TORBAY COUNCIL

Report title: Regeneration Programme Funding - The Redevelopment of the Strand (Torquay), New Employment Space at Oxen Cove (Brixham) for the Fishing Industry, New Employment space at Tech Park (Paignton) for the Photonics Industry and the enhancement of Central Brixham (Middle Street/Bank Street Public Realm including Central Car Park)

Report to:	Cabinet & Council
Date:	Cabinet 24th November 2026 and Council 10th December 2026
Lead Cabinet Member:	Cllr Chris Lewis, Place Development and Economic Growth
Email:	chris.lewis@tobay.gov.uk
Lead Director:	David Carter – Director of Regeneration and Place Delivery
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Wards affected: All	All

1. Summary of Report:

1.1. This report sets out the decisions that need to be made in respect of a number of key projects across Torbay, namely;

- The Strand,
- Oxen Cove,
- Tech Park, and
- Brixham Central.

Taken together, these projects will facilitate over 400 new jobs, create £150m of inward investment and provide over £1bn in additional GVA over the next 30 years.

1.2 The projects have been developed over the last 5 years using Town Deal Funding and Levelling Up Round 3 Funding. These funding pots were condensed into a single funding pot in October 2025, which is called the Local Regeneration Fund (LRF), with remaining monies in the fund to be spent by 1st April 2028.

1.3 By aggregating the projects financially, it will create efficiency in development funding by attracting the lowest cost of capital possible. This report therefore seeks a number of decisions in order to progress delivery of the projects.

2. Recommendations and Proposed Decision

1. In respect of the Strand redevelopment;

    a. To support the Business Case (attached at Appendix 1), and to support in principle the mix of funding sources through which the Business Case can be delivered,
    b. To note that the final funding mix sources will be presented to Full Council for approval in the summer of 2027,
    c. To delegate authority to the Director of Regeneration, in consultation with the Cabinet Member for Place Development and Economic Growth, the Cabinet Member for Finance and Housing and the Director of Finance, to enter into the following agreements, on the basis that they are conditional upon the final funding sources to be approved by Full Council in the summer 2027;
        i. a Development Agreement contract (exempt Appendix 2)
        ii. a funding and financing agreement with an institutional investor.
        iii. a 50/50 joint venture agreement with a hotel company to own and operate the Hotel element of the project (Hotel Operating Company) subject to both parties meeting the conditionality of the agreement, on the basis of a minimum £2m equity investment for 50% of the Hotel Operating Company (exempt Appendix 4),
    d. To request that the Chief Executive and the Director of Finance develop a comprehensive package of proposals in order to minimise the required PWLB and Institutional Investment required to deliver the project, thereby reducing the level of long term risk to the Council.

2. To allocate £26.53m of the LRF grant to each project shown below:

	LRF Grant
Programme Total	£26,531,000.00
Project	**Proposed Allocation of LRF**
Paignton Tech Park	£3,895,000.00
Brixham Oxen Cove	£11,200,000.00
Torquay The Strand	£11,186,000.00
Brixham Central	£250,000.00
Total	**£26,531,000.00**

3. To approve PWLB up to a maximum amount of £15m to deliver the projects at Oxen Cove and the Tech Park, subject to Final Business Cases being presented to Cabinet for approval.

4. To approve the ring fencing of the rental income from the Regeneration Programme projects in this report, to ultimately provide funding to finance the overall PWLB funding required to deliver the programme.

3. Reasons for the Recommendations and Proposed Decision

3.1 The ultimate delivery of these Regeneration projects is central to the Council's ambition to regenerate both physically and economically Torbay's town centres through key economic assets and sectors where we have regional and national advantage.

3.2 Table 4.2 below shows the summarised individual benefits and the aggregate benefits from the Economic Impact Analysis of the projects. There is also a further beneficial impact of agglomeration from the interaction of the projects.

