

Meeting: Extraordinary Cabinet/Council

Date: 11 and 12 September 2024

Wards affected: Churston with Galmpton

Report Title: Levelling Up Fund Round 3 – Torbay Technology Park

When does the decision need to be implemented? Immediately

Cabinet Member Contact Details: Cllr Chris Lewis, Cabinet Member for Place Development and Economic Growth; chris.lewis@torbay.gov.uk

Director Contact Details: Alan Denby, Director of Pride in Place; alan.denby@torbay.gov.uk

1. Purpose of Report

- 1.1 In November 2023, the government announced Levelling Up Fund round 3 (LUF3). Unlike previous rounds, this is an allocation-based process with funding being offered to places with high quality bids from Levelling Up Fund round 2 (LUF2). Torbay is one of 55 places chosen.
- 1.2 Torbay's submission was to develop the Torbay Technology Park (Torbay Tech Park), on Torbay Business Park, and a Port Infrastructure Project on Oxen Cove. Torbay has been granted up to £20M of LUF3 to deliver the Tech Park and Brixham Port Infrastructure Project.
- 1.3 A key element of delivering the Torbay Tech Park is the purchase of the site, which this report is seeking authorisation to do. Authorisation of the same will mean that we comply with the spend profile for the grant that has been agreed with government (See Exempt appendix 1) and will avoid any risk of triggering a review.
- 1.4 The acquisition of employment land needed to develop and accelerate the Torbay Tech Park project is a specific milestone under Action E4.1 in Torbay Council's Business Plan 2024/27. The location of the Torbay Tech Park is important. The chosen site's proximity to EPIC and South Devon's College's HI Tech Digital Centre will create something akin to an Innovation Zone, improving collaboration between both the businesses and the College, driving investment and funding leading to growth and more jobs.
- 1.5 The project reported to the Council's Capital and Growth Board on the milestones required for delivery and it is recognised that there has been some slippage, however with the

project board reviewing the programme and with the acquisition proceeding, this will reduce the risk of slippage as much as possible.

- 1.6 Officers have been in discussions with the landowner to acquire the site. While the parties have not yet agreed a price an instruction is now needed to complete the negotiations.

2. Reason for Proposal and its benefits

- 2.1 The proposal in this report helps us to deliver our vision of a healthy, happy and prosperous Torbay by supporting economic growth, specifically through supporting the growth of a key sector that can transform Torbay's economy. The proposal is also a specific milestone under action E4.1 in Torbay Council's Business Plan 2024/27 with a delivery deadline of June 2024.
- 2.2 Torbay's Economic Growth Strategy has a focus on creating high value jobs through the growth of key sectors. Through the Torbay Tech Park project, we will attract, retain and grow our economic specialisms creating 100 FTE Jobs and 22,000 sq ft of new employment space; furthermore, the remainder of the site will enable the future development of circa 40,000 sq ft of additional business space creating a further 182 high value jobs. These projects support delivery of not only the Economic Growth Strategy but the Community and Corporate Plan and the Business Plan.
- 2.3 Torbay has secured up to £20M of LUF3 funding that will contribute towards the cost of developing the Torbay Tech Park, including the acquisition of the site.
- 2.4 EPIC is full and the hi-tech businesses within continue to grow. A number of these businesses are planning to move from EPIC into the Torbay Tech Park, continuing their growth in Torbay, creating more high value, high paid jobs. This is in addition to enquiries being managed through promotional activity such as attending key national and international events, that are driving inward investment enquiries.

3. Recommendation(s) / Proposed Decision

- 3.1 That Cabinet recommend to Council;
 - 3.1.1. That the Director of Finance, in consultation with the Director of Pride in Place and Cabinet Member for Place Development and Economic Growth, be given delegated authority to vary the Capital Plan upon confirmation of the final acquisition price of Torbay Tech Park, which is to be funded from Levelling Up Fund grant, be approved.
- 3.2 That Cabinet be recommended:
 - 3.2.1 That, subject to 3.1.1 above delegated authority be given to the Director of Pride in Place, in consultation with the Cabinet Member for Place Development and Economic Growth and Director of Finance, to agree and finalise the detailed acquisition terms as set out in option 2 to purchase circa 6 acres of employment land on Torbay Business Park, to progress the development of the Torbay Tech Park, subject to the final purchase price being evidenced

against an independent valuation for the site and not exceeding the grant funding allocation for acquisition.

