

Clerk: Lisa Antrobus
Telephone: 01803 207013
E-mail address: governance.support@torbay.gov.uk
Date: Monday, 12 July 2021

Governance Support
Town Hall
Castle Circus
Torquay
TQ1 3DR

Dear Member

CABINET - TUESDAY, 13 JULY 2021

I am now able to enclose, for consideration at the Tuesday, 13 July 2021 meeting of the Cabinet, the following reports that were unavailable when the agenda was printed.

Agenda No	Item	Page
12.	Torquay Town Deal - Business Cases	(Pages 2 - 79)

Yours sincerely

Lisa Antrobus
Clerk

Meeting: Cabinet

Date: 13th July 2021

Wards Affected:

Report Title: Torquay Town Deal – Business Case Assurance

Cabinet Member Contact Details: Cllr Swithin Long, Cabinet member for Regeneration, Housing and Tourism, swithin.long@torbay.gov.uk

Director/Assistant Director Contact Details: Alan Denby, Director of Economic Strategy, alan.denby@tda.uk.net

1. Purpose of Report

- 1.1 In July 2020 the Council submitted a Town Investment Plan in respect of Torquay seeking funding from the Government's Town Deal programme administered by the Ministry of Housing, Communities and Local Government (MHCLG). The Council was advised in the autumn of last year that the Investment Plan would be supported by £21.9M of Town Deal grant subject to business cases. The first three business cases are now ready for submission in respect of Edginswell Rail Station, Harbour Public Realm and Stronger Futures projects.
- 1.2 Submitting these business cases to MHCLG and their anticipated approval will confirm the overall funding package in the case of Edginswell Rail Station and for the Harbour Public Realm and Stronger Futures projects will allow for these projects to begin delivery from the autumn of 2021.
- 1.3 The projects will all contribute towards the objectives of Torquay's investment plan namely;
 - A high quality, vibrant town centre
 - A better connected and more accessible place
 - A high-quality economy
- 1.4 The projects will deliver a range of benefits which are expected to include increased footfall and visitors in the town centre, improved journey times and access into and around Torbay, an improved cultural and tourism offer, higher skill levels and more jobs.
- 1.5 Torquay's Town Board has given, at its meeting of 9th July, its support to the submission of the business cases.

2. Reason for Proposal and its benefits

We want Torbay and its residents to thrive.

We want Torbay to be a place where we have turned the tide on poverty and tackled inequalities; where our children and older people will have high aspirations and where there are quality jobs, good pay and affordable housing for our residents.

We want Torbay to be the premier resort in the UK, with a vibrant arts and cultural offer for our residents and visitors to enjoy; where our built and natural environment is celebrated and where we play our part in addressing the climate change emergency.

- 2.1 The proposals in this report help us to deliver this ambition by supporting delivery of the thriving economy theme of the community plan and in doing so address the challenges of poverty and deprivation in Torquay. The projects will result in additional investment into Torquay bringing about the delivery of;
- a new railway station which supports the Edginswell area including the planned hospital improvements at Torbay Hospital,
 - improved public realm which will complement investments from the public and private sector around the harbour area and ensuring that it is enhanced as the vibrant heart of the town
 - the Stronger Future project which will support the development of a new events for Torquay which will capitalise on Torquay's cultural assets to help local people engage more with cultural activity and attract visitors with skills support helping people get into employment and progress in key local sectors including construction, hospitality and electronics & photonics.
- 2.2 The reasons for the decision are to allow delivery of Town Investment Plan projects from autumn of this year which will demonstrate to the local community, investors and government the progress of the Town Deal. Submission of the business cases and the subsequent funding through the Town Deal provides investment which will create employment, attract additional investment and support residents in accessing support to help them gain work and deepen their skills in key sectors thereby in time contributing to a more resilient local economy.
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3. Recommendation(s) / Proposed Decision

- (i) That Cabinet notes the endorsement of the Torquay Town Board in respect of the business cases for the Edginswell Rail Station, Harbour Public Realm and Stronger Future projects; and
- (ii) that the business cases as set out in Appendix 1 to the published report be submitted to the Ministry for Housing Communities and Local Government for their consideration in order to allow for delivery to begin from autumn.

Appendices

Appendix 1: Towns Fund Business Cases

Background Documents

Torquay Town Investment Plan approved July 2020 and summarised here

<https://www.torbay.gov.uk/leisure-sports-and-community/regeneration/torquay-towns-fund/>

Report Clearance

Supporting Information

1. Introduction

- 1.1 In July 2020 the Council submitted a Town Investment Plan in respect of Torquay seeking funding from the Government's Town Deal programme administered by the Ministry of Housing, Communities and Local Government (MHCLG). The Council was advised in the autumn of last year that the Investment Plan would be supported by £21.9M of Town Deal grant subject to business cases. The first three business cases are now ready for submission in respect of Edginswell Rail Station, Harbour Public Realm and Stronger Future projects.
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- 1.4 The projects will deliver a range of benefits which are expected to include increased footfall and visitors in the town centre, improved journey times and access into and around Torbay, an improved cultural and tourism offer, higher skill levels and more jobs.
- 1.5 The proposals in this report help us to deliver this ambition by supporting delivery of the thriving economy theme of the community plan and in doing so address the challenges of poverty and deprivation in Torquay.
- 1.6 The stage 2 guidance requires that Green Book compliant business cases be developed, in a proportionate manner, for each project in order to allocate government funds. MHCLG may only require sight of the Summary Document, although MHCLG also reserves the right to call in any business case to be assured centrally and expect business cases to include the evidence for the intervention and an assessment of value for money. Typically, this would include the following considerations at a level proportionate to the scale of funding required for the proposal:
 - a clear economic rationale that justifies the use of public funds in addition to how a proposed project is expected to contribute to strategic objectives
 - clearly defined inputs, activities, outputs and anticipated outcomes, ensuring that factors such as displacement and deadweight have been considered
 - benefits that exceed the costs of intervention using appropriate value for money metrics
 - appropriate consideration of deliverability and risk along with appropriate mitigating action (the costs of which must be clearly understood).

1.7 This paragraph notes the projects and provides a high level of summary of how the projects align to the 5 business case model typically used by MHCLG;

- o a new railway station which supports the Edginswell area including the planned hospital improvements at Torbay Hospital,

Case	
Strategic	Torquay Gateway/Edginswell opportunity Modal shift
Economic	Location options considered DfT Transport Appraisal Guidance User Benefit Three scenarios considered BCR of 6.8 to 7.4
Financial	Costs £13.1 million £3 million from Town Deal Other public match funds
Commercial	Design and build contract to Network Rail who appoint contractor
Management	Torbay Council, TDA, Network Rail and Great Western Railway

- o improved public realm which will complement investments from the public and private sector around the harbour area and ensuring that it is enhanced as the vibrant heart of the town

Case	
Strategic	Improve quality of environment Increase footfall and vitality Encourage investment Improve connectivity
Economic	Three options considered Benefits include land value uplift and active travel and health impacts BCR > 12
Financial	Costs £2.2 million All Town Deal funds
Commercial	Competitive appointment of highways contractor
Management	TDA to manage

- the Stronger Future project which will support the development of new events for Torquay which will capitalise on Torquay’s cultural assets to help local people engage more with cultural activity, attract visitors and with skills support, helping people get into employment and progress in key local sectors including construction, hospitality and electronics & photonics

• Case	•
• Strategic	<ul style="list-style-type: none"> • Tackling deprivation, skills and productivity challenges and Covid recovery • Cultural Landscapes • Ready for Work • Sector Pathways
• Economic	<ul style="list-style-type: none"> • Building on existing schemes • Benefits: visitors, employment, better jobs • BCR around 3
• Financial	<ul style="list-style-type: none"> • Costs £1 million • £600,000 from Town Deal • Match from various sources
• Commercial	<ul style="list-style-type: none"> • Competitive appointment of specialist providers
• Management	<ul style="list-style-type: none"> • TDA to manage

1.8 The reasons for the decision are to allow delivery of Town Investment Plan projects from autumn of this year which will demonstrate to the local community, investors and government the progress of the Town Deal. Submission of the business cases and the subsequent funding through the Town Deal provides investment which will create employment, attract additional investment and support residents in accessing support to help them gain work and deepen their skills in key sectors thereby, in time, contributing to a more resilient local economy.

1.9 The Town Board has now considered, reviewed and endorsed the business cases for submission, the Cabinet is now required to sign off the business cases so that they can be presented to MHCLG for their consideration.

2. Options under consideration

2.1 Do nothing – Where the Cabinet not to agree to submit the business cases then the Towns Fund grant will not be released and the anticipated benefits from the schemes will not accrue. There would be significant disadvantages with this option which could include the loss of grant, lack of achievement of economic benefits and reputational harm with Government and local partners.

2.2 To agree the recommendation – delivery of the projects. There are no anticipated disadvantages from this option.

3. Financial Opportunities and Implications

3.1 Accepting the recommendations here will allow the Council to begin the process of drawing down the £21.9M of Towns Fund investment offered by Government. This will also unlock Department of Transport investment for Edginswell Railway Station. In time it is expected that the projects will support an improved economy in Torquay with a more vibrant town centre, increased footfall and spend which should have a positive impact on town centre voids, business rates, car parking and ultimately on the prosperity of the town.

4. Legal Implications

4.1 There are no implications of the decision.

5. Engagement and Consultation

5.1 The Town Investment Plan draws heavily on the work of the Torquay Neighbourhood Plan and the community partners who led that work. There has also been project specific consultation over a period of more than three years in respect of the capital projects.

6. Purchasing or Hiring of Goods and/or Services

6.1 The three business cases will apply appropriate procurement strategies considering the Council and Town Board's objectives. Wherever possible opportunities for local supply and maximising local benefits will be sought including for instance using employment and skills plans in line with community wealth building and social value principles.

7. Tackling Climate Change

7.1 The projects will contribute towards the Council's Carbon Neutral targets supporting modal shift through the rail scheme and the public realm scheme will improve air quality and support healthier lifestyles through more walking and cycling.

8. Associated Risks

8.1 The key risk of not implementing the decision relates to the foregone economic and financial benefits of the projects. Torquay, and Torbay, requires investment in order to achieve the community's expectations and ensure that each town can deliver more of its potential.

8.2 There are project related delivery risks summarised in the business cases and which will be managed through the project board(s), Town Deal & Future High Street Fund Steering Group with progress reported to Cabinet and Overview & Scrutiny Committee.

