

Meeting: Council

Date: 6 April 2017

Wards Affected: All wards

Report Title: Transformation Project - Town Centre Regeneration

Is the decision a key decision? Yes

When does the decision need to be implemented? Immediately

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1. Proposal and Introduction

- 1.1 Town Centre Regeneration is one of the Council's most important transformation projects. It has two key objectives:
- To deliver and enable significant and successful regeneration of Torbay's town centres, as a key part of Torbay's overall growth and place making agenda
 - To generate income to support the Council's budget in order to deliver local services.
- 1.2 The first of these objectives is likely to take up to 10 years and includes the development of key sites, the redevelopment and re-use of parts of Torquay and Paignton town centres and, very importantly, improvements to the quality of public realm, buildings and streetscape. Together these make up a comprehensive and significant town centre regeneration programme. Successful regeneration is far less likely if any of these three elements is not included in the programme.
- 1.3 The second objective is to help provide more certainty over the Council's budget position, specifically in relation to the revenue budget, over the next three years.
- 1.4 The proposed Transformation Strategy for Torbay's Town Centres blends those two key objectives and will form part of the Council's Policy Framework. This will ensure that town centre regeneration work can move forward with clarity, certainty, pace and consistency.

1.5 Based on initial business case development and soft marketing testing work, the first phase of Town Centre Regeneration could deliver the following outcomes:

Item	Benefit
1. Development construction value	Over £130 million
2. Over 500 new homes	<p>More people living in and higher footfall in town centres</p> <p>New Homes Bonus of £600,000 per annum over next 4 years</p> <p>£750,000 per annum in rates</p>
3. Over 10,000 sq mts of commercial space	<p>More people working in and higher footfall in town centres</p> <p>Increased income to the Council</p>
4. Over 1200 jobs, including permanent and construction jobs	Increased footfall and spend in the economy and in town centres.
5. Revenue income to the Council	Significant uplift in revenue income over the next 10 years, from Upton Place, Harbour View and Paignton Harbour.

1.6 This report sets out the proposed Transformation Strategy for Torbay’s Town Centres which will form part of the Policy Framework as an appendix to the Council’s Economic Strategy. The Strategy includes a range of actions aimed at instilling confidence in regeneration, investment and development. It also includes a Townscape Investment Initiative aimed at improving the public realm within Torbay’s town centres.

1.7 This report also seeks agreement to instruct the Town Centres Regeneration Programme Board to develop full business cases to deliver the Town Centres Transformation Programme and requests resources be made available to progress the delivery of the Programme, at pace and scale.

2. Reason for Proposal

2.1 The proposals will help transform Torbay’s town centres. This transformation is part of a wider place making agenda, which includes change and growth in Torbay and in the wider sub-region, including Exeter and Plymouth.

2.2 It is important for the Council to continue to move forward at pace to secure delivery of development. Momentum on site and project delivery is crucial to success.

2.3 The proposed delivery approach will secure the best outcomes for the towns as well as the best outcomes for the Council and community. It provides the best means for the Council to secure high quality outcomes, but does not fix outcomes for each site at this stage and therefore retains the flexibility to secure wider benefits for the Council and community.

- 2.4 The proposed approach reduces the risks of lack of private sector investment or pace in the first phase of delivery. The proposals respond to very clear feedback from investors engaged as part of the soft market testing process.
- 2.5 The proposed strategy, which is likely to take around 10 years to deliver, will span Council administrations and ensure consistency across those administrations.