3.3 Oxen Cove will provide 2500m2 of new employment space for marine aquaculture and is likely to be occupied primarily by the shellfish industry who will use it to add value to locally caught and grown shellfish by processing and holding it as live catch. The new space will also allow a fundamental reorganisation of the existing port site, increasing value and efficiency in operation and creating additional employment. The project has stimulated the industry to act to move lower value storage and support services to new premises within Torbay.

3.4 Tech Park will provide 1900m2 of grade A Research and Development and Production facilities for the Photonics Industry that have outgrown the EPIC facility, freeing up space in EPIC for new and emerging firms.

3.5 The redevelopment of the Strand will create an upscale Hotel with 144 bedrooms and 3 retail units. Commercial interest with potential occupiers has been very high reflecting the quality of the proposed development and leveraging the high quality of the Harbour Public Realm scheme.

3.6 Creating a high-quality public realm in main arrival point in Brixham Town Centre allied to additional and higher quality parking provision will boost the local economy and attract more visitors and local people across Torbay to visit Brixham.

3.7 Success will be measured by the physical delivery of the schemes, the occupiers and the rental income achieved and most importantly the delivery of the intended long term social, environmental and economic benefits that are set out in the Economic Appraisal.

4. Background and Context:

4.1 The Council has been developing the current regeneration programme since 2022. The development and delivery process accelerated after the selection of Wilmott Dixon and Milligan (WDM) as our regeneration partner in October 2023. The programme has benefited from capital grant funding secured in 2024 through a combination of Levelling Up Round 3

(LUF) and Levelling Up Partnership Funding (LUP) to add to the previously funding secured from the Future High Streets Fund and Town Deal.

4.2 Merging of funding

In September 2025 the Government announced that it was consolidating the Levelling Up Fund, Town Deals and Simplification Pathfinders Pilot Funds together into a single funding pot, Local Regeneration Fund, providing greater flexibility and supporting local leaders to drive growth.

The LRF programme's objectives were set out as:

- **Increase efficiency** – reduce administrative complexity and duplication across multiple funding streams.
- **Enhance effectiveness** – allow local authorities to allocate resources based on local priorities, leading to better project outcomes.
- **Accelerate project delivery** – reduce delays caused by central approvals and fragmented funding arrangements.
- **Improve value for money** – achieve greater impact through strategic alignment and local prioritisation.

4.3 The Government extended the deadline for all funding from the LRF from April 2026 to April 2028 to have committed spend. Consequently, the Council has used the funding flexibilities provided to maximise the impact of the programme and ensure the sequential delivery of the Tech Park and Oxen Cove in 2027/28, to start the main works for the Strand in Q4 2027 and to submit a planning application for Brixham Central in Spring 2027.

Table 4.1 - Summary Programme of 4 schemes

	2026		2027				2028				2029				2030			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Tech Park	OBC	FBC	CONSTRUCTION															
Oxen Cove		OBC	FBC	CONSTRUCTION														
The Strand		OBC			FBC				CONSTRUCTION									
Brixham Central			SOC		OBC	FBC	ENABLING			CONSTRUCTION								

4.4 Maximising (Aggregating) Benefits

The Government's objective of merging the funding and encouraging 'freedom and flexibilities' was to allow Local Authorities to allocate the Capital Grant in the most efficient way to deliver the maximum return. A simple example is aggregating the costs and overall value of the programme to deliver more than an individual project could do with a fixed amount of capital grant.

The approach taken by the Council has been to allocate capital grant to specific schemes in order to consistently report to Government (as set out below in Table 8.1 in Section 8) and aggregate the overall income from each scheme at programme level.