Equality Impacts

9.	Identify the potential positive and negative impacts on specific groups			
		Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
	Older or younger people			
	People with caring Responsibilities			
	People with a disability			
	Women or men			
	People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>			
	Religion or belief (including lack of belief)			
	People who are lesbian, gay or bisexual			
	People who are transgendered			
	People who are in a marriage or civil partnership			

	Women who are pregnant / on maternity leave			
	Socio-economic impacts (Including impact on child poverty issues and deprivation)			
	Public Health impacts (How will your proposal impact on the general health of the population of Torbay)			
10..	Cumulative Council Impact (proposed changes elsewhere which might worsen the impacts identified above)			
11.	Cumulative Community Impacts (proposed changes within the wider community (inc the public sector) which might worsen the impacts identified above)			



Torquay Town Deal Business Case

Edginswell Railway Station

Prepared on behalf of Torbay Council

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Job Number:	20 05 07
Version Number:	V1
Approved by:	Gareth Jones
Date:	12 July 2021

Executive Summary

Strategic case

- i. Torquay has a strong tourism sector, but faces the challenges of high deprivation, low skills and low productivity. Transport linkages in the town are constrained. There is a significant residential and commercial development opportunity at Torquay Gateway/Edginswell, complemented by investment in the adjacent hospital. Improved transport connections to Edginswell will maximise the local growth opportunity, connect the development to the town centre, improve connections to Exeter, and encourage modal shift.
- ii. The project will deliver a new rail station at Edginswell, with two platforms, on the line between Torquay and Exeter, forming part of the Devon Metro rail service. The plans are based on consultation with the local community, businesses, and the rail industry.

Economic case

- iii. Public funding is needed to deliver new rail infrastructure. Several options were considered for the location and layout of a new station, and a preferred option chosen on the basis of economic impacts, improved journey times, and the ability to encourage modal shift.
- iv. The cost of delivering the station, including the cost of risks, is £12.3 million in 2020 prices. Quantitative benefits include reduced road congestion, parking impacts, improved journey times, and reduction in greenhouse gas emissions. Benefits accrue across Torbay and Devon. Benefits are calculated using the Department for Transport's Transport Analysis Guidance (TAG), specifically the Transport User Benefit Analysis (TUBA). Three benefit scenarios are considered - a core scenario, a lower growth scenario, and a higher growth scenario.
- v. The three scenarios have Benefit-to-Cost Ratios (BCRs) of 6.8, 6.9 and 7.4. There are additional benefits from local involvement in the construction process, and non-quantifiable benefits of enabling the delivery of the Torquay Gateway Growth Area, and making it more attractive to development.

Financial case

- vi. The financial cost of delivering the station (including inflation during the construction period) is £13.1 million. £3 million of Town Deal funds are sought for this. This will be matched with Council funds, section 106 contributions, Local Transport Capital Funds, and New Stations Funds.

Commercial case

- vii. A design and build contract will be awarded to Network Rail, building on design information prepared by Jacobs. Network Rail will appoint contractors, overseen by TDA/Torbay Council.

Management case

- viii. Management of the project will be undertaken by TDA, Torbay Council, Network Rail and Great Western Railway. A full project programme, milestones and risk register will be developed.

1 Strategic Case

- 1.0.1 Torquay is a coastal town with a strong tourism sector but suffering from high deprivation, low skills and low productivity, issues which have been exacerbated by Covid-19. Torquay is predicted to suffer a greater negative economic impact from Covid-19 than comparable places.
- 1.0.2 Torquay has a traditional and tired high street with a high level of vacant units. Town centre footfall is declining, also exacerbated by Covid-19, and transport linkages through the town are strained. Rental levels are low and development viability for commercial schemes is poor. Many allocated employment sites cannot be delivered by the private sector due to abnormal costs.
- 1.0.3 There is, however, a significant residential and commercial development opportunity at Torquay Gateway/Edginswell in the north-west of the town, which will be complemented by substantial investment at Torbay Hospital, which is located here. Through improved transport connections the growth and opportunity areas in the town will be linked to Torquay town centre and create inclusive economic opportunities for all parts of the community allowing Torquay to build back better.

1.1 Policy context

Town Investment Plan

- 1.1.1 The Town Investment Plan supports broader regeneration and growth plans for the local area. These are set out in detail in the Town Investment Plan, and include:
- Torbay Together
 - Torbay Community and Corporate Plan
 - Torbay Economic Strategy
 - Torbay Covid-19 Recovery Strategy
 - Torbay Culture Strategy
 - Torbay Neighbourhood Plan
 - Heart of the South West Local Industrial Strategy and Build Back Better plan
 - UK Clean Growth Strategy

Transport policy

- 1.1.2 The Edginswell railway station is also supported in the Devon and Torbay Local Transport Plan.

1.2 Vision and objectives

- 1.2.1 The vision for Torquay in 2030 is:

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

photonics sector is enhanced by the skills and space on offer in Torquay. Torquay has a thriving business community providing well-paid, high quality employment in a broad range of sectors.

1.2.2 The main objectives of the Town Investment Plan are:

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

1.2.3 The overall vision for transport across Torbay is that there will be good connections into Devon and the rest of the UK, and that there will be sustainable transport options across the three towns of Brixham, Paignton and Torquay.

1.2.4 There are three objectives for this scheme:

- Promote economic development in the Torquay Gateway area through improved access to existing and planned development
- Improve public transport journey times between Edginswell and Exeter
- Encourage a transport modal shift by increasing the use of the rail network by those travelling into and out of Edginswell

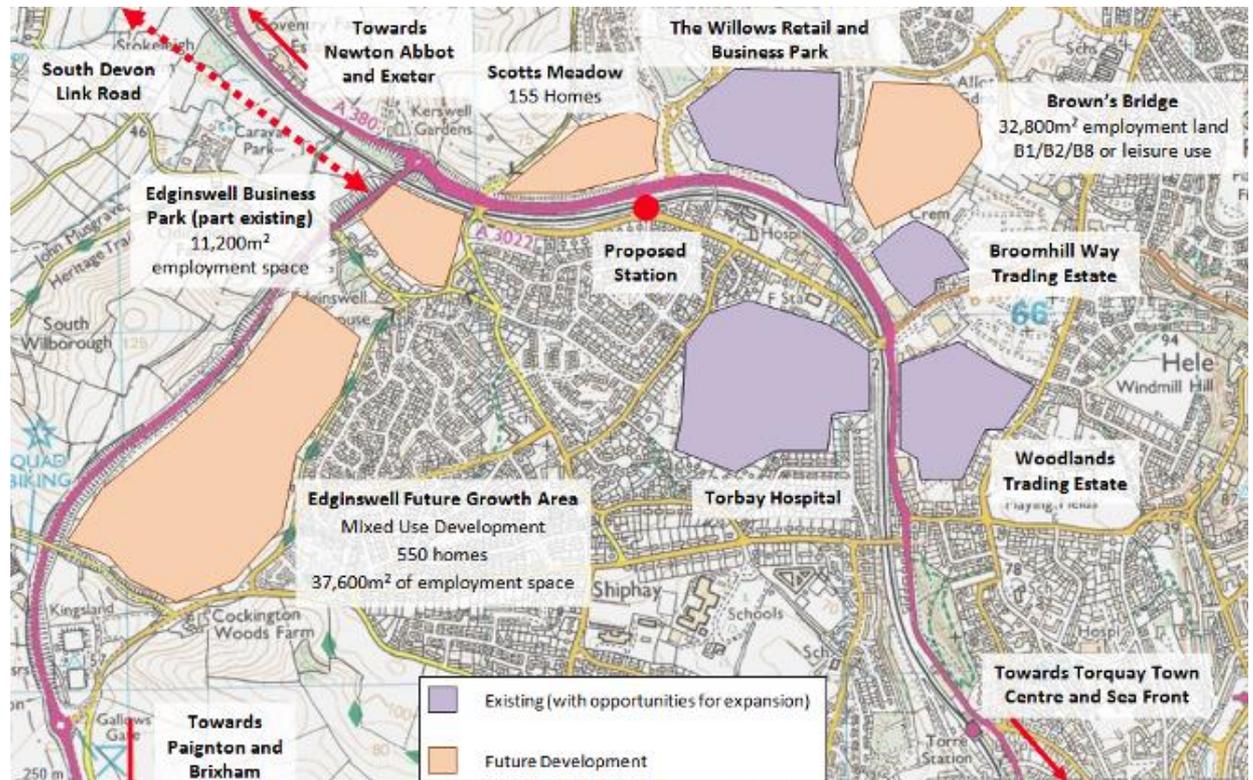
1.3 Edginswell Railway Station

1.3.1 The new rail station is planned close to the north west boundary of Torquay, in the area of Browns Bridge and Scotts Bridge between Newton Road and the A3022 Riviera Way, within the Torquay Gateway Growth Area. The area is predominantly residential, however within the catchment and close proximity of the site there are business parks located at Edginswell and Torbay Hospital. The location of the new station can be seen in Figure 1.1.

1.3.2 The planned station will be along the existing railway line between Torquay Town Centre and Exeter. This station will be part of the wider Devon Metro rail service and improve connectivity between Torbay and Devon.

1.3.3 The station will have two platforms with a connecting over bridge with access from both the North and South sides of the station.

Figure 1.1: Location of Edginswell Station



Source: Torbay Council (2021) Edginswell Rail Station Transport & Economics Report

1.4 Stakeholder consultation

Town Investment Plan

- 1.4.1 The stakeholder consultation undertaken to inform the preparation of the Town investment Plan is set out in that document. Key points are set out below.
- 1.4.2 Torbay Together has been involved in the formulation of the town Investment Plan. It is a strategic partnership that has been working together to develop a vision for the whole of Torbay. This partnership includes representatives from the private, public, voluntary and community sectors. Establishment of this partnership has been pivotal in bringing partners together, breaking down organisational barriers and encouraging a forward thinking vision for the area. The approach for Torquay has been grounded along the same principles.
- 1.4.3 The community has been instrumental in the development of the plans with consultation being a constant feature of these wider strategies.
- 1.4.4 There is a golden thread from the early work of the Neighbourhood Forum through the masterplans to the very recently adopted Torquay Neighbourhood Plan which strongly supports town centre regeneration and the wider aspirations of the TIP.
- 1.4.5 We have convened through the Community Development Trust a community board, comprised of a representative from each of the community partnerships, and a representative of the Torquay Neighbourhood Plan Forum.

1.4.6 Torbay Business Forum is an umbrella body for businesses and business representative organisations across Torbay. It brings together small and large businesses together with local anchor organisations to help share information, challenge decision makers and influence the development of strategies and plans.

1.4.7 The following local businesses and investors are part of the Town Deal Board:

- Torbay Business Forum
- TDA
- Torbay Leisure Hotels
- Torbay Hi Tech Cluster
- English Riviera Tourism Co

Rail Industry

1.4.8 Engagement has taken place across the rail industry including through an initial, but formal, “Network Change” consultation. All train and freight operating companies were directly contacted for views about the proposed station and the vast majority returned no concerns. One freight operating company sought further consideration of the impact on services at Newton Abbot to ensure that freight paths were not affected on the mainline. The timetable has been revised to ensure that these freight movements remain unaffected.

