



Capital Scheme Business Case

Oxen Cove Landing Jetty

Version:	1.0
Date:	04.09.17
Author:	Kevin Mowat
Director/Executive Head:	Kevin Mowat
Project Manager:	TDA
Business Unit/Service:	Business Services

1. Executive Summary

The Council is being asked to authorise a capital scheme at Brixham harbour.

A growing demand exists for new infrastructure in support of the shellfish sector of the fishing industry in Brixham. To this end the construction of a new landing jetty is required adjacent to Oxen Cove in Brixham Harbour. This scheme will need to be included in the Council's Capital Plan and an appropriate level of borrowing approved.

This scheme is not currently listed within the Council's agreed Capital Plan.

At its meeting held on 26th June 2017, the Harbour Committee agreed to support proposals for the development and future use of Oxen Cove and/or Freshwater Quarry to provide facilities connected with the shellfish industry. Furthermore the Committee authorised the Executive Head of Business Services to work up detailed proposals for a dedicated landing jetty adjacent to Oxen Cove or Freshwater Quarry.

The Minutes of the Harbour Committee also state that, ***“subject to a viable business case, the Executive Head of Business Services is asked to submit detailed proposals in a further report to the Harbour Committee and Council, to enable development to commence.”***

2. Strategic Fit

2.1 Scheme objective

A growing demand exists for new infrastructure in support of the shellfish sector of the fishing industry in Brixham. To this end the construction of a new landing jetty is required adjacent to Oxen Cove in Brixham Harbour. This scheme will need to be included in the Council's Capital Plan and an appropriate level of borrowing approved.

The future use of Oxen Cove and/or the Freshwater Quarry area of Brixham, for employment purposes, is clearly identified in a number of strategic plans. In particular the Torbay Local Plan, the Tor Bay Harbour Port Masterplan and the emerging Brixham Peninsula Neighbourhood Plan.

2.2 Statutory Framework

Under Clause 33 of the Harbour, Docks and Piers Clauses Act 1847, Tor Bay Harbour is subject to what is called the “Open Port Duty”. This means that the harbour must be open to anyone “for the shipping and unshipping of goods and the embarking and landing of passengers”, on payment of the rates and other conditions set by the Council. A harbour authority has a duty to conserve the harbour so that it is reasonably fit for use as a port, and a duty of reasonable care to see that the harbour is in a fit condition for a vessel to use it.

2.3 Policy Framework

This proposal supports the Council's ambition to be a 'Prosperous' Torbay.

This proposal supports the principle "Use reducing resources to best effect" by addressing "new ways to generate income using our current resources".

A new landing jetty at Oxen Cove, Brixham harbour, will provide additional port infrastructure in support of the shellfish industry. This proposal therefore aligns with three specific actions from 'Targeted Action 2' within the Corporate Plan Delivery Plans, namely;-

- Continue delivery of the Port Masterplan
- Continue delivery of the Local Plan and associated growth
- Deliver the Corporate Capital Plan, maximising the use of Council assets for development with the aim of increasing revenue to the Council

2.4 Equality, Diversity and Deprivation

No differential impact - this scheme will create a landing jetty for shellfish products and will not be available for public access.

2.5 Condition of the asset

This business case supports the construction of a new asset.

2.7 Interfaces and Critical Dependencies

A new income stream from the landing of harvested mussels is critical to support the borrowing costs. The scheme is also dependent on external grant funding to help reduce the level of borrowing.

The new landing jetty will be located away from the existing public slipway in Oxen Cove to avoid conflict with existing harbour users.

A number of the smaller outer harbour swing moorings will need to be dropped to make room for the new landing jetty but in recent years these facilities have not reached full occupancy and therefore a consolidation of the moorings stock should not result in any lost income.

The structure will require ongoing maintenance and specifically the steel piles will need to be protected against accelerated low-water corrosion (ALWC).

However, a minimum asset life of 40 years can easily be expected.

If sufficient funding is available a smaller (narrow) jetty will also be constructed parallel to the main landing jetty to allow for future boat lifting activity by way of a straddle lift.

2.8 Critical Success Factors

An external grant of between £500k and £1m from the European Maritime and Fisheries Fund (EMFF) is critical to the delivery of this new infrastructure. The project will be considered a success if the new landing jetty is used for the

intended purpose and subsequently helps to deliver a new income stream that will be used to support the cost of borrowing. Further critical success factors include, completion of the works without major disruption, on time and within the forecast budget. Wider success factors will relate to the creation of new jobs, inward investment and delivery against a number of strategic objectives.