Appendices

Exempt Appendix 1: LUF3 spend profile agreed with government

Supporting Information

1. Introduction

- 1.1 In November 2023, the government announced LUF 3. Unlike other rounds of LUF, this was awarded on an allocation basis, from unsuccessful applications from its previous rounds. Torbay was allocated £20M to deliver the Tech Park and Brixham Port Infrastructure Project. This money is to be spent by March 2026.
- 1.2 The Tech Park project will include the acquisition of circa 6 acres of employment land at Torbay Business Park, enabling the creation of 22,000 sq ft of new business accommodation initially. This will support the growth of local hi tech companies based in EPIC, creating a further 100 high value jobs. This site allows for future expansion, enabling an additional 40,000 sq ft of business accommodation to be built in the future creating an additional 182 new high value jobs, to further support local growth or inward investment.
- 1.3 Acquiring the site for the Tech Park is critical. The cost of acquisition has been budgeted for and is now a key next step in developing the Tech Park. Once the employment site is acquired, work packages can be accelerated bringing the project milestones more in line with what was set out and agreed with government.
- 1.4 The Hi Tech sector is strategically important to Torbay. Centred around EPIC, it is a fast-growing sector that has the potential to transform Torbay's economy. The sector creates high value jobs; some of our businesses are tackling global challenges; and their values align to those of our young people. Not only can this sector create well paid jobs and careers, it can help encourage our young people to continue to work and live in the Bay. Growth of this sector also helps to diversify Torbay's economic base, which is reliant on relatively low paid sectors such as tourism and health and social care, building Torbay's resilience.
- 1.5 EPIC is full and has achieved this ahead of schedule. Three tenants have already registered an interest in the Tech Park, as their growth plan extends beyond that which can be offered in EPIC. This would also free up space in EPIC for new and growing tech based businesses. Separately, and at an early stage, Torbay & South Devon NHS Trust is in discussions with NHS England to develop a Digital Centre of Excellence and would consider locating on this site, as they recognise the benefits of being part of this cluster.
- 1.6 Torbay Hi Tech Cluster, a group of over 30 hi tech businesses, often cite the Tech Park as the number one priority for the sector as this will support future growth and raise the profile of the cluster. The sustained growth of this sector requires acquisition of site to build the Tech Park.
- 1.7 Torbay has supported this sector for many years – Torbay has secured investment into the development of EPIC; funding has been secured to develop co-designed qualifications from level 3 to 6; and has prioritised the Tech Park as a project for LUF. With the Council's

support, the sector is flourishing, increasing the number of highly productive businesses and the number of high value jobs. As a result of this growth, these businesses need space to grow into now and in the future.

2. Options under consideration

2.1 Option 1: Do Nothing

This option will result in further delays and could jeopardise the project. In exchange for the LUF3 funding, a spending profile has been agreed. Delays will not only result in failure to spend against profile, it will put the project further back, which would likely result in a future deep dive from government. It also means that the Council will not be able to deliver a key milestone set out in the Business Plan 2024/27, as well as all the possible outcomes set out in section 8.

2.2 Option 2: Deliver the scheme as submitted to Government in March 2024. This option is affordable based on the LUF3 grant offered. It provides grow on space for the sector, supports the attraction of inward investment and reassurance to locally based businesses as to Torbay's commitment to the sector.

2.3 Option 3: Deliver the site in full

This option would be optimal for demonstrating to the sector locally, nationally and internationally that there is a pipeline of space available. However, it is cost prohibitive as further funding is required to deliver the additional 40,000 sq. ft of business space.

3. Financial Opportunities and Implications

3.1 All of the cost for site acquisition will be reclaimed from LUF3. The acquisition will be supported with an independent valuation for the site with any subsequent deviation from such valuation being clearly evidenced and documented.

3.2 The initial 22,000 sq ft of business space will yield approximately £13,000 per annum of business rates. Once the site is developed in full, this will equate to approximately £35,500 per annum of business rates.

3.3 From a financial perspective, if the Tech Park isn't developed, given the limited supply of suitable employment land in Torbay, coupled with the current demand for employment space, selling on the land should not be difficult.

4. Legal Implications

- 4.1 Legal support will be required to complete the acquisition. A recent independent evaluation into the cost of the site valued the site less than the value the landowner is currently seeking. More detail is available in the further information section contained in Exempt appendix 2.

5. Engagement and Consultation

- 5.1 Engagement on both these projects have taken place during LUF1, LUF2 and again for LUF3.
- 5.2 EPIC tenants have been consulted as part of the validation process, and this has and will inform the scope of the design. Lessons learned from EPIC have also been considered.
- 5.3 Torbay Council Officers have already had conversations with the landowner, who is willing to sell the site although the final price has yet to be agreed.