Local Community and Businesses

1.4.9 Local engagement took place early in the project lifecycle, after the preferred location has been identified, but before the planning application. There were specific concerns in relation to parking arrangements and the appearance of the ramps. Both matters have been resolved with no off street parking proposed (maintaining the protected local green space in the development plan) and the ramps have been replaced with lift structures that are less intrusive.

1.4.10 A planning application was also previously approved that included the statutory consultation process.

1.4.11 There are a number of letters of support for this project including from the local Members of Parliament, the local NHS Trust, and the local (Shiphay and the Willows) Community Partnership.

2 Economic Case

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

2.1 Market Failure

2.1.1 Rail transport is a public good and will not be provided by the market. However, the external(ity) benefit of a new railway station to the people and economy of Torquay means that there is a case for public investment in delivering the new Edginswell Railway Station.

2.2 Options appraisal

Options considered

2.2.1 The options considered within this appraisal are:

- Business as Usual – Do Nothing
- Build Edginswell Station – Core Scenario

2.2.2 As part of the development of this project several options for the location and layout of the station have been considered and appraised. The project considered as part of this business case is the result of this previous work. This is set out in the Jacobs/Torbay Council (2016) *GRIP CS4 Option Selection Report*.

Options appraisal

2.2.3 The delivery of a new railway station at Edginswell is the only option that meets the objectives set out in the strategic case i.e.

- Promote economic development in the Torquay Gateway area there improved access to existing and planned development
- Improve public transport journey times between Edginswell and Exeter
- Encourage a transport modal shift by increasing the use of the rail network by those travelling into and out of Edginswell

2.3 Economic costs

Real costs

2.3.1 The total cost of the new railway station at Edginswell is £8.3 million (2020-based)¹. This cost has been developed by transport consultants as part of the GRIP (Governance in Railway Investment Projects) Stage 3 Option Selection process.

Optimism bias

2.3.2 A Pmean value of the Quantitative Risk Assessment (QRA) has been calculated and as a result of this optimism bias of 42% is added to the cost. This provides a cost of £12.3 million¹.

¹ Jacobs/Torbay Council (2020) Appendix E Edginswell NSF3 Cost Estimate Statement

Spend profile

- 2.3.3 The project is expected to commence in Autumn 2022, with construction completed in 2024. The distribution of spending can be seen in the table below.

Figure 2.1: Spend Profile

2021/22	2022/23	2023/24	2024/25
10%	20%	60%	10%

Present Value of Costs

- 2.3.4 In order to calculate the present value of the costs we must inflate the 2020 values to 2021 figures. This has been done by calculating new build infrastructure inflation between Q2 2020 (base year) and Q1 2021 (the most recent data available). This increases the cost figure (including the QRA and optimism bias) from £12.3 million to £12.6 million.
- 2.3.5 This cost is discounted at 3.5% per year for the construction period (i.e. to spring 2024).
- 2.3.6 The Present Value cost is £11.8 million.

2.4 Economic benefits

- 2.4.1 The introduction of a new railway station will deliver a number of benefits to Edginswell, Torquay and the surrounding area. There will be a reliable public transport option for the workers and residents in the Torquay Gateway area, and congestion and parking problems in the area will be reduced. This will result in reduced transport times into and out of the area.
- 2.4.2 There will also be a reduction in greenhouse gas emissions as rail trips replace car journeys, and as there is a reduction in congestion on the road network.

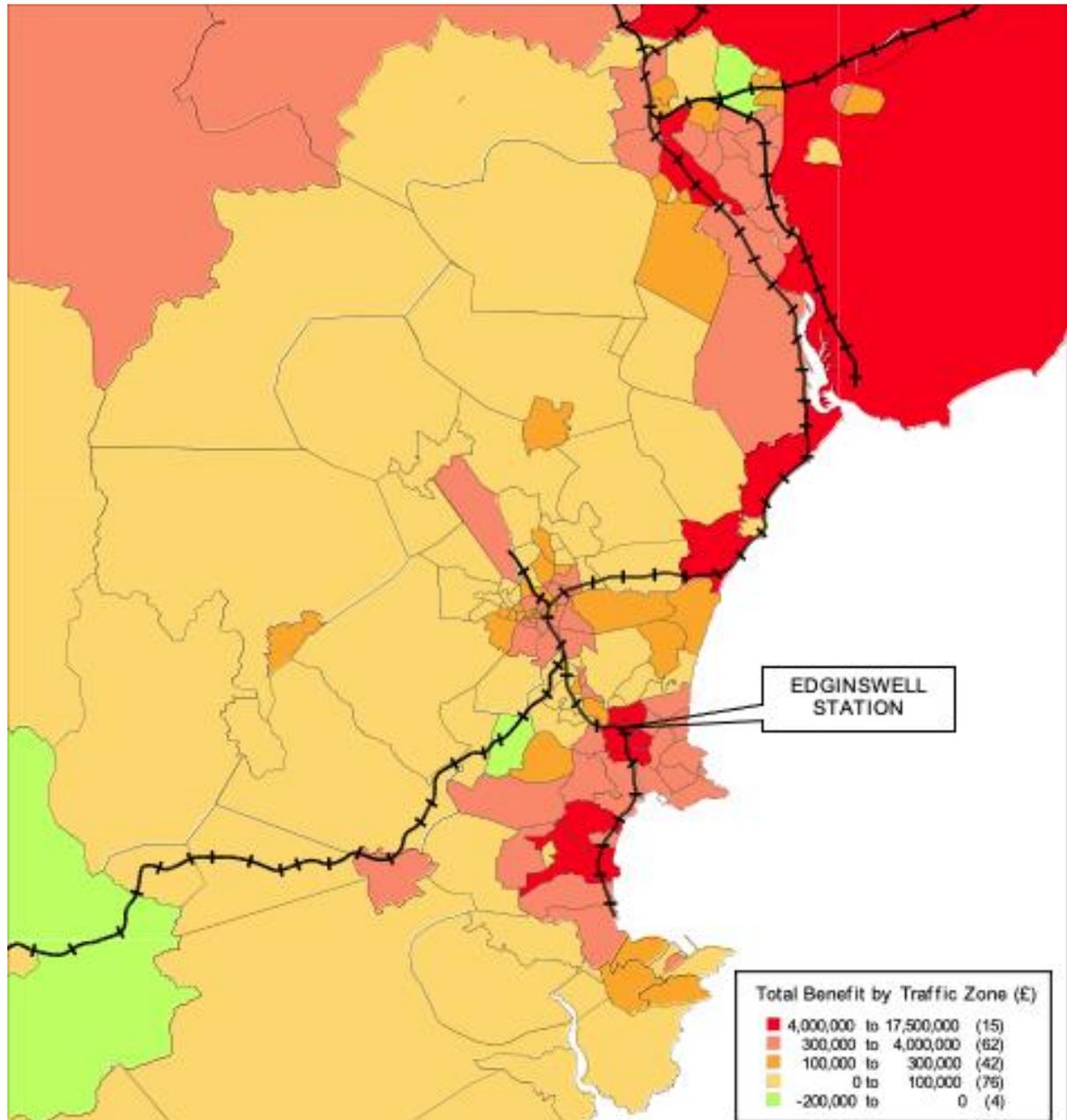
Spatial distribution of benefits

- 2.4.3 The benefits derived as a result of the shift from road to rail will be distributed across Torbay and Devon. On a traffic zone basis, the largest benefit is concentrated around the new station in Edginswell. There is also significant benefit along the railway lines to Exeter, Paignton and Torquay as shown in the figure below.

Link to the strategic case

- 2.4.4 The benefits outlined here link directly to the objectives for the intervention as set out in the strategic case above. The faster travel times and reduced congestion in the area around Edginswell will lead to sustainable growth in the area.

Figure 2.2: Distribution of Benefits



Source: Torbay Council (2021) *Edginswell Rail Station Transport & Economics Report*

*Note that outer areas are larger, so it is not possible to make a direct comparison with these areas

Operational benefits

- 2.4.5 The operational benefits from this scheme have been assessed using established methodologies set out in the Transport Analysis Guidance (TAG) published by the Department for Transport. Benefits have been monetised via Transport User Benefit Analysis (TUBA) version 1.9.13 **Error! Bookmark not defined.**
- 2.4.6 TUBA produces discounted benefits in 2010 prices and so these results are presented here, and used in the value for money calculation. The table below provides a summary of the benefits of the new station at Edginswell.

Figure 2.3: Monetised Additional Benefits of Edginswell Station (discounted, 2010 prices)

	Benefit
Commuting	
Travel Time Savings	£11,662,000
Vehicle Operating Costs	£2,052,000
Net Commuting Benefits	£13,714,000
Other Non-Business Uses	
Travel Time Savings	£10,871,000
Vehicle Operating Costs	£1,953,000
Net Non-Business Benefits	£12,824,000
Business Uses	
Travel Time Savings	£15,955,000
Vehicle Operating Costs	£1,825,000
Net Business Benefits	£17,780,000
Private Sector	
Revenue	£36,955,000
Operating Costs	-£4,088,000
Net Private Sector Benefits	£32,867,000
Environmental	
Greenhouse Gases Reduction	£1,488,000
Public Sector Accounts	
Indirect Tax Revenues	-£8,275,000
TOTAL	£70,398,000

Source: Torbay Council (2020) *New Station Fund 3 – Bid Evaluation Framework Business Case Summary Spreadsheet*

- 2.4.7 Outputs from TUBA are additional benefits (in line with Department for Transport, Transport Appraisal Guidance) and so no further additionality calculations have been carried out on these figures.

2.5 Value for Money

- 2.5.1 As discussed above, the value for money calculation is based on 2010 prices. Jacobs have stated that the costs used in this calculation are those that are discussed in Section 2.3.

- 2.5.2 The intervention has been appraised over a period of 60 years from 2022 to 2082, opening in 2024. A discount rate of 3.5% has been used for the first 30 years with a rate of 3% used for the remaining 30 years. **Error! Bookmark not defined..**

Sensitivity analysis

- 2.5.3 Two sensitivity tests were conducted on the TUBA outputs: a *low growth* scenario and a *rail growth* scenario.

Low growth

- 2.5.4 This scenario reduces the traffic growth forecasts used to monetise the benefits of this intervention by 2.5% one year ahead of the model base year. This rises by the square root of the number of years to ±15% for forecasts 36 years ahead. **Error! Bookmark not defined..**

Rail growth

- 2.5.5 This scenario examines an annual growth rate in rail passengers of 2% above the core scenario between 2024 (opening year) and 2043². This is based on the latest available data on rail passenger numbers from Network Rail².