3. Options Appraisal

Options considered	Brief explanation of options (including justifying options exclusion where applicable)
Do nothing	This option would represent a missed opportunity to diversify the fishing industry in Brixham, create new jobs and provide clear economic benefits.
To use existing port infrastructure	This option would lead to increased congestion of the existing facilities and inevitable conflict with the already successful and expanding catching sector of the fishing industry.
For the Council to endorse the Harbour Committee's support of proposals for the development and future use of Oxen Cove and/or Freshwater Quarry for employment purposes so as to provide facilities connected with the shellfish industry and that the proposal to construct a new landing jetty at Brixham harbour is approved as detailed in this business case and that the scheme should be included in the Council's Capital Plan.	The Executive Head of Business Services should commission the Torbay Development Agency (TDA) and/or other specialist professional support services to undertake additional ground investigation work, including design, cost estimates, statutory consents, tendering and project management for the construction of the new landing jetty. Also, for the TDA and Executive Head of Business Services should submit an application for external grant funding. This is the preferred and recommended option.

4. Financial Aspects

4.1 Financial Investment

	Option 1	Option 2	Option 3	Years 1 ~ 3	Years 4 ~ 7
Total Capital Investment	£1,966,500	£1,966,500	£1,966,500		
Made up of:					
External Grant Funding	£1,000,000	£750,000	£500,000		
Capital Receipt					
Allocated Capital Grant					
Unringfenced Capital Grant					
Prudential Borrowing	£966,500	£1,216,500	£1,466,500		
Ongoing Revenue Costs:					
Repairs and Maintenance				Nil	£2,000
Staffing				Nil	Nil
Other (cost of borrowing)	£49,926	£62,840	£75,755		

4.2 Financial Savings

	Option 1	Option 2	Option 3	Years 1 ~ 3	Years 4 ~ 7
Savings against current costs					
Additional income	£65,000 to £100,000	£65,000 to £100,000	£65,000 to £100,000	£65,000 to £100,000	£100,000 +
Foregone income	Nil	Nil	Nil	Nil	Nil
Efficiency savings – Council	Nil	Nil	Nil	Nil	Nil
Efficiency savings – Other public sector	Nil	Nil	Nil	Nil	Nil

5. Outcomes, Benefits and Dis-benefits

The medium-term proposals put forward by Offshore Shellfish Ltd (OSL), will bring significant employment and other economic benefits to the Torbay region, as well as an economic benefit to the national economy through exports or indeed the reduction of imports. OSL currently employ 8 people and are recruiting 4 more in 2017. These are full-time salaried positions with training and long-term career possibilities in a growing and sustainable industry. The company have an existing 15m harvesting vessel and a new 24m harvesting vessel arriving this autumn. At full production OSL expect to have other additional vessels, around 20 seagoing crew, 3 maintenance yard staff, 5 administration, sales and management personnel, and 50 or more staff in the wet store and processing plant, depending on throughput and product types. In total this one employer could generate in the region of 80 jobs based in Brixham.

6. Risk Summary

6.1 Risk of not implementing the scheme

Risk Description	Risk Mitigation
A budget of approximately £240,000 will be required to undertake site investigation works, along with the scheme design, external grant funding application and various consent fees, including a planning application. There is a possibility that these proposals may not reach the construction phase and therefore the funding for this work is being undertaken at risk.	Completion of the proposed scheme.
There is a risk that a significant opportunity will be missed for the local shellfish industry, as well as the local economy and local employment, if the Council do not proceed with a dedicated landing jetty adjacent to Oxen Cove, along with new processing facilities, in the future.	Completion of the proposed scheme.

6.2 Risk of delivering the scheme

Risk Description	Risk Mitigation
The scheme costs exceed the available budget.	The project will be managed closely.
There is a risk that the mussel landing income is not achieved.	The new facility can be used for a variety of different uses that can generate new income streams. e.g. boat-lifting, landing of other fish products including crabs or an additional passenger landing berth (charter boats).

6.3 Strategic Risk Register

To be reviewed if the scheme progresses.

7. Project Delivery

7.1 Project Roles

The **Project Sponsor** will be Kevin Mowat, Executive Head – Business Services.

The **Project Manager** will be allocated by the Torbay Development Agency.

7.2 Milestones

Milestone	Date	Dependency/Interface
Council decision whether to proceed	19 th October 2017	
MMO Construction Licence	Spring 2018	Views of statutory consultees
Planning Application Approval	Early 2018	Acceptable EIA & HRA
Approval of EMF Grant Funding	Spring 2018	Business Case

This section will be completed if the scheme is agreed.