

**Meeting:** Cabinet

**Date:** 16 November 2021

**Wards affected:** Tormohun

**Report Title:** Growth Fund investment to deliver five new business units at Lymington Rd coach station.

**When does the decision need to be implemented?** Immediately

**Cabinet Member Contact Details:** Councillor Swithin Long, Cabinet Member for Economic Regeneration, Tourism & Housing, [Swithin.Long@torbay.gov.uk](mailto:Swithin.Long@torbay.gov.uk)

**Director/Assistant Director Contact Details:** Liam Montgomery, Director of Asset Management, Investment & Housing, [liam.montgomery@tda.uk.net](mailto:liam.montgomery@tda.uk.net)

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## 1. Purpose of Report

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- 1.1 **To seek authorisation to** increase Torbay Council's prudential borrowing to £1,367,369 from the Growth Fund to contribute towards the costs of building five new business units on the site of the former CCTV building and café, and to implement improvements to the public realm within the vicinity of the coach station and car park.
- 1.2 A budget increase is required in light of current market conditions, specifically build cost inflation, the results of detailed site investigations, and to address feedback received from the Environment Agency, service departments, Torbay Council's planning department and engagement with Members and the community regarding improvements to the public realm.

## 2. Reason for Proposal and its benefits

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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 investing in a Council property to redevelop a site that currently contains a derelict building. This proposal will see the construction of five new business units to be let on the open market and the provision of a new public toilet, improved coach arrival layout including the new provision of an international bay, new coach shelters, a new wayfaring signage board, improved lighting within the public car park, and the remarking of the remainder of the car park. Drawings illustrating these proposals are available at Appendix 2.
- 2.2 The reasons for the decision are:
  - 2.2.1 The buildings are currently vacant and prone to vandalism with poor customer facilities for arriving visitors. Without investment the coach station environment will further decline generating void management costs and an increase in anti-social behaviour.
  - 2.2.2 There is a shortage of small business units in Torbay and the rental stream from the new units will service the loan required to support the Council's contribution.
  - 2.2.3 Torbay Council has been awarded £1,960,000 by Heart of the South West's Getting Building Fund (GBF) to assist with the delivery of this project. This proposal seeks a contribution from Torbay Councils Growth Fund to meet the development shortfall and fund the additional items and increased costs that have been identified since Members made the original decision
  - 2.2.4 Since the original Cabinet paper in December 2020 a significant level of surveys, planning and community engagement has taken place and the scope of the project is now larger than originally planned. This, coupled with the high levels of build cost inflation is why additional funding is now required to bring the development forward.

### 3. Recommendation(s) / Proposed Decision

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1. To increase Torbay Council's prudential borrowing up to £1,367,369 from the Growth Fund to fund the development shortfall over and above the Getting Building Fund grant.
2. To delegate authority to Director of Place in consultation with the Cabinet Member for Regeneration, Tourism and Housing to approve the final project brief/specification for the public realm works and to allocate funds from existing revenue sources.

## Appendices

Appendix 1: Cabinet Report, dated 15 December 2020

Appendix 2: Site Plan

Appendix 3: Financial summary – Confidential Item – Part 2

## Report Clearance

	<b>This report has been reviewed and approved by:</b>	<b>Date:</b>
<b>Interim Chief Executive</b>	<b>Anne-Marie Bond</b>	
<b>Monitoring Officer</b>		
<b>Chief Finance Officer</b>	<b>Martin Phillips</b>	
Relevant Director/Assistant Director	Liam Montgomery	<b>22.10.21</b>

# Supporting Information

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## 1. Introduction

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- 1.1 The site comprises the main gateway into Torbay for visitors arriving by coach. The buildings are currently vacant and prone to vandalism. Concerns have been raised by Members, Council Officers, and local residents relating to anti-social behaviour, poor lighting levels, poor customer facilities for arriving visitors, and perceived safety concerns.
- 1.2 There is a shortage of small business units in Torbay. The proposed scheme will redevelop the site to provide c. 5,015 sq ft of new business space through the creation of five new business units, to be let on the open market. The rental stream from these units will be used to service the loan required to support the Council's contribution.
- 1.3 Should the site not be developed it is likely that the building will remain vacant with ongoing management costs and deteriorating building fabric thereby presenting a long term liability for the Council. The facilities for arriving visitors are poor. Visitors are currently greeted by boarded up units and there are no coach shelters and limited facilities for waiting passengers.
- 1.4 The proposed redevelopment of the site provides a vision for improving the coach station facilities and the public realm through the provision of a new international coach bay, three new coach shelters providing weather protection for waiting passengers, a new wayfinding board with bus timetables and location plans, an improved disabled WC and improvements to the public domain all of which will be important for the future growth of Torbay as a premier tourist destination.
- 1.5 It is envisaged that this proposal will:
  - Create 29.6 full time equivalent (FTE) construction jobs
  - Create 38 new direct FTE jobs
  - Create 7.6 new indirect FTE jobs
  - Generate £2.5m of GVA per year in the local economy