Figure 2.4: Value for Money Assessment (£'000, discounted, 2010 prices)

	Core Scenario	Low Growth	Rail Growth
Costs			
Investment Costs	£10,180	£10,180	£10,180
Benefits			
Consumer Benefits	£26,538	£26,115	£27,178
Business Benefits	£50,647	£49,624	£55,818
Greenhouse Gas	£1,488	£1,405	£1,488
Indirect Tax Revenue	-£8,274	-£8,088	-£8,952
Total	£70,399	£69,056	£75,532
Value for Money			
Net Present Value	£60,219	£58,876	£65,352
Benefit to Cost Ratio	6.92	6.78	7.42

Source: Torbay Council (2021) *Edginswell Rail Station Transport & Economics Report*

2.6 Other benefits

Construction benefits

- 2.6.1 There will be one-off construction impacts as a result of this intervention. Using the baseline (real) construction cost of £8.3 million, there will be 43 person years of employment, generating £1.6 million in wages and £3.5 million in Gross Value Added (GVA).
- 2.6.2 These are undiscounted benefits that have been monetised by examining the turnover per worker and GVA per worker in the construction of railways sector (Standard Industrial Classification Code 42.12). Wages are based on the average annual salary of workers in the construction sector (Standard Industrial Classification Code 42).
- 2.6.3 Net additional local benefits have been calculated taking into account deadweight, leakage, displacement and multiplier effects.
- 2.6.4 The deadweight in this case is zero as no construction will happen without this construction project. In lieu of further information leakage, displacement and multiplier effects have been calculated using the medium 'ready reckoner' values from the HCA Additionality Guidance. The values are as follows:
- Leakage: 25%
 - Displacement: 50%
 - Multiplier: 1.3
- 2.6.5 The present value of the net additional local benefit of the construction programme is £1.6 million in GVA.

² Network Rail (2015) Western Route Study

2.7 Non-quantifiable benefits

- 2.7.1 Outside of the direct transport benefits, the new station will contribute to the delivery of the Torquay Gateway Growth Area by improving the labour pull of the area through improved accessibility and increasing the attractiveness of the area for investment.

3 Financial Case

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

3.1 Approach to Financial Case

3.1.1 The new station had previously been awarded LEP Growth Deal funding however, a bid into a previous round of the New Stations Fund was unsuccessful. This meant that the Growth Deal funding could no longer be utilised, and alternative sources of funding were secured.

3.2 Costs

3.2.1 Cost have been developed for GRIP Stage 3 Option Selection which has received sign off from Network Rail. The real cost including a Pmean value of the QRA and 42% contingency is £12.3 million¹.

3.2.2 Costs were estimated in 2020 and inflation was added from the base year up to the end of 2022 when construction was set to be completed. With inflation added up to the end of 2022, the cost figure is £13.1 million.

3.2.3 The most recent information on the construction timetable indicates that the station will be completed in Spring 2024. Adding inflation at a rate of 2% per annum (over 18 months) provides a construction cost figure of £13.5 million. The additional £400,000 of inflation will be covered by the contingency and risk adjustment values, which together amount to £3.98 million of the total cost.

3.2.4 The agreed funding option is set out in Figure below.

Figure 3.1: Funding Sources

Source	Secured	Type	Amount
Council Resources	Yes	Public	£600,000
S106 Contributions	Yes	Public	£116,000
Local Transport Capital Funding	Allocated in Council spending plan	Public	£1,500,00
New Station Fund	Yes	Public	£7,882,600
Towns Fund	Yes	Public	£3,000,000
TOTAL			£13,098,600

3.2.5 Annual operation and maintenance costs in 2020 prices for the new station are:

- Access Charge: £34,700
- Additional Fuel Cost: £110,500
- General maintenance, operating and renewals: 4% of annual revenues

3.2.6 These will be the responsibility of the station and train operators and do not need public sector funding.

3.3 Funding Profile

3.3.1 Construction is expected to begin in Autumn 2022 and be completed in Spring 2024, although a full timetable is yet to be agreed with Network Rail.

3.3.2 Indicative timescales suggest that the spending will breakdown of the spending is shown in Figure 3.2.

Figure 3.2: Capital Spending Profile

	2021/22	2022/23	2023/24	2024/25
Capital Spend	£1,309,860	£2,619,720	£7,859,160	£1,309,860

3.3.3 Given the uncertainty surrounding the construction timetable the funding profile is equally uncertain. We assume that the cost and funding profile will be matched.

3.4 Affordability Assessment

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

3.5 Risk register

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

- Unforeseen ground conditions and/or other requirements to change the design
- Adverse weather or other working hour restrictions delay timetable
- Need to replace existing Network Rail infrastructure due to poor quality/damage during works
- Tendering process returns higher costs than anticipated

3.6 Wider Financial Implications

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

4 Commercial Case

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

4.1 Deliverability and delivery confidence

4.1.1 TDA /Torbay Council is confident of delivering this project given the skills, capabilities and in-house expertise across a broad range of disciplines within the organisation, complemented by the experience and skill sets within Network Rail.

4.1.2 A combined TDA /Torbay Council delivery team will enable robust management of the programme. Expertise from Torbay Council, Jacobs, Network Rail and Great Western Railway that has been developed through work on the project to date will be combined with that of external partners who have experience in delivering similar projects elsewhere. This continuity of roles and relationships is important to ensure the project stays on schedule, achieves its objectives, and delivers fit for purpose infrastructure. The key roles and responsibilities are set out in the table below.

Figure 4.1: Roles and Responsibilities of Key Organisations in Project Delivery

Organisation	Roles	Responsibilities
Torbay Council	Project Manager	Accountable for Project Development and Delivery
	Engineering Manager (in-house)	Contract Management
	Engineering Manager (TDA/CASE)	Technical Design Assurance
	Designers	Technical Design
	Principle Designer	As defined in the Construction (Design Management) (CDM) Regulations
	Procurement Support	Procurement Compliance
	Development Management Team Leader	Pre-application and Application decision making
	Planning Support	Pre-application and Application submission
	Legal Support	Cross party agreements, and additional Procurement support.
	Estate/Land Support	Land Considerations
Financial Support	Financial Regulation Compliance	
Network Rail	Sponsor	Accountable for NR management compliance and commercial agreements
	Asset Protection Manager	NR asset protection and technical compliance
	Designated Project Engineer	Technical design and construction activities
Great Western Railway	Regional Development Manager	Commercial agreements
	Project Manager	Use of the infrastructure

- 4.1.3 TDA, as a wholly owned and controlled company of Torbay Council, will be responsible for client side project management, with Network Rail responsible (through a Delivery Service Agreement) for delivery of the actual infrastructure. TDA's project management team will provide oversight on the project for, and on behalf of, Torbay Council.
- 4.1.4 TDA has an experienced and qualified internal project management team, operating within a PRINCE2 project management framework and quality assurance processes. It will work with partners at Network Rail and Great Western Railway, and where required, draw upon skills from its Property Services and Professional Services teams in order to deliver the project.
- 4.1.5 TDA has the skills and experience necessary to manage and deliver large capital schemes, including townscape and public realm works.

4.2 Procurement strategy

- 4.2.1 The current plan is to award a design and build contract to Network Rail who will adopt the design information developed by Jacobs, effectively forming the Employers Requirements. The Council has drawn up a strategy and will work closely with partners continuing the joined up working practices following on from Newcourt and Marsh Barton Railway projects. Torbay expects to award a NEC3 contract as this is considered most appropriate to this project.
- 4.2.2 The intention is to appoint Network Rail as a single source delivery partner, this is in line with the approach taken by several local authorities. Network Rail already own the land that the new station will be situated on and would have been a key stakeholder even if they we did not utilise this option.
- 4.2.3 Once the design is complete, Network Rail will compile the tender documentation and issue it to their standing list of specialist contractors. Whilst Network Rail will be primarily be evaluating the returns Torbay Council/TDA will be able to review the returns and include requirements in terms of social value including Community Wealth Building.
- 4.2.4 Torbay Council /TDA have proactively engaged with Great Western Railway from the concept phase of this project, and the intention is to appoint them as specialist project management support. This is in response to lessons learnt from other local authorities who have found projects challenging when Network Rail /Great Western Railway have not been engaged at an early stage to work up the requirements document collaboratively.
- 4.2.5 Great Western Railway will be appointed under a cooperation agreement to ensure their continued involvement and engagement in meetings such as steering groups and workshops.

5 Management Case

5.0 Project organisation and governance

- 5.0.1 The station has been developed using Network Rail’s Governance for Rail Investment Projects (GRIP) and is currently at stage 4. A full review of the stage 3 information was undertaken by Network Rail who have now adopted the design, and any missing information will be incorporated into the stage 4 design.
- 5.0.2 Development of the project to date has built from the principle and initial feasibility – which provided an understanding of options and constraints – to an option selection design to be agreed with Network Rail. Using this process has ensured rail industry support for the scheme and demonstrated that the station is deliverable. Further details of each stage completed to date, and the next step, in project development are shown below.

Figure 5.1: Project Development Stages

GRIP Stage	Remit	Outputs	Key Findings
1	Output Definition	Define the needs and requirements – the opportunity	Strong business case for station, agreement with NR and FGW
2	Feasibility	Identifying solutions in response to the requirements	Preferred station site selected and initial cost estimated
3	Option Selection	Single Option determined and stakeholder approval to option secured through Approval in Principle	Initial design developed and optioneering completed – submitted for AiP
4	Single Option Development	Development of the chosen design	-

- 5.0.3 Network Rail will be principally responsible for delivery of the project through the Delivery Service Agreement. TDA will manage the project on behalf of the Council. TDA will work with Network Rail to ensure that programme governance is robust, and work with local partners and other key stakeholders to identify and manage associated risks throughout the process.
- 5.0.4 TDA has an experienced and qualified internal project management team who operate within the PRINCE2 project management framework and quality assurance processes to ensure that the project is delivered to the expected standards.
- 5.0.5 A summary Project Plan outlining the key roles and responsibilities during the scheme is summarised below.

Figure 5.2: Delivery plan roles and responsibilities

Role	Key Responsibility	Organisation / Lead
Project Manager	Overall management of programme /risk and cost	TDA

Principal Design Team	The completion of the detailed design incorporating GWR and Torbay Council Requirements.	Network Rail
Tender Stage	Appointment of the contractor from Network Rail specialist standing list.	Network Rail
Principal Contractor	The construction of the station once designed.	TBC

5.0.6 The project is and will continued to be coordinated and managed by a Delivery Team, comprising the project manager, lead designer and, during delivery, the Network Rail sponsor/ project manager and a contractor representative (upon appointment).

