

Clerk: Lisa Antrobus
Telephone: 01803 207013
E-mail address: governance.support@torbay.gov.uk
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Governance Support
Town Hall
Castle Circus
Torquay
TQ1 3DR

Dear Member

CABINET - TUESDAY, 10 JANUARY 2023

I am now able to enclose, for consideration at the Tuesday, 10 January 2023 meeting of the Cabinet, the following reports that were unavailable when the agenda was printed.

Agenda No	Item	Page
15.	Torquay Town Deal - Business Case Assurance	(Pages 2 - 32)

Yours sincerely

Lisa Antrobus
Clerk

Meeting: Cabinet

Date: 10th January 2023

Wards Affected: Tormohun

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, Divisional Director Economy, Environment & Infrastructure

1. Purpose of Report

- 1.1 In July 2020 the Council submitted a Town Investment Plan seeking funding to support the economic regeneration of Torquay from the Government's Town Deal programme administered by the then Ministry of Housing, Communities and Local Government (MHCLG) now Department for Levelling Up Housing & Communities (DLUHC).
- 1.2 The Council was advised that the Investment Plan would be supported by £21.9M of Town Deal grant subject to business cases. Business cases for all projects with the exception of one have been submitted and approved by DLUHC. The outstanding business case is for a site-specific town centre regeneration proposal.
- 1.3 Submitting these business cases, to the renamed Department for Levelling Up, Housing and Communities (DLUHC), and their anticipated approval will allow for this project to join those already agreed and to proceed through the next stage of their development and delivery over the period to the second quarter of 2024 and beyond where appropriate.
- 1.4 Collectively the Town Deal projects all contribute towards the objectives set out in the Torquay's Town Investment Plan namely;
 - A high quality, vibrant town centre
 - A better connected and more accessible place
 - A high-quality economy
- 1.5 As a programme the Town Deal will deliver 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 with projects including investments at Upton Park, Princess and Royal Terrace Gardens already having had an impact and the Illumination Trail as part of the new Bay of Lights being part funded by Town Deal grant.
- 1.6 Delivery of the Town Investment Plan will, alongside the Future High Street Programme in Paignton, improve the economic outlook for Torbay's communities

through investments at key locations in each of the towns and attract further investment.

- 1.7 Torquay's Town Board at its meeting on 19th December 2022 considered the business case at appendix 1 as part of the assurance process for the Town Deal which requires that the Town Board confirms that projects fall in line with the anticipated benefits set out in the Investment Plan. The Town Board agreed that this business case is in line with its expectations and supported the business case.

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 proposal in this report help deliver this ambition by supporting town centre renewal and delivery of the thriving economy theme of the community plan. In doing so the project will help address the challenges of poverty and deprivation in Torquay by using the Council's commitment to local procurement to increase the social value benefits from delivery. This will see contractors required to sign up to Employment and Skills plans to increase employment and training opportunities from these projects alongside work to widen access for Torbay businesses to provide services to these projects.
- 2.2 The project will catalyse town centre transformation through investment in public realm, commercial and residential projects to make it a more attractive location to both live and work. The business case at appendix 1 summarises evidence that sets out how Torquay's retail position has changed in recent years. A dispersed retail offer in the town centre means that there is a requirement to increase vitality and footfall in the town centre and consider the introduction and reintroduction of non-retail uses in the town centre. This investment, principally into the town centre, will help address the changing nature of town centres which continue to see high levels of challenge for traditional retail led town centres. The projects will help improve the way in which the town centre works for the benefit of residents, businesses and visitors.
- 2.3 The project which will be enabled by this business case will support a consolidation of retail activity and introduce new uses to increase vitality and footfall through a town centre regeneration scheme that will introduce other uses back into the town centre. Negotiations are underway with prospective occupiers that will introduce new non retail uses to the town centre that will increase footfall and diversify uses in the town centre.
- 2.4 The reasons for the decision are to allow delivery of Town Investment Plan project which will demonstrate to the local community, investors and government the

progress of the Town Deal. Submission of the business case 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.

