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Torquay Town Deal Business Case

Stronger Future

Prepared on behalf of Torbay Council

July 2020

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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 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.