5.0.7 The project governance structure is outlined in the Town Investment Plan.

5.0.8 The Delivery Team - through the Project Manager - will continue to liaise with the local community, interest groups and other key stakeholders through to project delivery.

5.1 Scope, programme/schedule management

5.1.1 A detailed programme and ‘live’ timeline is being collated by Network Rail for the project, with a number of key milestones and review dates already completed, well underway or in progress.

5.1.2 A summary of the programme plan at the current time of writing is provided below. A more detailed programme of key activities and milestones mapping out the delivery expectation of this project will be issued once it has been reviewed and accepted by TDA on behalf of Torbay Council.

Figure 5.3: Programme and milestones

Milestone / Review	Start Date	End Date	Note
Grip 3 Approval		May 2021	Complete
Grip 4 Commencement	June 2021	TBC	Ongoing
Planning Submission	TBC	TBC	
Grip 4 Completion	TBC	TBC	
Grip 5 Completion	TBC	TBC	
GRIP 6 Commencement (Start on Site)	Summer 22		
Station Complete	Winter 23		
Station Operational	March 2024		

5.1.3 Interfaces with key organisations and stakeholders such as key transport users, will be continually engaged with through the final stages of the design and as the project moves into the delivery stages of the project.

5.1.4 Similarly, the local community will also be consulted through continued dialogue with the community partnerships.

5.2 Risk management

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

5.3 Stakeholder engagement

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

5.4 Benefits, monitoring and evaluation

- 5.4.1 A dedicated resource using TDA assets has already been committed to formulating the Monitoring and Evaluation Plan and to ensure the requirements as defined by the Ministry of Housing, Communities and Local Government (MHCLG) are met.
- 5.4.2 TDA will ensure that the key inputs, activities and outputs meet MHCLG’s mandatory reporting requirements.
- 5.4.3 TDA will internally develop and complete the following activities, during and at the end of the project lifecycle, with support from external suppliers for example in the case of footfall data collection.
- **Monitoring & Evaluation Plan**, as required by MHCLG and further developed internally by TDA as described above and in accordance with MHCLG guidance.

- An **‘End Project Report’** that includes all end stage reports and confirms handover of all construction work. This report will provide an update of how well the project has gone against the original business case and project specific objectives.
- A **“Lessons Report”** that builds on the lessons logs produced during the scheme. The Lessons Report documents all lessons that could be applied to other schemes and integrated into the organisation’s way of working.

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

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

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



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



Torquay Town Deal Business Case

Harbour Public Realm

Prepared for Torbay Council

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Executive Summary

Strategic case

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

Economic case

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

Financial case

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

Commercial case

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

Management case

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

1 Strategic Case

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

1.1 Background

Town Investment Plan (TIP)

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

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

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

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

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

Challenges

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

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

Assets, strengths and opportunities

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

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

1.2 Policy context

Town Investment Plan

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

- Torbay Together
- Torbay Community and Corporate Plan

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

Harbour Public Realm

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

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

1.3 Vision and Objectives

1.3.1 The vision for Torquay in 2030 is:

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

1.3.2 The main objectives of the Town Investment Plan are:

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

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

Figure 1.1: Project SMART Objectives

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

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

1.4 Harbour public realm

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

1.4.2 The scheme proposals are well developed and will include;

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

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

Dependencies, Constraints & Key Risks

- 1.4.4 Regeneration of the Harbour public realm is generally dependent on receipt of public sector funding to ensure successful delivery of physical high-quality public realm infrastructure; improving the attractiveness of the town to visitors, residents and investors. This project is already well advanced and risks are considered low. The high level risks relate to:
- Cost Escalation. Increase in costs mitigated by effective project cost engineering, management and contracting.
 - Delay in Delivery. Mitigated by effective project management and contracting.
- 1.4.5 A Risk Register has been formulated for this project and provided as a separate document.

Rationale – Outcomes and Impacts

- 1.4.6 The aim is to re-invigorate the Harbour area so it becomes the destination of choice for residents and visitors; re-shaping the High Street experience and making it a much more vibrant, healthier and better connected space.
- 1.4.7 Successful delivery of the Harbour public realm improvements will have a ripple effect, adding greater vibrancy and quality to the town centre with its historical and natural environment at its heart.
- 1.4.8 The improvements will contribute to increased footfall and improve the experience of the space throughout the day and night.
- 1.4.9 It will become a vital social focus for the community and visitors to Torquay and contribute to resolving pockets of anti-social issues in this part of town, and significantly improve the experience of visitors.
- 1.4.10 The outcome will be a ‘stickier’ place – in which people will spend more time, more money, rental levels will increase, marketability and re-letting will be improved, and land values will be uplifted. It will better connect with other areas of the town; widening the benefits of the intervention and adding pace to the recovery and repositioning of Torquay Town Centre.

1.5 Stakeholder consultation

Town Investment Plan

- 1.5.1 The stakeholder consultation undertaken to inform the preparation of the Town investment Plan is set out in that document. Key points are set out below.
- 1.5.2 Torbay Together has been involved in the formulation of the town Investment Plan. It is a strategic partnership that has been working together to develop a vision for the whole of Torbay. This partnership includes representatives from the private, public, voluntary and community sectors. Establishment of this partnership has been pivotal in bringing partners together, breaking down organisational barriers and encouraging a forward thinking vision for the area. The approach for Torquay has been grounded along the same principles.
- 1.5.3 The community has been instrumental in the development of the plans with consultation being a constant feature of these wider strategies.

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

Harbour Public Realm

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

2 Economic Case

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

2.1 Market failure

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

2.2 Options appraisal

Do-Nothing

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

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

Phase 1: Meanwhile use

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

Phase 2: Permanent use – Preferred Option

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

Phase 3: Further potential work

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

Preferred option

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

2.3 Economic costs

Real costs

2.3.1 The latest cost estimate for the preferred option comprises:

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

Optimism bias

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

Spend profile

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

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

Economic costs

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

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

2.4 Economic benefits

2.4.1 The quantifiable benefits of this project are:

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

Construction

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

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

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

Land value uplift

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

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

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

2.4.6 Full report from JLL will be provided.

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

Active travel and health benefits

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

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

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

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

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

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

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

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

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

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

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

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

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

Benefits and objectives

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

Figure 2.2: Benefits and Objectives

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

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

Net additional benefits

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

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

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

Discounted net additional benefits

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

Figure 2.3: Present Value of Net Additional Benefits

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

2.5 Risk assessment

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

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

¹ HCA (2014) Additionality Guide: Fourth Edition

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

2.6 Value for Money

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

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

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

Value-for-money

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

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

Sensitivity analysis

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

2.6.7 Cost increases tested are:

- Cost plus 10%

2.6.8 Benefit decreases tested are:

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

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

2.7 Non-quantifiable benefits

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

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

3 Financial Case

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

3.1 Costs

Real costs

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

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

Optimism bias

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

Financial costs

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

3.2 Funding Profile

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

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

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

3.3 Affordability Assessment

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

3.4 Risk register

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

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

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

3.5 Wider Financial Implications

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

4 Commercial Case

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

4.1 Deliverability and delivery confidence

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

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

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

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

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

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

4.2 Procurement strategy

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

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

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

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

- Organisational Structure,
- Health & Safety,

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

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

5 Management Case

5.0 Project organisation and governance

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

Figure 5.1: Delivery plan roles and responsibilities

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

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

5.1 Scope, programme/schedule management

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

Figure 5.2: Programme and milestones

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

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

5.2 Risk management

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

5.3 Stakeholder engagement

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

5.4 Benefits, monitoring and evaluation

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

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

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

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

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

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

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



Torquay Town Deal Business Case

Stronger Future

Prepared on behalf of Torbay Council

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Date:	12 July 2021

Executive Summary

Strategic case

- i. Torquay is a coastal town with a strong tourism sector but suffering from high deprivation, low skills and low productivity, issues which have been exacerbated by Covid-19. The Stronger Future project comprises three interventions to help to tackle these challenges and improve the economy of Torquay:
 - **Cultural Landscapes**, which will deliver free events and festivals, including the Wavelength festival. These will help to draw visitors and footfall into the town
 - **Ready for Work** which will help unemployed people to overcome barriers to work, particularly those resident in the most deprived neighbourhoods
 - **Sector Pathways**, which will help to improve skills and employment in the key sectors of Construction and Photonics & Electronics.
- ii. There has been extensive consultation, including with local businesses and sector groups to help develop this project.

Economic case

- iii. None of the three interventions will be delivered by the market as the benefits (more visitors, unemployed people obtaining work, and employment of local people in key sectors) are not captured by those paying for them. Cultural Landscapes and Ready for Work build on existing activities so can be rolled-out quickly. Sector Pathways is based on lessons learned from similar schemes in nearby Exeter and Plymouth.
- iv. The total project costs will be just over £1 million. Quantifiable benefits will include increased visitor numbers and visitor spend in Torquay; the employment of people who are currently unemployed; and upskilling of workers to enable them to access new and better jobs in key sectors. The benefit-to-cost ratio of this project is 3:1. Non-quantified benefits include reduced deprivation and improved and cultural vitality.

Financial case

- v. The total cost is just over £1 million. A competitive procurement process will be used to manage the costs of the three interventions. £600,000 is sought from the Town Deal. Match funds will be provided by other public funds and private sources.

Commercial case

- vi. Separate contractors will be appointed to deliver each of the three interventions. TDA will prepare a detailed specification for each intervention and work with Torbay Council's procurement team to appoint contractors.

Management case

- vii. TDA will have overall responsibility for the management and delivery of the project.

1 Strategic Case

- 1.0.1 Torquay is a coastal town with a strong tourism sector but suffering from high deprivation, low skills and low productivity, issues which have been exacerbated by Covid-19. Torquay has a traditional and tired high street with a high level of vacant units and anti-social behaviour problems. Town centre footfall is falling, also exacerbated by Covid-19. Torquay is predicted to suffer a greater negative economic impact from Covid-19 than comparable places.
- 1.0.2 The vision for Torquay (set out in the Town Investment Plan) capitalises on naturally inspiring assets, including the UNESCO Global Geopark accreditation, to support recovery from Covid 19. Culture and heritage led tourism presents growth opportunities throughout the town, with significant private sector investments in hotels taking place. This needs to be complemented by cultural events that are as attractive to local residents as they are to tourists, so that residents feel involved in the area that they live.
- 1.0.3 Torquay cannot rely on the Tourism industry alone to support the recovery from the economic impacts of Covid-19. We will create inclusive economic opportunities for all parts of the community allowing Torquay to build back better. The residents of Torquay must be supported to upskill and reskill across all areas of the economy, in particular in the areas sector strengths where there is demand for labour.