4.5 Economic Impact

The primary objective of the Regeneration Programme is to raise the value of economic, social (people) and natural assets across Torbay to arrest our relative economic decline and tackle some of our deep-rooted deprivation issues. To ensure the regeneration programme delivers our desired economic outputs the Council has undertaken a comprehensive assessment of the economic impact of the overall Regeneration Programme contained in Appendix 4. In addition, as required by Treasury Green Book reporting we have undertaken more detailed economic analysis contained in the Economic Case of draft final Business Case of the Strand in Appendix 1

Table 4.2 - Summary of Economic Benefits - Gross Direct Impacts

	Temporary Construction Impacts			Permanent Place Impacts			Public Sector Value
Project	**Person Years Employment**	**Wages**	**GVA**	**Jobs**	**Annual Wages**	**Annual GVA**	**BCR**
Tech Park	140	£5m	£9m	120	£6m	£17m	6.8
Oxen Cove	95	£3.9m	£6.6m	44	£1.5m	£3.2m	3.8
The Strand	367	£14.3m	£24.2m	163	£4.4m	£7.5m	2.7
Total	**602**	**£23.2m**	**£39.8m**	**327**	**11.9m**	**£27.7m**	
Brixham Central	128	£5m	£10m	20	£0.6m	£0.7m	2.8

Table 4.3 - Summary of Economic Benefits - Net Indirect Impacts

	Temporary Construction Impacts			Permanent Place Impacts			Public Sector Value
Project	**Person Years Employment**	**Wages**	**GVA**	**Jobs**	**Annual Wages**	**Annual GVA**	**BCR**
Tech Park	203	£8m	£14m	35	£2m	£5m	6.8
Oxen Cove	138	£5.7m	£9.6m	40	£1.3m	£2.9m	3.8
The Strand	533	£20.7m	£35.1m	84	£2.3m	£3.9m	2.7
Total	**874**	**£34.4m**	**£58.7m**	**159**	**£5.6m**	**£11.8m**	
Brixham Central	186	£7m	£10m	11	£0.3m	£0.4m	2.8

Table 4.4 – Total of Overall Economic Impact

	Temporary Construction Impacts			Permanent Place Impacts		
Programme Level	**Person Years Employment**	**Wages**	**GVA**	**Jobs**	**Annual Wages**	**Annual GVA**
Gross Direct	602	£23.2m	£39.8m	327	11.9m	£27.7m
Indirect	874	£34.4m	£58.7m	159	£5.6m	£11.8m
Total	**1476**	**£57.6m**	**£98.5m**	**486**	**£17.5m**	**£39.5m**

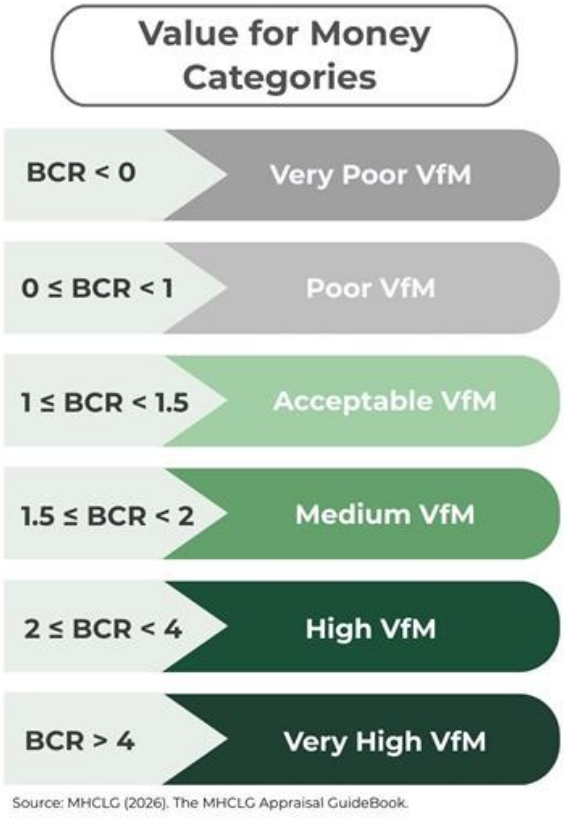
4.6 Agglomeration

A full economic appraisal of the overall regeneration programme comprising of 12 projects, is attached at Appendix 7 with the scheme specific data presented above in Tables 4.2 to 4.4. The report considers the agglomeration effect of delivering the full programme of 12 projects, this can be described as additional benefits that will be created by the interaction of the projects when delivered. There would be an agglomeration effect in delivering the three projects together that would increase the total aggregated numbers in Table 4.4.

