



Meeting: Full Council

Date: 15th May 2013

Wards Affected: All Wards

Report Title: Cycling Development, Clennon Valley

Executive Lead Contact Details: Cllr. Robert Excell

Supporting Officer Contact Details: Sue Cheriton, Executive Head – Residents & Visitor Services – Ext 7972 / Steve Parrock – Chief Executive TDA Ext 8973 Ian Williams Ext 7954 / Iain Masters Ext 8975

1. Purpose

To ask members to decide whether up to £780,000 of the Council's prudential borrowing will be made available for the creation of the following sports facilities at Clennon Valley.

- (i) A 1.5km Closed Road Circuit to benefit the maximum number of users from a wide variety of sports.
- (ii) An outdoor velodrome, this will be the only such facility in the South West and therefore of regional significance.

2. Proposed Decision

- 2.1 That the Council make available up to £780,000 of prudential borrowing subject to a level of funding being provided by British Cycling to enable a closed road circuit and outdoor velodrome to be constructed at Clennon Valley.
- 2.2 If approved the costs for prudential borrowing will be £57,000 per annum and added to the council's base budget in future years (para 6.2 refers) should income not cover this expenditure.
- 2.3 In addition the Council agrees to make provision within the base budget a sum up to £27,200 for future format maintenance costs and accept responsibility for any liabilities as set out in paragraph 5.3 of the report, should income not cover this expenditure.

3. Reasons for the Decision

- 3.1 The proposed development will increase the number of active sports participants in

cycling and other sports via promotion of cycling as a recreational sport by the provision of two outstanding sports facilities at Clennon Valley.

- 3.2 The development of the facilities will benefit the local economy as they will be the only such facilities in the South West and therefore of regional significance attracting users from outside of Torbay and visitors for competitions and events.
- 3.3 British Cycling have confirmed that funding of up to £780,000 is available. British Cycling have also confirmed that they will not provide any funding if the match funding is not provided directly by Torbay Council .
- 3.4 Agreement from Full Council for the provision of capital funding for the proposed development will allow officers to progress the scheme development, carry out the required consultation, make technical investigations and prepare the designs needed in order for a planning application to be submitted. If the development is to be delivered it is essential that this work is done as soon as possible as the funding from British Cycling is available for a limited time period and British Cycling have indicated that if the application for their funding is to be successful the Council must be in a position to commence work on the development as soon as possible with the expectation that the development to be at or near completion by no later than April 2014.
- 3.5 Subject to a satisfactory outcome of the investigations and consultations referred to above; sufficient match funding being agreed and provided by British Cycling and the necessary consents (including planning permission) being obtained the development will be able to commence in Autumn 2013. It is expected that once commenced the development will take 8 months to complete. Discussions are ongoing with British Cycling with regard to the exact timetable for the Development.
- 3.6 The facilities will support positive community, sports, health, tourism, economic and employment outcomes further details of which are provided in the business case at Appendix 2 ('the Business Case')

4. **Summary**

- 4.1 The Business Case includes the reasoning behind the proposal to build the cycling facilities. The proposal, if agreed, would have significant economic and health benefits for the residents of Torbay and surrounding areas. The Business Case highlights the importance of these benefits and the possible scales of increase to the prosperity of Torbay. Increasing the tourism offer, encouraging regional and national events to use the facilities, these events would increase media coverage and consequently raise the profile of Torbay. A report produced by Sport England showed that the consumer expenditure on sport in the South West is £1.8 billion per year with 44,000 people employed in sport in the South West alone.
- 4.2 The decision to allocate the match funding is critical to take the project forward and to show that Torbay is keen to take the opportunity provided by British Cycling to enhance the sports provision within Torbay. British Cycling have made the development of cycling facilities in the South West a priority. Torbay is their preferred location but if the Council will not commit to providing the funding required the offer of match funding from British Cycling will be made to other local authorities within the South West as British Cycling are committed to providing the facilities to be developed during 2013-2014. If no other location can be found in the South

West it is assumed that the funding will be used for other cycling facilities nationally.

Supporting Information

5. Position

- 5.1 A report was presented to Full Council on the 28th February 2013 when the following motion was carried:-
- (i) That this Council supports, in principle, the development of a velodrome and a Closed Road Cycling Circuit at Clennon Valley subject to satisfactory resolution of the means of funding the capital costs and the future revenue costs of the project;
 - (ii) That the Chief Executive of the Torbay Development Agency be requested to seek proposals from prospective developers or investors for the cycling facilities referred to in the submitted report who will provide funding to match the British Cycling grant contribution to the facilities; and
 - (iii) That no capital monies are committed to the project at this time and until discussions with developers/investors have reached a satisfactory conclusion.
- 5.2 The options for funding have been investigated by the Torbay Development Agency (TDA) and a summary of the outcome is outlined in sections 5.8 to 5.11 of this report.
- 5.3 The scheme involves the development of a outdoor 'velodrome' built to British Cycling recommended specification/design and a 1.5km 'Closed Road Circuit' both facilities would be for community use and competitive cycling and would be located at Clennon Valley in Paignton. Torbay Council would own the facility on completion and be responsible for future format maintenance and made provision of £27,200 p.a. and any liabilities. Clennon Valley has been chosen as it has the infrastructure already in place to support this type of facility and therefore, is a sustainable location.
- 5.4 British Cycling (BC) has identified the regional need for a Velodrome and a Closed Cycle Circuit in the South West Region. BC have stated that the provision of these facilities in the South West are one of their highest National Priorities. Torbay is stated to be BC's preferred location. BC have confirmed that they have monies available to jointly fund this project providing 50% match funding can be secured and their required criteria met.
- 5.5 The nearest cycling facilities to Torbay for an outdoor velodrome is Bournemouth for the Closed Road Cycle Circuit is either Birmingham or London. A closed road is to be developed in Bath during 2013. Manchester and London are the only areas that have both a Closed Road Circuit and Velodrome.