1.1 Policy context

Town Investment Plan

- 1.1.1 The Town Investment Plan supports broader regeneration and growth plans for the local area. These are set out in detail in the Town Investment Plan, and include:
- Torbay Together
 - Torbay Community and Corporate Plan
 - Torbay Economic Strategy
 - Torbay Covid-19 Recovery Strategy
 - Torbay Culture Strategy
 - Torbay Neighbourhood Plan
 - Heart of the South West Local Industrial Strategy and Build Back Better plan
 - UK Clean Growth Strategy

The Stronger Future project

- 1.1.2 **Economic strategy – Respond, Recover, Reposition** (2020) Specifically supporting the employment and skills, cultural development and visitor economy needs.
- 1.1.3 **Cultural strategy – Enjoy, Talk, Do, Be** (2014-24) Aligns with all three headline aims relating to engaging audiences; economic and cultural development; and maximising the built and natural environment. Specifically fits with the objective to **strengthen support for the creative and cultural economy and the advantages it brings for communities**
- 1.1.4 The new **English Riviera Events Strategy** (2021) has a strong narrative about culture and creativity being part of the events offer in Torbay, and different audiences being encouraged to participate.

1.1.5 The **ERBID2 business plan for 2022-27** clearly cites culture and heritage, specifically the UNESCO designation and literary connections, as important to the local visitor destination¹. The plans to review and update the Destination Management Plan will build on these themes which we can explore through Cultural Landscapes activities and events.

1.1.6 The **Thinking Place** review of Torbay as a place (2021) for the Torbay Together strategic partnership, looked at the area’s identity and branding. Feedback featured the potential for heritage and culture to be more central in the story telling. There are plans to follow up the review through the strategic partnership.

1.2 Vision and Objectives

1.2.1 The vision for Torquay in 2030 is:

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

1.2.2 The main objectives of the Town Investment Plan are:

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

1.2.3 The Stronger Future project is part of a wider programme of activity that will deliver a high quality economy in Torquay.

1.2.4 The aim of this project is to support the local area to recover and grow following the economic impacts of Covid-19. The project will play a key part of the economic recovery from Covid-19 by supporting the key sectors in Torquay.

1.2.5 The objectives of the project are set out in Figure 1.1.

Figure 1.1: Objectives of the Stronger Future Project

Challenge	Objective	Measure	Target
Deprivation and anti-social behaviour	Increase civic identity and pride	Reduced town centre anti-social behavior	Fewer incidents reported per year

¹ English Riviera Business Improvement District (2021) ERBID2 Final Business Plan 2022-2027 Available at: <https://www.englishrivierabid.co.uk/erbid2/>

Challenge	Objective	Measure	Target
High level of town centre vacancies and low levels of footfall	Encourage residents into the town centre and increase discretionary spending	Increased town centre footfall and reduced vacancies	Additional footfall and visitors Increased local spending
Low levels of employment and skills	Help residents overcome barriers to employment	Increased employment among those previously claiming benefits	Reduction in claimant count
	Increase in skills among residents in Torquay's key sectors	Increase in skills levels among residents	Reduction in vacancies in key sectors

Outcomes and Impacts

- 1.2.6 Successful delivery of the project will lead to higher levels of skills among local residents in key sectors, and higher levels of employment in these sectors. It will also lead to higher discretionary spending in the town centre, and a greater sense of pride in the area among local residents.
- 1.2.7 The impact of this project will be a stronger local economy with higher levels of employment and lower levels of deprivation.

1.3 The Stronger Future project

1.3.1 The Stronger Future project comprises three interventions:

- Cultural Landscapes
- Ready for Work
- Sector Pathways

1.3.2 The **Cultural Landscapes** intervention will deliver a number of free events and festivals across Torquay. The largest event will be the Wavelength festival, which is a free sound and light experience in the town centre involving local artists and food producers. This will build on the success of the inaugural Wavelength festival held in 2019.

1.3.3 The headline Wavelength festival will be complemented throughout the year by a combination of new events, and enhancement of existing events, such as the International Agatha Christie Festival.

1.3.4 The **Ready for Work** intervention will involve working with unemployed people to overcome barriers to employment by helping them to develop their skills and undertake work experience. The intervention will be targeted at those living in the most economically challenged areas in Torquay, with the aim of 60% of programme starters resident in the most deprived neighbourhoods in Torquay.

1.3.5 The intervention will deliver support across six stages:

- Stage 1 - Coaching sessions
- Stage 2 - Day foundation course (group sessions)
- Stage 3 - One-to-one coaching sessions

- Stage 4 - Sector routeways
- Stage 5 - Work placements and job brokering
- Stage 6 – In-work support

1.3.6 The intervention aims to address the needs of the local labour market by ensuring that jobseekers have the skills necessary to enter the Care, Construction, Hi-tech and Tourism sectors.

1.3.7 The **Sector Pathways** intervention will improve skills in the workforce relevant to the Construction and Photonics & Electronics sectors. In relation to the Construction sector there will be three main areas of activity:

- Encouraging children and young people to consider a career in the Construction industry
- Work with training providers, employers and tradespeople to fill vacancies through upskilling and reskilling.
- Work with contractors to develop Employment and Skills Plans for all Town Deal funded construction interventions

1.3.8 Activity in the Photonics & Electronics sector will be similar to that undertaken for the Construction sector and include:

- Engagement with Key Stage 4 schoolchildren to inspire them to pursue careers in the sector
- Establishing links with universities to attract talent into the area, and encourage residents to retrain in this field
- Work with employers to design training programmes for the field and encourage employees to upskill using these courses

Dependencies, Constraints & Key Risks

1.3.9 The project is dependent on receipt of public sector funding.

1.3.10 The Ready for Work and Sector Pathways interventions are also reliant on the engagement of educational institutions and local employers.

1.3.11 A full risk register has been provided for this project.

1.3.12 The key risks for this project are:

- Funding /Financial risks, particularly securing commercial sponsorship/income
- Changing market conditions
- Programme delay, i.e. from Covid-19 or delays in the tendering process

1.4 Stakeholder consultation

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

1.4.2 Torbay Together has been involved in the formulation of the Town Investment Plan. It is a strategic partnership that has been working together to develop a vision for the whole of Torbay. This partnership includes representatives from the private, public, voluntary and community sectors. Establishment of this partnership has been pivotal in bringing partners together, breaking down organisational barriers

and encouraging a forward thinking vision for the area. The approach for Torquay has been grounded in these same principles.

- 1.4.3 The community has been instrumental in the development of the plans with consultation being a constant feature of these wider strategies.
- 1.4.4 There is a golden thread from the early work of the Neighbourhood Forum through the masterplans to the very recently adopted Torquay Neighbourhood Plan which strongly supports town centre regeneration and the wider aspirations of the TIP.
- 1.4.5 Through the Community Development Trust we have convened a community board, comprised of a representative from each of the community partnerships, and a representative of the Torquay Neighbourhood Plan Forum.
- 1.4.6 Torbay Business Forum is an umbrella body for businesses and business representative organisations across Torbay. It brings together small and large businesses together with local anchor organisations to help share information, challenge decision makers and influence the development of strategies and plans.
- 1.4.7 The following local businesses and investors are part of the Town Deal Board:
 - Torbay Business Forum
 - TDA
 - Torbay Leisure Hotels
 - Torbay Hi Tech Cluster
 - English Riviera Tourism Co
- 1.4.8 Development of this project has been based on the evidence of need identified in the Town Investment Plan and the Economic Repositioning Plan. There have also been consultations with sector groups including Torbay Hi Tech Cluster, hospitality & tourism businesses linked to the Covid recovery work Torbay is leading for Heart of the South West, and with the cultural sector in Torbay.

2 Economic Case

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

2.1 Market failure

2.1.1 The Stronger Future project comprises three interventions. The market failure in the delivery of these interventions is the inability to capture external(ality) benefits and therefore inefficiency in market provision.

2.1.2 The Cultural Landscapes intervention will deliver free festivals and activities in Torquay which will increase visitor numbers and spend in the Tourism and Hospitality sectors. This external benefits of spend and job creation do not accrue to the festival organisers, hence the unwillingness of the market to deliver such activities.

2.1.3 The Ready for Work and Sector Pathways interventions are both designed to help local residents to access new employment and progress their careers in key sectors. These services are unlikely to be delivered by the market because most of the benefit is external to the organisation that pays for it i.e. the benefit largely accrues to local residents and the local economy in general rather than to individual businesses, so without some public intervention there will be under-provision of these services.

2.2 Options appraisal

Options considered

2.2.1 The options considered within this appraisal are:

- Do Nothing – this is the business-as-usual option where there will be no activity and no benefits realised
- Core Scenario – deliver all three interventions

2.2.2 As part of the development of this project, the delivery of one or two of the interventions was considered. However, in each case delivering less than the preferred option will not meet the strategic objectives, limit the overall benefits, and will result in unrealised potential.

2.2.3 The Ready for Work and Cultural Landscapes interventions build on previous projects and are ready for immediate rollout. The Ready for Work intervention will be an enhancement of the existing programme (of the same name) currently operating across the whole of Torbay. This project is proving successful, and was granted a year extension in 2021. The Cultural Landscapes intervention builds on the Torbay Great Places programme (2017-2020), and in particular focuses on the successful Wavelength festival which took place in 2019 as part of the programme.

2.2.4 The Cultural Landscapes intervention also provides a significant opportunity to animate the spaces which will receive support under the Town Deal. If this activity is not taken forward the opportunity to attract residents and visitors into Torquay's harbour area, recognised as the jewel in the crown, will be missed resulting in lower levels of footfall and spend than otherwise.

2.2.5 The construction aspect of the Sector Pathways intervention is based on work in the neighbouring areas of Exeter and Plymouth, and some modules have already been developed by South Devon College for a training programme in photonics and electronics.

2.2.6 The preferred option offers a combination of targeted responses to specific issues identified in the Town Investment Plan.

2.3 Economic costs

Real costs

2.3.1 The total cost of this project is just over £1 million. The cost breaks down across the three interventions as follows:

- Cultural Landscapes: £400,000
- Ready for Work: £295,000
- Sector Pathways: £312,500

2.3.2 The costs have been estimated from previous experience of delivering similar interventions in the local area.

2.3.3 Both public and private sector money will be spent on this intervention. The cost to the public sector of this project is £907,500 and the cost to the private sector is £100,000.

Optimism bias

2.3.4 No optimism bias has been included in these cost estimates. A competitive procurement process will be undertaken to appoint contractors to deliver each intervention. If the cost of any intervention exceeds the costs set out here then the scope of that intervention will be revised to bring the cost down to the maximum level set out above.

2.3.5 Contingency has been built into all of the costings.

Spend profile

2.3.6 The project will begin delivery in 2021/22 and run until 2023/24. The profile for delivery of each intervention is set out in the table below.