## 2. Options under consideration

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- 2.1 As detailed in the previous Cabinet Paper provided at Appendix 1, the proposed development will see the demolition of some existing derelict buildings which have historically been hard to let and are beyond their economic life. An alternative option to the proposal is to enhance the existing structure and then continue to try and find a potential tenant.

### 3. Financial Opportunities and Implications

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- 3.1 The financial summary at Appendix 3 sets out the funding model and how the projected rental stream will support the loan financing required to meet the Councils contribution. Without the additional grant funding this project would not have been financially viable.

To ensure the projections are prudent the model assumes that the scheme is only 90% let to deal with tenant churn and potential void periods. Furthermore it also assumes a market level of tenant incentives.

- 3.2 The proposal looks to invest part of the Growth Fund by providing additional employment space. Using this money on this project means that the same money cannot be used elsewhere. However, there is uncommitted money within this fund and currently investing in this project is not preventing investment elsewhere.

### 4. Legal Implications

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- 4.1 The property will be developed by the Council with the individual units being leased to interested tenants at market value. The leases will be full repairing and insuring leases and will clearly set out all tenant and landlord obligations.

### 5. Engagement and Consultation

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- 5.1 Other than briefings with the Ward Councillors and Portfolio Holder, no engagement or consultation is planned on the principle of the Council providing a contribution towards these works.
- 5.2 Torbay Council applied for planning consent for the proposed scheme on 11 June 2021 and normal engagement and consultation associated with planning applications has taken place in the usual way.

### 6. Purchasing or Hiring of Goods and/or Services

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- 6.1 All services necessary to bring forward the development will be procured in line with the Councils financial regulations and standing orders.

### 7. Tackling Climate Change

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- 7.1 The Council will need to obtain planning consent and building control approval for the works, which will involve meeting environmental standards required under policy.

## 8. Associated Risks

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- 8.1 There will development risk associated with a speculative project of this nature. This risk is mitigated by the fact that £2m of the funding required has been from grants which reduces this financial exposure.
- 8.2 Market research tells us there are good levels of demand for business units of this nature. However, if there is insufficient interest from tenants and projected rental levels are not achieved the Council would need to fund the repayments from the revenue budget as loan repayments will still need to be made. The cashflow and development appraisals assume prudent timeframes to have the units let.
- 8.3 The site sits within flood zone 2 and 3 and sewer diversions will be necessary. Development risk has been identified as medium by consultants. Detailed site investigations have been undertaken with further intrusive ground investigations currently in progress. This will ensure that site constraints are reflected in the detailed design and construction methodology.
- 8.4 The works contract will be let on a fixed price design and build, helping to mitigate the risk of any cost overrun.
- 8.5 Like all speculative developments the units will need to be let to service the Councils loan. The appraisal makes prudent assumptions on voids and tenant churn.

## 9. Equality Impacts - Identify the potential positive and negative impacts on specific groups

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	Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
Older or younger people			No differential impact
People with caring Responsibilities	The provision of a new public toilet suitable for persons with disabilities is being provided.		
People with a disability	The provision of a new public toilet suitable for persons with disabilities is being provided.		
Women or men	Bus shelters are being provided at the Coach station.		

People who are black or from a minority ethnic background (BME) (Please note Gypsies / Roma are within this community)	Bus shelters are being provided at the Coach station.		
Religion or belief (including lack of belief)	Bus shelters are being provided at the Coach station.		
People who are lesbian, gay or bisexual	Bus shelters are being provided at the Coach station.		
People who are transgendered	Bus shelters are being provided at the Coach station.		
People who are in a marriage or civil partnership	Bus shelters are being provided at the Coach station.		
Women who are pregnant / on maternity leave	Bus shelters are being provided at the Coach station. The new public toilet will have baby changing facilities.		
Socio-economic impacts (Including impact on child poverty issues and deprivation)			No differential impact
Public Health impacts (How will your proposal impact on the general health of the population of Torbay)			No differential impact

## 10. Cumulative Council Impact

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10.1 None

## 11. Cumulative Community Impacts

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11.1 None