The calculation of public sector benefits in terms of Benefit Cost ratio to determine value for money is set out below extracted from HM Treasury Guidance. A ratio of greater than 1 means that there are greater monetised benefits in the scheme than it cost.

Value for Money (VfM)

Value for Money is a judgement about the optimal use of public resources to achieve policy objectives based on the value to society of all economic, social and environmental benefits. The benefit to cost ratio (BCR) is an important factor in a project's value for money. Where a project is expected to deliver high value for money, it means that the assessed benefits are high relative to public sector costs.



Source: MHCLG (2026). The MHCLG Appraisal GuideBook.

Summary explanation of calculated economic benefits and reasoning for approaches taken

Issue/Approach	Commentary/Notes
The rationale for using a 60 year return period used for the economic assessment for wages and GVA	The Economic Case is based on work that was undertaken in the spring of 2026 to demonstrate Green Book compliant socio-economic benefits and value-for-money of a programme of regeneration projects in Torbay. Appraisal over 60 years is UK Government advice. HM Treasury (2026) The Green Book: UK Government Guidance on Appraisal, states at paragraph 6.11: "Practitioners should use the following time horizons, which are additional to year 0 … 60 years for infrastructure, such as roads, railways and new buildings".
The approach to how construction phase jobs are calculated	Taking the example of the 533 net person years calculated for the Strand: Gross direct impact of 367 FTE jobs is set out in Table 3.1. of the Economic Appraisal submitted with the planning application for the Strand and the method of calculation is described in paragraphs 3.6, 3.7, and 3.8. In the same document. The method for calculating the net additional impact is set out in Table A2.1 in Appendix 2 of Appendix 7. Sources are given for each value.

	This includes: • Leakage of 16% i.e. the loss of 16% of benefits out of Torbay. • Displacement of 25% i.e. displacement of 25% of benefits within Torbay. • Multiplier effect of 1.31 i.e. 1.31 additional jobs for every direct job in construction. • Deadweight of zero. Which is assessed as 367 x (1–0.16) x (1–0.25) x (1+1.31) = 533
Type of roles to be created	Again using the Strand as an example in the Economic Appraisal submitted with the planning application for the Strand. Paragraph 3.12 of the economic case states "The economic benefits from the operational phase are assessed over a 60-year period and are discounted to present values." The £67 million value is the discounted figure for wages generated by the hotel over the 60 year period. The undiscounted figure is £172 million over 56 years of the 60 year appraisal period, equivalent to £3,063,000 per year. The undiscounted figure is calculated by multiplying 115 FTE jobs in the hotel by an average salary of £26,600, derived from the ONS Annual Survey of Hours and Earnings median pay for a full-time job in the Accommodation sector in the South West. This is greater than the current minimum wage of £12.71 per hour, which would equate to annual pay of £24,800 for a 37.5 hour week.
Whether the schemes will displace existing employment locally, regionally and nationally	In standard economic assessments HM Treasury Green Book prescribes displacement figures to avoid bias and artificial inflation preferentially derived by the scheme promoter. In the case of the three schemes there are practical reasons to suggest that the displacement numbers considered are overly pessimistic: Tech Park – The scheme is a direct intervention to create new employment space for a specialist sector that clusters in Torbay. Without the project the creation of new businesses and development into SME's would likely either not happen or would be dispersed and not benefiting from the concentration of specialisation and agglomeration. Oxen Cove – The project is targeted at creating new employment space for sustainable fisheries e.g. Shellfish that use the sea in the local/regional area to grow the industries sustainably e.g. Muscle Farm and Scallop Hatcheries i.e. it is difficult to replicate elsewhere in the South West of England logistically, and wouldn't have the same economic value elsewhere in the UK due to Brixham's ability to command a premium in the UK market. The Strand – The appraisal assumed a 50% displacement as prescribed by the Treasury Green Book as medium level displacement. However in reality the type, location and facilities of the proposed Spa Hotel are not replicated elsewhere in Torbay hence any displacement would occur from other UK sites and desirably would attract supressed visitor spend in Torbay that wouldn't happen elsewhere.