- 5.6 The building of a Closed Road Cycling Circuit would offer a much wider range of activities other than cycling and would greatly enhance the Council's ability to deliver the health and well being programs. The Closed Circuits also allows for the safe training and confidence building for novice cyclists. Closed road circuits also provide a facility for a wide range of sports, such as jogging, roller blading and disabled sports, while ensuring that they can be undertaken in a safe controlled manner.
- 5.7 The concept of a Velodrome and the uses to which it can be put will be understood. The overwhelming advantage of an outdoor track over a timber indoor circuit is the very significant reduction in the capital and revenue costs. These savings greatly outweigh any diminution in the quality of the track or restrictions that will be placed on its use.
- 5.8 As the resource will be of regional significance it will be considered an iconic facility. The Council is hoping to provide another sports resource of regional significance which then allows Torbay to apply for the iconic facilities grant and other high value funding opportunities.
- 5.9 The TDA has conducted the review of funding options requested at Council on 6th February. TDA Officers have identified limited scope for securing significant additional sources of capital but a number of sources of potential significant revenue have been highlighted.
- 5.10 Capital funding through S106 sources is currently being explored and may be used to reduce the level of prudential borrowing required. The sum of £143K from S106 is assumed from existing approved developments. British Cycling(BC) has discouraged TC from considering 3rd party capital funding for fear it would fetter community access. BC has instead encouraged investigation of revenue options
- 5.11 The TDA has received In principle offers (and/or expressions of interest) in providing revenue funding to cover the cost of prudential borrowings from the following: soft market testing of possible cycle hire/sales facilities (two offers received), negotiations with a major local tourism accommodation provider has identified in principle willingness to support the project (the same provider is proposing to pay the full capital cost of a similar circuit facility elsewhere in the UK), sources of funding from education providers including Exeter University, South Devon College and local schools have been identified. Parkwood (the operator of the Torbay Leisure Centre) has written to the Council expressing a willingness to manage the facility at a 'no cost' basis. Parkwood do not offer to repay the cost of any TC or BC capital provided.
- 5.12 The TDA has reviewed the Business Case previously submitted. The TDA does not believe that the business case to be unrealistic and it has identified a number ways in which the viability of the project could potentially be improved by including additional revenue streams that were identified but not included. Such as car parking where an estimate of net income of circa £35K is now included. The TDA supports the proposal. Appendix 4 provides the TDA analysis and reasoning.

- 5.13 Although it appears there could be additional income, over and above that secured in the form of the identified £143k s106 contributions that may completely cover the Council's borrowing costs. There is a potential the business case will not create enough income to cover the Council's full cost of prudential borrowing. In this scenario there would be a financial cost to the Council's revenue account for the period of the prudential borrowing.

6. Possibilities and Options

- 6.1 Do nothing – British Cycling will be advised that Torbay Council would not want to pursue the project. British Cycling would look at other options within the South West.
- 6.2 To provide a capital allocation of £780k towards the project funded through Prudential Borrowing. The Council would intend to fund the prudential borrowing through income gained from the facility if this was not possible it would require a revenue budget of £57,700 per annum (£47,200 net if S106 contributions are included).

7. Preferred Solution/Option

- 7.1 Option 6.2 would be the preferred option. Whilst it must be understood that the project contains a risk that the income may not cover the expenditure and the cost to repay the prudential borrowing revenue costs the benefits to the local economy and health as detailed in the Business Case provide significant opportunity for Torbay.

8. Consultation

- 8.1 Detailed public consultation has not yet been carried on the development of these facilities as a specific opportunity but has been carried out on the general development of sports at Clennon Valley. When the funding is agreed in principle a full consultation process will be undertaken.
- 8.2 Consultation has taken place with South West British Cycling Clubs, Exeter University, South Devon College, Paignton Sports and Community College, school sports liaison officer. Letters of support for the usage of both facilities are included as Appendix 1 and indicate the amount of revenue that could be generated.
- 8.3 Talks have taken place regarding the future management options for the facilities these include both of the bidders for the main Clennon Development project. The bidders are fully supportive of the facilities and have expressed an interest in future management of the site.

9. Risks

- 9.1 The key risks are outlined within the business case attached as Appendix 2. However, they are summarized as follows:-
- (i) The consultation exercise could indicate the local population do not want the development to go ahead or the facility does not receive planning approval.

- (ii) Torbay Council fails in their application to British Cycling for the award of match funding to develop both facilities at the same time.
- (iii) Geotechnical investigation reveals problems that can't be dealt with through construction. These issues will be revealed before contracts are signed for main construction project. No indications of issues through surveys and desktop assessments.
- (iv) Tenders above original estimates for track. The project would be redesigned to reduce standards where possible to reduce costs or the contract could be retendered. If further monies are required beyond those figures referred to in this report a further report would be provided to Full Council.
- (v) The income received from the facility covers the running costs and the prudential borrowing replacements. Discussion with stakeholders indicates that they are confident the income projections are realistic and would cover running costs.

Appendices (Part II)

Appendix 1 – Letters of support

Appendix 2 – Business Case

Appendix 3 – Financial Analysis

Appendix 4 – Equality Impact Assessment

Additional Information