3. Recommendation(s) / Proposed Decision

- (i) That Cabinet notes the endorsement of the Torquay Town Board in respect of the business cases for the projects set out at Paragraph 1.2 of the submitted report; and
- (ii) that the business case as set out in Appendix 1 to the submitted report be submitted to the Department for Levelling Up, Housing and Communities with any required amendments delegated to the Director of Pride in Place in consultation with the Cabinet Member for Regeneration, Tourism and Housing and the Chief Accountant.

Appendices

Appendix 1: Towns Fund Business Case

Background Documents

Torquay Town Investment Plan 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 Department of Levelling Up, Housing and Communities (DLUHC). 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.
- 1.2 The projects in Town Deal 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
- 1.3 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.
- 1.4 The projects 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.
- 1.5 The stage 2 guidance requires that Green Book compliant business cases be developed, in a proportionate manner, for each project to allocate government funds. DLUHC may only require sight of the Summary Document, although DLUHC 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).

2. Options under consideration

- 2.1 Do nothing – Where the Cabinet not to agree to submit the business case then the Towns Fund grant will not be released and the anticipated benefits from the scheme 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 continue the delivery of the £21.9M of Towns Fund investment offered by Government unlocking other investment. 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.
- 3.2 It is clear from the experience of other projects both on site and in their planning stages that the construction sector is now beginning to experience some acute challenges relating to the supply chain and workforce. These challenges are contributing to building cost inflation and Cabinet should recognise that as the projects progress through their development that this cost inflation will have an impact on the Town Deal programme. This is likely to result in either a requirement for additional funding, value engineering of schemes once they are designed or scope reductions or a combination of the three.
- 3.3 This is not intended to water down any of the ambitions that the Town Investment Plan has for Torquay nor the Council's wider ambition for effective town centre and wider regeneration delivery but given that some of these schemes won't be put to the market until the final quarter of 2022 the costs are likely to increase further. The programme team will continue to explore how these cost pressures can be mitigated but they will remain a risk.
- 3.4 In respect of the workforce pressures the Build Torbay project is now underway and progress has been made with regional tier one contractors to make them aware of Torbay's commitment in this area. Scoping of the action plan for the project is nearing completion but there will be a focus on encouraging people, at all ages, to train/retrain for careers in the construction sector.

4. Legal Implications

- 4.1 There are no legal implications from the decision that Cabinet is being asked to make. As the project develops and delivery options become clear there may be legal implications which will be addressed as they arise.

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. Project specific communication and engagement plans will be developed in support of each scheme. An engagement plan has been prepared by the Communications and Engagement team to explain the background to the project and what it is intended to catalyse in the town centre. It is intended that this plan will be implemented from the date of the Cabinet decision.

6. Purchasing or Hiring of Goods and/or Services

- 6.1 The 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 to achieve the community's expectations and ensure that each town can deliver more of it's 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 Capital & Growth Board Overview and Scrutiny and to Cabinet.

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			No differential impact
	People with caring Responsibilities			No differential impact
	People with a disability			No differential impact
	Women or men			No differential impact
	People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>			No differential impact
	Religion or belief (including lack of belief)			No differential impact
	People who are lesbian, gay or bisexual			No differential impact
	People who are transgendered			No differential impact
	People who are in a marriage or civil partnership			No differential impact

	Women who are pregnant / on maternity leave			No differential impact
	Socio-economic impacts (Including impact on child poverty issues and deprivation)	Delivery of the Town Investment Plan is expected to increase the level of investment into Torquay, to reinvigorate the town centre and support the creation of new opportunities for employment, education and training. The Council's adoption of wealth building and social value principles will see the procurement of works contracts used to get the maximum local benefit.		
	Public Health impacts (How will your proposal impact on the general health of the population of Torbay)	Economic wellbeing is a key determinant of health and delivery of the Town Investment Plan is one of a suite of activities being delivered to support a higher performing economy in 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)			

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