Figure 2.1: Spending Profile for Each Intervention

	2021/22	2022/23	2023/24	Total
Cultural Landscapes	£35,000	£185,000	£180,000	£400,000
Ready for Work	£65,000	£115,000	£115,000	£295,000
Sector Pathways	£70,000	£127,500	£115,000	£312,500
Total	£170,000	£427,500	£410,000	£1,007,500

2.3.7 No further inflation is added to the 2021 base costs.

- 2.3.8 The present value of total costs is £964,000, applying a discount rate of 3.5% over the lifetime of the delivery of each intervention. The present value of the public funding of this project is £896,000.
- 2.3.9 The breakdown of the present value costs across each of the interventions is shown in the table below.

Figure 2.2: Present Value of Costs

	Present Value of Costs	Present Value of Public Funding
Cultural Landscapes	£381,000	£286,000
Ready for Work	£283,000	£283,000
Sector Pathways	£300,000	£300,000
Total	£964,000	£869,000

2.4 Economic benefits

- 2.4.1 Each of the interventions generates different types of benefits. The Cultural Landscapes intervention will attract visitors to the area, supporting the tourism industry through additional spending. The Ready for Work and Sector Pathways interventions will provide support to help people into work and provide training to enable people to progress their careers in key sectors.
- 2.4.2 The benefits from these interventions will be primarily realised in Torquay, although there is potential for benefits to accrue to the wider Torbay and Devon areas, particularly from the Sector Pathways intervention.
- 2.4.3 The benefits from this project will meet the objectives set out in the strategic case. Bringing additional visitors into the town centre will increase spending and support the Tourism sector. Supporting those currently out of work into stable employment will decrease levels of deprivation in the area. Increasing skills levels will improve productivity and support the area's key sectors. These combined benefits will support Torquay to recover from the economic impacts of Covid-19.

Cultural landscapes

- 2.4.4 The Cultural Landscapes intervention will attract visitors to the area which leads to visitor spend that supports jobs in the area.
- 2.4.5 Visitor numbers have been estimated for the Wavelength festival from a survey conducted for a similar festival in 2019. This counted visitor numbers using on-site stewards and highways vehicle measurements. Visitors to the additional programme events have been estimated using data from a 10-day programme of small cultural events that took place as part of the Torbay Great Places programme.
- 2.4.6 Visitor spend has been calculated using the average day visitor spend in Great Britain in 2019² and inflating it by the increase in the Consumer Price Index over the period between March 2019 and March 2021. This figure has been divided by the turnover per worker in the Food & Beverage Service Activities sector (Standard Industrial Classification Code 56) to estimate the number of jobs this spend will support. Median wages and Gross Value Added (GVA) per worker in this sector have been used to estimate the wages and GVA generated from these jobs.
- 2.4.7 The Cultural Landscapes programme will begin in the second half of 2021. The benefits presented in Figure 2.3 show the undiscounted benefits from a full year of the intervention i.e., for 2022 onwards.

² KANTAR (2019) The Great Britain Day Visitor 2019 Annual Report

Figure 2.3: Annual Benefits of the Cultural Landscapes Intervention in Steady State

	Gross Benefits
Visitor Numbers	49,500
Visitor Spend	£2,103,000
Jobs supported in local businesses	55
Wages	£646,000
Gross Value Added	£1,042,000

Ready for Work

- 2.4.8 The Ready for Work intervention will improve the skills of jobseekers and help them overcome barriers to entering employment.
- 2.4.9 The number of jobseekers that enter full employment has been estimated from the previous Ready for Work scheme that covers Torbay as a whole. The budget from this previous programme has been divided by the number of participants that were expected to enter full time employment to provide a cost per jobseeker in the scheme. This figure cost of the new scheme has then been divided by the cost per jobseeker figure to provide an estimate for the new of participants supported into full time employment by this scheme. In total the scheme is estimated to support 60 jobseekers into employment.
- 2.4.10 The wages and GVA generated by these interventions have been calculated using the average median wage and GVA per worker in the Construction, Accommodation & Food Services, and Human Health & Social Work Activities sectors.
- 2.4.11 The Ready for Work programme will begin in the second half of 2021. The benefits presented shown in Figure 2.4 are the undiscounted benefits from a full year of the intervention i.e., for 2022 onwards.

Figure 2.4: Annual Benefits of the Ready for Work Intervention in Steady State

	Gross Benefits
Jobseekers Supported into Employment	23
Wages	£509,000
Gross Value Added	£848,000

Sector Pathways

- 2.4.12 The Sector Pathways intervention will help encourage young people into careers in the Photonics & Electronics and Construction sectors, and support the upskilling and reskilling of workers, or potential workers, in these sectors.
- 2.4.13 The outputs of this intervention have been estimated by sector leads in the areas, and through conversations with neighbouring local authorities that have implemented similar schemes. As part of this intervention is it suggested that three Careers Information, Advice and Guidance (CIAG) events will be held, and a total of 40 people will complete sector pathways education.
- 2.4.14 In total this intervention will support 18 job entries across the Construction and Photonics & Electronics sectors.
- 2.4.15 The wages and GVA generated by this intervention has been multiplying the number of new entrants to the Construction and Photonics & Electronics sectors by the gross annual median wages and GVA per worker figures in the Construction (SIC F) and Manufacture of Computer, Electronic and Optical Products (SIC 26) respectively.

2.4.16 The Sector Pathways programme will begin in the second half of 2021. The benefits presented shown in Figure 2.4 table below are the undiscounted benefits from a full year of the intervention i.e., for 2022 onwards.

Figure 2.5: Annual Benefits of the Sector Pathways Intervention in Steady State

	Gross Benefits
New Job Entrants	9
Wages	£296,500
Gross Value Added	£684,600

Net Additional Local Benefits

2.4.17 Net additional local benefits are a more robust measure of the impact on the local economy. They take account of deadweight, leakage, displacement and multiplier effects.

2.4.18 Unless otherwise stated leakage, displacement and multiplier effects have been calculated using the medium ‘ready reckoner’ values from the HCA Additionality Guidance³. The values are:

- Leakage: 25%
- Displacement: 50%
- Multiplier: 1.3

2.4.19 Deadweight across all the interventions is zero as no activity will take place without them, so all benefits are additional.

Cultural Landscapes

2.4.20 The present value of the GVA benefit to Torquay over the lifetime of the intervention is £1.01 million.

Ready for Work

2.4.21 The Ready for Work project is specifically targeted at Torquay residents therefore in this case the leakage of benefits is estimated as ‘low’ or 10%.

2.4.22 The present value of the GVA benefit to Torquay over the lifetime of the intervention is £1.27 million.

Sector Pathways

2.4.23 The present value of the GVA benefit to Torquay over the lifetime of the intervention is £1.3 million.

2.5 Value for Money

2.5.1 We have calculated the value-for-money of the interventions.

Figure 2.6: Value for Money of Interventions

	Net Present Value	Benefit to Cost Ratio
Cultural Landscapes	£725,000	3.5
Ready for Work	£988,000	4.5
Sector Pathways	£332,000	2.1
Total	£1,950,000	3.0

³ Homes and Communities Agency (2014) Additionality Guide 4th Ed.

Sensitivity analysis

- 2.5.2 We have conducted sensitivity analysis on the interventions.
- 2.5.3 Firstly, we have looked at increasing costs related to the interventions. Cost figures are in 2021 figures and so it is reasonable to assume there will not be a significant increase in costs.
- 2.5.4 We have examined the impact of a ten percent increase in costs, and a 20% increase in costs.

Figure 2.7: Value for Money with Cost Increase

	Cost Increase +10%		Cost Increase +20%	
	NPV	BCR	NPV	BCR
Cultural Landscapes	£696,500	3.2	£668,000	2.9
Ready for Work	£960,000	4.1	£931,700	3.7
Sector Pathways	£302,500	1.9	£272,500	1.8

- 2.5.5 We have also examined a decrease in the level of benefit from each of the interventions. Given the uncertainty surrounding the ongoing impacts of Covid-19 on jobs and leisure activities we have looked at reasonably large reductions in benefits.
- 2.5.6 We have examined the impact of a 25% decline in benefits, and a 50% decrease in benefits.

Figure 2.8: Value for Money with Decrease in Benefits

	Cost Increase +10%		Cost Increase +20%	
	NPV	BCR	NPV	BCR
Cultural Landscapes	£427,400	2.7	£219,800	1.8
Ready for Work	£670,500	3.4	£352,700	2.2
Sector Pathways	£174,500	1.6	£16,000	1.1

2.6 Non-quantifiable benefits

- 2.6.1 The project will bring down levels of deprivation and anti-social behaviour through increased employment and wages brought about by increased levels of skills among residents.
- 2.6.2 A combination of reduced levels of deprivation and increases in cultural events for local people will give residents a sense of civic pride and help them to feel positive about the future of Torquay.

3 Financial Case

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

3.1 Approach to Financial Case

3.1.1 These interventions will be let as fixed-cost contracts, so these costs are not expected to increase.

3.1.2 Of the total project cost of £1.112,500 million, funds are provided by:

Figure 3.1: Sources of Funds

Towns Fund	£600,000
Arts Council	£100,000
Torbay Council	£50,000
ERBIDCo	£50,000
Commercial sponsorship	£50,000
TDA	£120,000
Devon County Council	£15,000
HotSW LEP	£22,500
Total	£1,007,500

Cultural Landscapes

3.1.3 The funding sources for the Cultural Landscapes intervention are set out in Figure 3.2.

Figure 3.2: Funding Sources for Cultural Landscapes

Source	Secured	Type	Amount
Towns Fund	No	Public	£150,000
Arts Council	No	Public	£100,000
Torbay Council	Yes	Public	£50,000
ERBIDCo	No	Private	£50,000
Commercial Sponsorship	No	Private	£50,000
TOTAL			£400,000

3.1.4 The funding from the Arts Council is a proposed application. The funding from the Torbay Council and the ERBIDCo (English Riviera Business Improvement District Company) has not yet been confirmed.

Ready for Work

3.1.5 The funding for the Ready for Work intervention comes from Town Deal funding and TDA. This amounts to £295,000.

Figure 3.3: Funding Sources for Ready for Work

Source	Secured	Type	Amount
Towns Fund	No	Public	£225,000
TDA	Yes	Public	£70,000
TOTAL			£295,000

Sector Pathways

3.1.6 The funding sources for the Sector Pathways intervention are set out in the table below.

Figure 3.4: Funding Sources for Sector Pathways

Source	Secured	Type	Amount
Towns Fund	No	Public	£225,000
TDA	Yes	Public	£50,000
Devon County Council	Yes	Public	£15,000
HotSW LEP	Yes	Public	£22,500
TOTAL			£312,500

3.2 Costs

3.2.1 The cost for each of these interventions have been developed by staff within TDA with experience of delivering similar programmes in the past.