3. Recommendation(s) / Proposed Decision

- 3.1 That the “Transformation Strategy for Torbay’s Town Centres”, which includes the actions to deliver Phase 1 of the Town Centres Regeneration Programme, including direct delivery of development by the Council, and is set out in Appendix 1 to this report, be agreed and adopted as a Policy Framework document as an Appendix to the Council’s Economic Strategy.
- 3.2 That, in accordance with the “Transformation Strategy for Torbay’s Town Centres”, the Town Centres Regeneration Programme Board be requested to pursue a range of actions as described within the Strategy, including the development of full business cases, for the following priority projects on Council-owned land:
- (i) Harbour View – between The Terrace and Museum Road, Torquay
 - (ii) Paignton Harbour
 - (iii) Upton Place (behind the Town Hall), Torquay
 - (iv) Victoria Centre, Paignton
 - (v) Lower Union Lane and the linkage to Union Street, Torquay
 - (vi) Brixham Town Centre
- 3.3 That the Town Centres Regeneration Programme Board be requested to continue to work with the owner of Crossways, Paignton and potential investors to secure an appropriate and accelerated redevelopment of the site in support of regeneration in accordance with the Strategy.
- 3.4 That the Town Centres Regeneration Programme Board be requested to continue to work with Network Rail and Stagecoach, as other land owners, and with Great Western Railway and investors to secure delivery of a new Paignton Civic Hub, focused around the bus/rail stations and the library in Paignton, in accordance with the Strategy.
- 3.5 That, having developed a full business case for each Town Centre regeneration site, including but not limited to those identified in 3.2, 3.3 and 3.4, the Town Centres Regeneration Programme Board should seek a decision from the Council to proceed as and when appropriate.
- 3.6 That the Council supports, in principle, the following priority public realm projects and requests that the Town Centres Regeneration Programme Board develop full business cases for projects and present them to Council for a decision to proceed as and when appropriate:

- (i) Castle Circus, Torquay
- (ii) GPO roundabout, Torquay
- (iii) Cary Parade / The Strand, Torquay
- (iv) Market Street junction with Union Street, Torquay
- (v) Between the former BHS store and Union Square, Torquay
- (vi) Station Square, Paignton
- (vii) Between Victoria Street / Torbay Road, Paignton
- (viii) Junction of Palace Avenue, Totnes Road and Victoria Street, Paignton

- 3.8 That an allocation from the Council's overarching 2016/2017 Transformation Budget (and any agreed rolled over to 2017/2018) be earmarked for Town Centre Regeneration to be determined by the Chief Executive to support up to four additional FTEs and to meet professional and other costs associated with delivering the town centre regeneration programme at pace and scale.
- 3.9 That the Chief Executive, in consultation with the Chief Financial Officer and the Executive Head of Business Services, consider reprioritising existing regeneration resources in order to prioritise town centre regeneration.
- 3.10 That any revenue surplus generated from the Town Centres Regeneration Programme be earmarked to fund a Town Centre Investment Fund with any capital receipts from the Programme being allocated by the Council in accordance with the Budget and Policy Framework.
- 3.11 That the Constitution and Budget and Policy Framework be amended to reflect that any disposal of assets required to facilitate the Town Centre Regeneration Programme will be a Council function.

Appendices

Appendix 1: Proposed "Transformation Strategy for Torbay's Town Centres"

Section 1: Background Information

1. What is the proposal / issue?

- 1.1 Notwithstanding the Council's bold ambitions for town centre transformation set out in its adopted Masterplans, recent soft market testing of regeneration sites and options has revealed that the investment market and development industry remains unsure about the Council's commitment to regeneration.
- 1.2 There is also concern from developers and investors about whether the time is right and whether Torbay is the right place for investment. The recent decision on the Torquay Pavilion redevelopment will help address that uncertainty.
- 1.3 To increase confidence in Torbay as a place to invest, it is proposed that the Council adopts a "Transformation Strategy for Torbay's Town Centres" which will ensure that town centre regeneration work can move forward with clarity, certainty, pace and consistency. The Strategy will form an appendix to the Economic Strategy and, as such, will form part of the Council's Policy Framework.
- 1.4 The Transformation Strategy will support delivery of the Economic Strategy, the Local Plan, the Culture Strategy and the Destination Management Plan.
- 1.5 In addition a proactive, positive marketing campaign, which is shared by a range of organisations, communities and people across Torbay, will help create a confident, optimistic environment.

2. What is the current situation?

- 2.1 Significant progress has been made over the last 15 months, following Council resolution to adopt the Town Centre Masterplans in June 2015. This led to the establishment of the Town Centre Regeneration Programme Board (previously the Masterplan Programme Board), the appointment of Montagu Evans to provide advice to help deliver the Masterplans and the appointment of a Regeneration Programme Director.
- 2.2 Progress to date includes:
- A clear vision for each town
 - Identification of priority sites for delivery of Phase 1 regeneration, based on sites identified in adopted masterplans
 - Viability assessment of indicative development proposals for priority sites
 - Soft market testing, with a range of investors and developers
 - Identification of targeted public realm and key building frontage investment