6. Procurement Implications

- 6.1 In relation to the site acquisition, this is not applicable

7. Protecting our naturally inspiring Bay and tackling Climate Change

- 7.1 Acquiring the site enables Torbay Council to control the development.
- 7.2 The project has the potential to negatively impact on our environment and increase Torbay's carbon emissions, making it harder for the Council and wider Torbay to protect our naturally inspiring Bay and meet our commitments in the Council's Community and Corporate Plan and the Council's Environment and Carbon Neutral Policy.
- 7.3 The project will increase carbon emissions throughout the construction and operation stages unless actions can be taken to reduce these impacts.
- 7.4 The Climate Change Impact Assessment Tool will be completed to ensure consideration is given to reducing impact. Through the early design phases of both projects, we will thoroughly investigate and develop a sustainability strategy considering reducing carbon in the construction and operational phases.

8. Associated Risks

- 8.1 Not agreeing to purchase the land on Torbay Business Park may make the Tech Park project undeliverable. An alternative site could be identified however this would likely need to be costed, the business case reworked adding further delay to the project and would likely require a Project Change Request from government given the change in postcode.

8.2 EPIC is full. There is no growth accommodation suitable for EPIC tenants looking to expand out of the Centre until the Tech Park is built which means investment enquiries cannot be accommodated.

8.3 Further slippage to the project may result in a 'deep dive' from government.

9. Equality Impact Assessment

Protected characteristics under the Equality Act and groups with increased vulnerability	Data and insight	Equality considerations (including any adverse impacts)	Mitigation activities	Responsible department and timeframe for implementing mitigation activities
Age	<p>18 per cent of Torbay residents are under 18 years old.</p> <p>55 per cent of Torbay residents are aged between 18 to 64 years old.</p> <p>27 per cent of Torbay residents are aged 65 and older.</p>	The nature of this project mean that the target audience will be the working age population of 18-67.	n/a	
Carers	At the time of the 2021 census there were 14,900 unpaid carers in Torbay. 5,185 of these provided 50 hours or more of care.	The nature of this project mean that the target audience will be the working age population of 18-67.	n/a	
Disability	In the 2021 Census, 23.8% of Torbay residents answered that their day-to-day activities were limited a little or a lot by a physical or mental health condition or illness.	No differential impact	n/a	
Gender reassignment	In the 2021 Census, 0.4% of Torbay's community	No differential impact	n/a	

	<p>answered that their gender identity was not the same as their sex registered at birth. This proportion is similar to the Southwest and is lower than England.</p>			
Marriage and civil partnership	<p>Of those Torbay residents aged 16 and over at the time of 2021 Census, 44.2% of people were married or in a registered civil partnership.</p>	No differential impact	n/a	
Pregnancy and maternity	<p>Over the period 2010 to 2021, the rate of live births (as a proportion of females aged 15 to 44) has been slightly but significantly higher in Torbay (average of 63.7 per 1,000) than England (60.2) and the South West (58.4). There has been a notable fall in the numbers of live births since the middle of the last decade across all geographical areas.</p>	No differential impact	n/a	
Race	<p>In the 2021 Census, 96.1% of Torbay residents described their ethnicity as white. This is a higher proportion than the South West and England. Black, Asian and minority ethnic individuals are more likely to live in areas of Torbay classified as being amongst the 20% most deprived areas in England.</p>	No differential impact	n/a	

Religion and belief	64.8% of Torbay residents who stated that they have a religion in the 2021 census.	No differential impact	n/a	
Sex	51.3% of Torbay's population are female and 48.7% are male	No differential impact	n/a	
Sexual orientation	In the 2021 Census, 3.4% of those in Torbay aged over 16 identified their sexuality as either Lesbian, Gay, Bisexual or, used another term to describe their sexual orientation.	No differential impact	n/a	
Veterans	In 2021, 3.8% of residents in England reported that they had previously served in the UK armed forces. In Torbay, 5.9 per cent of the population have previously serviced in the UK armed forces.	No differential impact	n/a	
Additional considerations				
Socio-economic impacts (Including impacts on child poverty and deprivation)		This project aims to create high value jobs in Torbay which could have a positive impact on child poverty and deprivation.	n/a	
Public Health impacts (Including impacts on the general health of		There is a correlation between economy and health. Through creating better	n/a	

the population of Torbay)		economic conditions, this will lead to improved health outcomes.		
Human Rights impacts		No differential impact	n/a	
Child Friendly	Torbay Council is a Child Friendly Council and all staff and Councillors are Corporate Parents and have a responsibility towards cared for and care experienced children and young people.	No differential impact	n/a	

10. Cumulative Council Impact

10.1 None.

11. Cumulative Community Impacts

11.1 None.