5. Alternative Options Considered:

5.1 In the development of each project the production of a business case to HM Treasury Green Book guidance requires a ‘do nothing’ option is given consideration, however the awarding of circa £40.9m LRF funding with intention to develop and deliver the projects means that do nothing scenarios have been discounted as they would not deliver the intended outcomes that Torbay Council has set and the Governments grant conditions require us to deliver.

5.2 In the development of each business case options are required to be considered in the SOC to determine a preferred option for each site, following which any OBC or FBC only present the Councils preferred option.

6. Contribution to Council Priorities:

The Regeneration Programme Torbay Councils contributes to Council priorities for pride in place by:

- Drawing investment into our towns and breathing life into our town centres, partnering with the private sector to deliver major projects.
- Maximising heritage and cultural opportunities for the enjoyment and benefit of residents and visitors.
- Delivering priority capital projects within the Council’s Capital Programme.
- Protecting and enhance our lived, built and natural environments, including our green spaces.

And is intended to achieve the following outcomes:

- Established pathways for young people, including those with special educational needs and/or disabilities (SEND), and unemployed to employment opportunities with skills levels moving toward national averages.
- Improved productivity in Torbay which closes the gap compared to the national data.
- The number of businesses and jobs in Torbay increases.
- Better balance of full-time to part-time opportunities.
- Targeted approach to inward investment which attracts new high-tech companies.

7. Consultation and Engagement:

7.1 Each project has been through both informal engagement and formal statutory consultation as set out the table below and flows from the consultation on the Councils Corporate Plan to the engagement process with the Torbay Regeneration Vision and Torbay Story and engagement and statutory consultation associated with each project planning application.

Project	Period	Total participants	Business engagement	Community meetings	In-person
The Strand (consultation)	Jul 2025	1,119	140	40	345
Oxen Cove (consultation)	Mar-Apr 2026	811	60	42	350
Brixham Central Phase 1 (engagement)	May 2026	429	60	6	100
Brixham Central Phase 2 (engagement)	Oct 2026	393	40	0	165
Tech Park	Engagement and consultation activities have not yet commenced for this project				

8. Implications:

8.1 Financial Implications:

There are no immediate financial implications, the Council will continue to develop each project within the programme until FBC stage is reached using the allocated grant funding (as apportioned in Table 8.1 below).

Upon approval of the FBC of each project there will be a decision in respect of the funding of the same. For Oxen Cove and the Tech Park Cabinet will receive the FBC and will be able to authorise PWLB within the limit provided by Full Council as a part of this decision. In respect of the Strand, this will return to Full Council for consideration.

The council has allowed a revenue provision to cashflow construction of the projects in the regeneration programme in the MTFP in future years annual budgets.

Table 8.1 - Summary of Estimated Programme and Project Cost

		Funding		
	Cost	**LRF Grant**	**LUP Grant from 2024**	**Equity Investment**
Programme Total	£95,276,000.00	£26,531,000.00	£250,000.00	£2,000,000.00
Project Breakdown	**Cost per Scheme**	**Current Allocation of LR**	**LUP Grant**	**Equity Investment**
Paignton Tech Park	£6,800,000.00	£3,895,000.00		
Brixham Oxen Cove	£13,300,000.00	£11,200,000.00		
Torquay The Strand	£74,676,000.00	£11,186,000.00		£2,000,000.00
Brixham Central	£500,000.00	£250,000.00	£250,000.00	
Total	**£95,276,000.00**	**£26,531,000.00**	**£250,000.00**	**£2,000,000.00**

8.2 Legal Implications:

The council has used external legal advice from Addershall Goddard managed through our own legal department throughout the development of the programme and individual projects.