	<ul style="list-style-type: none"> Initial financial modelling, focusing on revenue income for the Council
<p>3.</p>	<p>What options have been considered?</p> <p>3.1 The Town Centre Regeneration Project Board has undertaken viability assessments and soft market testing which have been used to inform outline business cases. The Board has also recognised the need for pace and scale in the delivery of town centre regeneration.</p> <p>3.2 This has led to the identification of a package of regeneration and place making actions and activities, as Phase 1 of the Town Centres Regeneration Strategy, which will build confidence in longer term regeneration.</p> <p>3.3 The Town Centre Regeneration Programme Board has explored a number of delivery mechanisms, including sale of sites, joint venture partnerships for packages of sites and development partnerships for individual sites.</p> <p>3.4 The Council's preferred means of delivery, for most of its own sites, is direct delivery by the Council. The Council will lead on delivery, using prudential borrowing and appointing contractors to undertake the work. This will ensure that the Council retains more control over the pace of development, the timing of delivery and is not beholden to a third party for delivery. For these reasons, in adopting the proposed Strategy, the Council is being asked to agree the principle of Council funding the delivery of development, noting that Council will be presented with, and asked to make a separate decision on, the proposed development and financing of each site as it comes forward. It is anticipated that, subject to resourcing of the town centre regeneration programme, business cases for the Harbour View, Paignton Harbour, Upton Place and Lower Union Lane Multi-Storey Car Park will be presented to Council by end Summer 2017; business cases for Victoria Centre and Brixham Town Centre will be presented by Christmas 2017.</p> <p>3.5 The Council will – where necessary – seek to ensure that it is securing best value and best outcomes for sites via formal market testing, unless there is an evident market demand which is clearly in the best interests of the Council to satisfy. This testing is likely to involve marketing the site to a select number of national and/or local development companies, who have the expertise, experience and financial backing to deliver the project. The Council may choose to work with a development partner, especially if the result of market testing shows that a development partner:</p> <ul style="list-style-type: none"> can overcome the risks associated with direct delivery by the Council, can overcome the risks associated with third party delivery, has the experience and expertise to deliver a high quality outcome, on time and on budget, and

	<ul style="list-style-type: none"> • can provide a better financial return to the Council than if the Council undertook the project itself. <p>3.6 Legal and procurement advice will be taken as to the appropriate procurement process to be undertaken.</p> <p>3.7 The Council will use contractual and Section 106 arrangements to secure local skills development, local employment and the use of apprentices.</p>
<p>4.</p>	<p>How does this proposal support the ambitions, principles and delivery of the Corporate Plan 2015-19?</p> <p>4.1 Town Centre Regeneration supports the ambition of creating a Prosperous and Healthy Torbay with the creation of vibrant and attractive town centres identified as a specific action in the Delivery Plan for “Working towards a more prosperous Torbay”.</p>
<p>5.</p>	<p>Who will be affected by this proposal and who do you need to consult with?</p> <p>5.1 The proposals within the Strategy will affect everyone in Torbay. By implementing the Strategy, the Council is seeking to create a prosperous and healthy Torbay which will have a positive impact on all communities.</p>
<p>6.</p>	<p>How will you propose to consult?</p> <p>6.1 The proposals within the Strategy flow from the adopted Town Centre Masterplans for Torquay and Paignton, and the concept plan produced by the community for Brixham Town Centre. There has been a huge amount of community and business engagement on all those plans.</p> <p>6.2 The proposals have also been tested with investors, existing retailers, businesses, agents and community groups in Torbay. They have given the proposals very strong support.</p> <p>3.3 There is also widespread support for a co-ordinated marketing campaign to promote opportunities and investment in Torbay. As firm proposals emerge for each site these will be subject to further engagement and consultation, specifically in the build up to and as part of the formal planning process.</p>