3.3 Funding Profile

Cultural Landscapes

3.3.1 The Cultural Landscapes intervention will begin in 2021. Initial work will involve expanding and enhancing existing cultural programmes, and developing the programme for the following years.

Figure 3.5: Cultural Landscapes Spending Profile

	2021/22	2022/23	2023/24	Total
Towns Fund	£15,000	£70,000	£65,000	£150,000
Torbay Council	£10,000	£20,000	£20,000	£50,000
Arts Council	-	£50,000	£50,000	£100,000
ERBIDCo	£10,000	£20,000	£20,000	£50,000
Commercial Sponsorship	-	£25,000	£25,000	£50,000
Total	£35,000	£185,000	£180,000	£400,000

Ready for Work

3.3.2 The Ready for Work intervention is an expansion and enhancement of an existing Torbay-wide programme so further monies can be invested into intensifying work in Torquay in 2021.

Figure 3.6: Ready for Work Spending Profile

	2021/22	2022/23	2023/24	Total
Towns Fund	£45,000	£90,000	£90,000	£225,000

	2021/22	2022/23	2023/24	Total
TDA	£20,000	£25,000	£25,000	£70,000
Total	£65,000	£115,000	£115,000	£295,000

3.3.3 All of this funding is public funding.

Sector Pathways

3.3.4 There is work underway to develop the Photonics & Electronics element of this intervention and work can begin in 2021.

Figure 3.7: Sector Pathways Spending Profile

	2021/22	2022/23	2023/24	Total
Towns Fund	£45,000	£90,000	£90,000	£225,000
TDA		£25,000	£25,000	£50,000
Devon County Council	£10,000	£5,000	-	£15,000
HotSW LEP	£15,000	£7,500	-	£22,500
Total	£70,000	£127,500	£115,000	£312,500

3.4 Affordability Assessment

Cultural Landscapes

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

3.5 Risk register

3.5.1 There is a significant risk around funding the Cultural Landscapes intervention as commercial sponsorship is not secured and no application for monies has been submitted to the Arts Council.

3.5.2 The full risk register can be seen below in figure 3.8 This sets out the risks, their probability, impact and cumulative risk score. The risk register also sets out the mitigations of each risk.

Figure 3.8: Risk Register for Stronger Future

ID No.	Open/ Closed	Risk Description	Probability	Impact before mitigation	Risk Score	Who identified the risk	Risk Owner	Current Status, any mitigations, or opportunities along with any contingencies we may have
Stronger Future - Torquay								
1	Open	Suitable delivery partners are not found for areas of activity.	2	3	6	Prog Deliver Team	Prog Deliver Team	TDA have existing delivery partners and a recognised, strong network across the areas of activity.
2	Open	Unexpected programme delays i.e. from Covid-19 or within the tendering process.	2	1	2	Prog Deliver Team	Prog Deliver Team	TDA and Torbay Council have an efficient tender and procurement process. Information required for tenders largely has already been collected. Government's roadmap is on track and restrictions are set to ease regarding Covid-19.
3	Open	Changing market conditions.	2	2	4	Prog Deliver Team	Prog Deliver Team	TDA will continue to monitor any outside developments and market conditions that may affect progress. A flexible approach will be adopted and programme delivery teams will be ready to respond and change plans quickly.
4	Open	There are funding financial risks, particularly securing sponsorship / income.	3	3	9	Prog Deliver Team	Prog Deliver Team	TDA has a strong track record of securing funding from similar projects. Activity proposed has a strong case for change and effective, comprehensive business cases.
5	Open	Lack of engagement from educational institutions and local employers.	1	3	3	Prog Deliver Team	Prog Deliver Team	Through networks, the Torquay town deal board and other avenues, strong relationships are in place with educational institutions and key local employers.
6	Open	Lack of engagement from key stakeholders and board members.	1	3	3	Prog Deliver Team	Prog Deliver Team	Key stakeholders and board members have been fully engaged throughout. Both are involved in regular progress review meetings and the Torquay town deal board meetings. Communication is consistent and timely.
7	Open	Changes to initial project(s) scope.	3	2	6	Prog Deliver Team	Prog Deliver Team	Scope creep may occur, frequent progress review meetings are held, alongside regular town board meetings. Project schedules will be clear with project management teams in place.
8	Open	Risks associated with budget(s), changes to costs, inflation etc.	2	3	6	Prog Deliver Team	Prog Deliver Team	Projects are fixed costs and will go out to market as they stand. In most parts funding has either been secured or committed too. Budget planning and implementation will be in place, ensuring resources are allocated in a transparent and secure way.
9	Open	Internal resources and capability.	1	3	3	Prog Deliver Team	Prog Deliver Team	TDA has an experienced and qualified internal project management team who operate within the PRINCE2 project management framework and quality assurance processes to ensure that the project is delivered to the expected standards.

3.6 Wider Financial Implications

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

4 Commercial Case

4.0.1 The following sets out the Commercial Case for the Stronger Economy programme. This section should be read in conjunction with the Town Investment Plan.

4.1 Deliverability and delivery confidence

4.1.1 TDA is confident of delivery of this programme given the skills, capabilities and in-house expertise across a broad range of disciplines within the organisation, complemented by a demonstrable track record of being able to procure effective third party delivery expertise where required.

4.1.2 For each intervention it is intended that end delivery will be undertaken by a third party following development of a clear specification of works that respond to the Town Investment Plan and aligns with other relevant strategies for the place i.e, Torbay's economic repositioning plan and the Cultural Strategy.

4.1.3 Each intervention will have an allocated TDA lead who will be responsible for the development of the specification, management of the procurement with appropriate support where required from Torbay Council's procurement team, and then the subsequent contract management.

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

4.1.5 TDA has an experienced and qualified internal project management team, operating within a PRINCE2 project management framework and quality assurance processes. It will draw upon these skills in order to deliver the project.

4.1.6 TDA has the skills and experience necessary to manage and deliver these types of revenue interventions for example, through the delivery of the Great Place programme and employability support programmes.

4.2 Procurement strategy

4.2.1 TDA will develop specifications for the works ensuring that the objectives and outcomes of the Town Investment Plan are clearly identified for the end provider. Those specifications will be presented to the Town Board and the Council's internal Town Deal & Future High Street Fund steering group for assurance. Once confirmed these specifications will be used to procure and appoint a contractor(s) to deliver the services. TDA will work with Torbay's Council's Procurement Team to identify the appropriate procurement strategy which might include the use of frameworks however, it is expected that open tender routes will be followed.

4.2.2 The selection process and evaluation of suppliers will include consideration of the suppliers' experience and track record, the social value that they can bring to delivery of the contract and how they are addressing sustainability and the environment.

4.2.3 The scoring of submitted tenders is likely to be based on price and quality including the above requirements.

5 Management Case

5.0 Project organisation and governance

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

Figure 5.1: Delivery plan roles and responsibilities

Role	Key Responsibility
Project Manager	Implement and manage the day-to-day activities. Development of specification. Contract management and key point of contact for the project, including reporting to community and stakeholders.
TC procurement team	Advise on procurement process
Principal Supplier	To deliver the project in line with the accepted tender.

- 5.0.5 The project governance structure is in line with that outlined in the Town Investment Plan. Reports will be made to the Town Board, assumed to be on a quarterly basis, and the Town Deal & Future High Street Fund steering group. The latter is a member led working group that the Council has implemented in order to provide consistent political oversight of the delivery of these two important programmes. Progress will also be reported through to the Council’s Cabinet and to the Overview & Scrutiny Committee.
- 5.0.6 Contract review meetings will be held between the project manager and the principal supplier to provide opportunity for challenge on performance where required, identify any corrective measures, discuss any contract change proposals and to ensure that the delivery of the interventions is in line with the expected needs.
- 5.0.7 The Delivery Team - through the Project Manager - will continue to liaise with the local community, interest groups and other key stakeholders through to project delivery.

5.1 Risk management

- 5.1.1 An overall Risk Register outlining been developed to help identify and manage risks. This can be found above, Figure 3.8.

5.1.2 The key risks are set out below:

- Funding / Financial risks particularly commercial sponsorship/income
- Changing market conditions
- Programme delay, i.e. from Covid-19 or delays in the tendering process

5.1.3 The Risk Register will be updated regularly during the project timeline – using PRINCE 2 project management principles – and will be reported back through the governance structures set out at Paragraph 5.0.5, flagging risks, and allowing oversight of the projects, progress and alignment with the wider objectives of the Town Investment Plan.

5.1.4 The management of the risk will be led by TDA with the strategic level of risk being overseen by the Town Deal & Future High Street Fund steering group.

5.2 Stakeholder engagement

5.2.1 The relevant key stakeholders including sector representatives, the Department for Work & Pensions and others will be continually engaged with during the development of the programme and as the projects enter ‘delivery stage’.

5.3 Benefits, monitoring and evaluation

5.3.1 A dedicated resource using TDA assets has already been committed to formulating the Monitoring and Evaluation Plan and to ensure the requirements as defined by the Ministry of Housing, Communities and Local Government (MHCLG) are met.

5.3.2 TDA’s economic development team will ensure overall accountability for developing, reporting and overseeing monitoring and evaluation and alignment of the core objectives defined within the Town Investment Plan for this project specifically. TDA will ensure that the programme and benefit calculation tools and resources are in place, working closely with the wider TDA team, Torbay Council and its relevant partners.

5.3.3 TDA will ensure that the key inputs, activities and outputs meet MHCLG’s mandatory reporting requirements, as well as developing its own ‘project’ specific metrics considered relevant to the programme specifically. Those ‘project’ specific KPI’s and other performance metrics have been formulated, outsourcing where necessary any specialist external services.

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

- **Monitoring & Evaluation Plan**, as required by MHCLG and further developed internally by TDA as described above and in accordance with MHCLG guidance.
- **An ‘End Project Report’** this report will provide an update of how well the project has gone against the original business case and project specific objectives.
- **A “Lessons Report”** that builds on the lessons logs produced during the scheme. The Lessons Report documents all lessons that could be applied to other schemes and integrated into the organisation’s way of working.

- 5.3.5 TDA, for and on behalf of Torbay Council will be responsible for all monitoring and evaluation activities for this project, and will set out, monitor and report on spend, performance metrics, milestones, outputs and outcomes.
- 5.3.6 It will use the existing Town Deal & Future High Street Steering group to oversee and monitor delivery of the programme of work. It will be this Board that is, ultimately, responsible for evaluating its success.
- 5.3.7 Data collection, analyses and evaluation work will also be shared with more widely via the web or social media, via briefings and publications.