The Council has sought specific advice on the following specialist areas to ensure a robust approach:

- Compulsory Purchase of third party land within the red line boundary (development area) for the redevelopment of the Strand
- Structure of the land holding, joint venture special purpose vehicle
- Procurement Advice on Hotel Management Contracts
- VAT and Tax Advice as it pertains to the proposed funding, finance and operating structure of the redevelopment of the Strand.

8.3 Corporate Parenting/Children and Young People:

The Regeneration Programme is expected to benefit children and young people by creating new direct employment opportunities and strengthening civic pride. Through Build Torbay and supply chain social value commitments, specific employment opportunities will be created for care leavers and care-experienced local residents, supporting their access to the benefits of regeneration.

8.4 Associated Risks, Risk Tolerance Level and Mitigations:

A summary of key risks associated with the recommendations in this report are shown in the table below

The risks of not approving the recommendations include the stalling of development of the schemes where an in principle decision to progress is required to develop schemes to Full Business Case status. Overall risk exposure is assessed as acceptable within the Council's risk tolerance appetite.

Risk	**Risk score before mitigations**	**Mitigations**	**Risk Score after mitigations**	**Risk tolerance**
Construction Cost Inflation (Oxen Cove and Tech Park)	15	Oxen Cove and Tech Park have project and client risk allowances and general contingencies to provide for any increase in construction costs beyond OBC estimates	8	12
Construction Cost Inflation (The Strand)	20	Negotiation to Guaranteed Maximum Price Contract at FBC2	5	10
Generating assumed level of income necessary to service borrowing costs at Programme Level	20	The projects will be delivered sequentially and will secure tenants through leases in 2027. Stabilised Income from Tech Park and Oxen Cove will be achieved before FBC 2 for the Strand. Income projections in Business Cases included in the Appendices have been produced by an independent RICS Suryevor.	8	10

8.5 Contributions to tackling climate change or achieving carbon neutrality:

All projects are being designed to comply and where possible exceed Building Regulations standards for energy consumption and thermal performance. The Strand and Oxen Cove both have Photovoltaic arrays included in their designs.

8.6 Social Value Considerations:

In addition to aligning with Torbay Council's standard requirements for Social Value the Regeneration Partnership has additional commitments and has delivered the following outputs and outcomes as part of our commitment to Social Value.

In the Commercial Case of each projects' Business Case contained Appendices x to x there are proposals for scheme specific social value outputs.

8.7 Procurement Implications:

Each business case attached at Appendices 1, 5 & 6 has a commentary and proposals for compliance with procurement as set out in the Commercial Case of the Business Case

9. Equalities Impact Assessment:

Each Business Case contains a scheme specific EIA which will be finalised when the FBC are presented to Capital Growth Board for sign off and Cabinet/Council for final funding decisions.

10. Cumulative Council Impact:

There is no specific direct cumulative impact on Council Services from the proposals contained in this decision paper.

11. Cumulative Community Impact:

The proposals are intended to make a positive impact on the local community and local economy as set out in the Economics Benefit in Section 4.

12. Monitoring and Evaluation:

The delivery of the overall programme of regeneration in terms of how it delivers the Councils corporate plane is monitored by the Councils' performance management system and reported quarterly to Cabinet and Council. The delivery of the individual schemes is managed and monitored by the Capital Growth Board with oversight from the Capital Projects Working Group. The desired regeneration effects will manifest themselves incrementally overtime as the scheme become occupied, create employment, economic agglomeration and create civic pride and local ownership.

Appendices:

Appendix 1 – Redevelopment of the Strand Draft Final Business Case

Appendix 2 – (Exempt Appendix) Draft Development Contract

Appendix 3 - (Exempt Appendix) Letter of Intent from potential Hotel Investor/Operator

Appendix 4 - (Exempt Appendix) Regeneration Programme – Indicative Financial Appraisal

Appendix 5 – Oxen Cove Outline Business Case

Appendix 6 – Tech Park Outline Business Case

Appendix 7 – Regeneration Programme - Economic Impact Analysis

Background Documents:

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