Section 2: Implications and Impact Assessment

7. What are the financial and legal implications?

Financial Implications

- 7.1 The report to Council in June 2015 advised that around 2.5 FTE, including a Planning Officer and Development Surveyor, would support the delivery of the Town Centres Regeneration Programme. Unfortunately, it has not been possible to provide this level of resource due to the Council's wider budget pressures.
- 7.2 Whilst some staff resource and funding has been committed to the programme it is not sufficient to move delivery forward at the required pace and scale.
- 7.3 In mid-October 2016 a Regeneration Programme Director was appointed to provide a dedicated resource to try to accelerate delivery of the programme and this resource was funded by the Council's Transformation Fund.
- 7.4 Delivery of the Town Centres Regeneration Programme is at present not part of the Council's core contract with the TDA. The TDA time to support delivery of the programme will total £31,000 at end March 2017. This time has been provided by a range of officers, alongside other work. Only one officer – the Regeneration Programme Director – is dedicated full time to programme delivery.
- 7.5 The current funding situation will need to change if the programme is to deliver successful outcomes, at pace and at scale.
- 7.6 It is estimated that up to four additional FTEs, in addition to the Regeneration Programme Director, will be required over the next three years to deliver Phase 1 of the Regeneration Programme. These FTEs are likely to comprise two development surveyors, with proven regeneration skills and experience; a project manager to support the Programme Director; and a construction expert, capable of ensuring financially robust, deliverable development proposals. Furthermore, resources will be required to meet professional fees and other preparation costs associated with bringing forward regeneration sites.
- 7.7 It is proposed that an allocation from the Council's overarching 2016/2017 Transformation Budget (and any agreed rolled over to 2017/2018) be earmarked for Town Centre Regeneration to be allocated by the Chief Executive towards the costs identified in 7.6 above. Further, that the Chief Executive, in consultation with the Chief Financial Officer and the Executive Head – Business Services, consider reprioritising existing regeneration resources in order to prioritise town centre regeneration.

	<p style="text-align: center;"><u>Legal Implications</u></p> <p>7.8 The legal implications of implementing the Transformation Strategy for Torbay's Town Centres will be considered as each full business case is prepared ahead of consideration by the Council.</p>
<p>8.</p>	<p>What are the risks?</p> <p>8.1 The risk associated with not adopting the Transformation Strategy for Torbay's Town Centres is that the Council is not able to ensure that town centre regeneration work can move forward with clarity, certainty, pace and consistency. If this work is not progressed, the Council will not meet its ambitions in its Corporate Plan or deliver a key element of its transformation programme.</p> <p>8.2 In addition, under-investment in town centre regeneration or the lack of successful delivery of town centre regeneration will have a significant negative impact on the visitor economy, on growth and place making and is likely to encourage residents to shop in other towns and cities.</p> <p>8.3 The main risk to the delivery of the Transformation Strategy for Torbay's Town Centres is a lack of resources. This is addressed by recommendations 3.7 and 3.8 at the start of this report.</p> <p>8.4 The risks associated with the delivery of each of the projects within the Strategy will be assessed and articulated in the development of the full business case.</p>
<p>9.</p>	<p>Public Services Value (Social Value) Act 2012</p> <p>Not applicable.</p>

Equality Impacts

10	Identify the potential positive and negative impacts on specific groups			
		Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
	Older or younger people	The economic and social benefits of town centre regeneration are significant and well evidenced such that it is envisaged that there will be a positive benefit for all residents and all those with protected characteristics.		
	People with caring Responsibilities	As above		
	People with a disability	As above		
	Women or men	As above		
	People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>	As above		
	Religion or belief (including lack of belief)	As above		
	People who are lesbian, gay or bisexual	As above		
	People who are transgendered	As above		

	People who are in a marriage or civil partnership	As above		
	Women who are pregnant / on maternity leave	As above		
	Socio-economic impacts (Including impact on child poverty issues and deprivation)	As above		
	Public Health impacts (How will your proposal impact on the general health of the population of Torbay)	Town centre regeneration will improve the economy of Torbay. Economic prosperity helps create healthier communities and by supporting regeneration projects we will be able to improve health inequalities which currently exist across Torbay.		
14	Cumulative Impacts – Council wide (proposed changes elsewhere which might worsen the impacts identified above)	Town centre regeneration will take account of proposals which are being put forward in relation to integrated transport and other regeneration projects and capital investments to ensure that a coherent approach is taken to creating a prosperous and healthy Torbay.		
15	Cumulative Impacts – Other public services (proposed changes elsewhere which might worsen the impacts identified above)	Town centre regeneration will take account of issues which positively impact of reducing the amount of crime and disorder therefore making our town centres safer and more attractive places for residents, workers and businesses.		