
  - Catchment data; and

- population growth statistics.

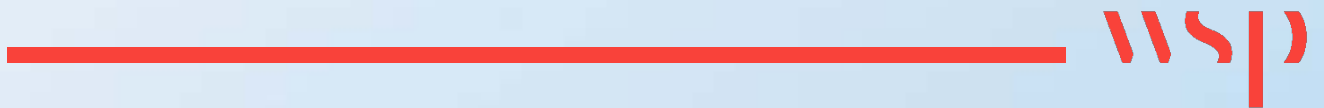
- 6.9.3. These are reanalysed at every phase of ongoing development such as the Deck. BRP have quarterly board meetings which evaluate the data and analysis the asset management team have produced and make decisions based on that analysis.
- 6.9.4. Section 2.6 in the Strategic Case outlines the measure of success that have been developed for the scheme and where possible BRP and BFC will work collaboratively to monitor these targets and evaluate the progress towards them. It is anticipated that the benefits will be realised in stages as The Deck is built. The expectation is that these benefits will be delivered in line with the overall delivery programme and as the individual leisure facilities open so that the community can experience the new leisure and evening offering in the town centre.

## **6.10 CONTINGENCY PLANS**

- 6.10.1. Contingency planning forms part of the risk register and are reviewed by BRP and their design team (and reviewed by the BRP Board).
- 6.10.2. For example, Appendix A indicates that BRP will continue to assess different high-level options for the site and units in the case that the food and beverage market does not recover as expected post COVID-19 pandemic. BRP have agreed to continue progress with the preferred option but have built in milestones in the programme to review this decision and the potential uses for the newly built units. Alternative options would produce smaller profit margins for BRP but would still mitigate against a worst-case scenario of empty units.

# Appendix A

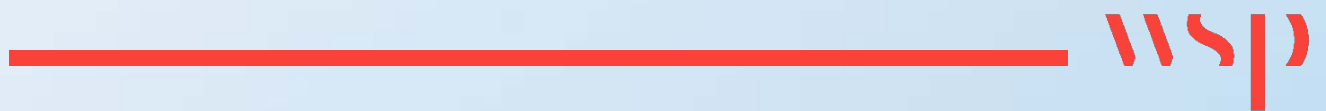
BRP BOARD MEETING MINUTES  
SUMMARY 20/10/2020





# Appendix B

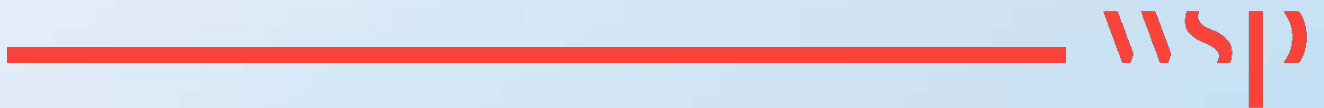
COST PLAN - THE DECK





# Appendix C

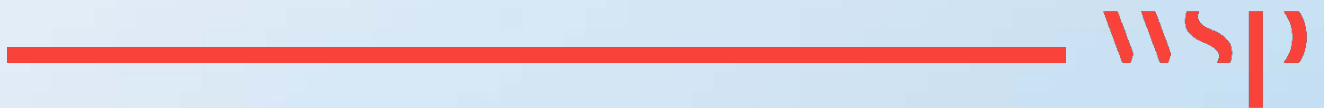
PROCUREMENT STRATEGY PAPER





# Appendix D

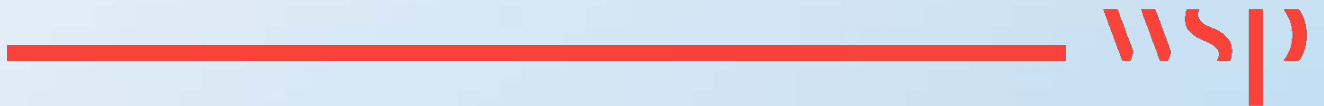
BRACKNELL STRATEGIC  
PROGRAMME





# Appendix E

RISK REGISTER - THE DECK  
EXTRACT







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