



SCARBOROUGH
BOROUGH COUNCIL

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**Business Case Approval Record for
Scarborough Fair**

Summary Document Submission Date

24 March 2022

DOCUMENT CONTROL

Author	
Owner	
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DOCUMENT APPROVALS

		Date
Appraisal completed by		16 Jan 2022
Financial checks completed by		18 Jan 2022
Capital Working Group Assessment		
Regeneration Programme Delivery Board Decision		14 March 2022
AGREED:		
1. The Board accepts the Scarborough Fair Business Case with the condition: i) Consider the dependencies, constraints and risks further ii) Strengthen the Commercial aspects and compliance with procurement rules iii) Clarify compliance with project assurance framework; iv) Note risks around commercial operations		
2. The Board recommends that the council approves the submission on the Summary Document for the Scarborough Fair		
Cabinet acceptance of RPDB recommendations and permission to submit Summary Documents		15 Feb 2022
Or ICM acceptance of RPDB recommendations and permission to submit Summary Documents		
Town Deal Board endorsement of Business Case		14 Feb 2022

SUBMISSION OF SUMMARY DOCUMENT

		Date
Town Deal Board Authorisation	David Kerfoot DL OBE	18 Feb 2022
	Chair	
SBC Authorisation	Mike Greene	24 Mar 2022
	Chief Executive	
Date of Submission		24 th March 2022

Item 5

Scarborough Town Deal Board

Station Gateway Phase 1A Public Realm Business Case Summary

1 PURPOSE OF THE REPORT

1.1 This report presents the Business Case (BC) for Station Gateway Phase 1a Public Realm to The Scarborough Towns Deal Board. The Board should consider whether to support the acceptance of the BC and the submission of the Summary Document to the Department of Levelling Up, Housing and Communities or recommend that further work is required before the BC is accepted.

2 BACKGROUND

2.1 Station Gateway is the largest regeneration scheme in the current Town Deal portfolio and aims to create a high quality gateway for Scarborough Town centre, as well as contributing to the economic and environmental prospects of the town. The aspirations for the project include the creation of public space, the redevelopment of the station and surrounding buildings and improvements to transport infrastructure. Due to the large and complex nature of the project it has been split into phases. £6.68m of Towns Fund grant allocation will deliver Phase 1A which consists of 15,000 sqm of new and enhanced public realm and highway improvements to the Scarborough Railway Station area.

2.2 This Business Case focuses on Phase 1A. Further analysis on the wider Scarborough Station Gateway Programme is presented, demonstrating the full extent of the regeneration programme and the potential that Phase 1A could generate in enabling the other phases of this programme.

3 PROJECT APPRAISAL

3.1 This Business Case has been appraised by Scarborough Borough Council (SBC) and is recommended to be accepted. This project scope has been adjusted since the confirmation documents and the Towns Fund is now focused on the Phase 1A Public Realm.

3.2 The Strategic Case identifies there are significant areas of deprivation in the local area and a decline in footfall in Scarborough town center, and disconnect between tourist areas of the town and main retail core. Investing in the scheme presents opportunities to enhance the heritage value of the station building and contribute to the appeal of Scarborough as a tourist destination and attracting new residents to the area.

3.3 The Project contributes towards the Town Investment Plan by improving connection between Station and the Harbour driving the pedestrian flow to the town centre.

3.4 The Scarborough Station Gateway project will be instrumental in addressing a range of policy priorities and objectives at the national, regional and local levels. At the local level, the scheme supports multiple objectives stated in SBC's Local Plan, Town Centre Strategy and Building a Better Borough by creating an inviting arrival square and civic space around the station, enabling the diversification of the economic base and vitality of the town centre, and future phases will contribute to the borough's housing needs. It will also promote sustainable modes of transport which in turn will improve accessibility and connectivity in the town and generate other benefits in terms of greenhouse gas emissions, air quality and physical activity

3.5. Economic costs - Green book compliant method is used and shows a fair value for money for this type of scheme. This initial phase will act as a catalyst for a wider regeneration economic growth.

3.6 Commercial Case - Delivery of Phase 1A – Public Realm is the responsibility of Scarborough Borough Council. The project will be led by SBC in conjunction with project partners' NYCC, Network Rail and Transpennine. Capital works will be procured in compliance with public procurement rules. A formal tender will be released through a suitable framework for traditional design and build.

3.7. Financial Case - On this basis, cost estimates stand at £5,806,000 for Phase 1A – Public Realm Phase 1A – Public Realm will be entirely funded through the Towns Fund and as such is shown to be affordable. To reflect the early stages of the project design and risk associated with the scheme, a level contingency has been for changes in the scope and design which ranges from 10% - 21.2% depending on each phase of the development. Inflation has been added due to construction cost, fees, and profit for each phase project applying the latest RICS, BICS, along with Tender Price Inflation data.

A separate Towns Fund allocation of £874,000 has been identified as a contribution towards the redevelopment of the Comet building which includes the FabLab+ project.

3.8 Management Case - Scarborough Borough Council will be lead responsible body for Station Gateway delivery. SBC will use a well-tested delivery and project management arrangements. Which has been used on other major projects and have earned the Council Best team service of the year 2021 in the Housing, Construction and Building Service Category. Other organisations will play important roles in the delivery of the scheme; our project partners will include Network Rail, TPE and North Yorkshire County Council.

4 RECOMMENDATIONS

4.1 The board is requested to consider supporting the BC for Station Gateway 1A Public Realm. This report recommends that:

- 1) The Board support the proposed Project Adjustment which focuses the Towns Fund allocation to the Public Realm and Comet building contribution.
- 2) The Board endorses the Business Case for Station Gateway
- 3) That the Summary Document is prepared and Scarborough Town Deal Board Chair signs the document on behalf of the Scarborough Town Deal Board;
- 4) Support submission of the Summary Document to Department of Levelling Up, Housing and Communities.

5 ADDITIONAL INFORMATION

5.1 Station Gateway Business Case

Towns Fund Business Case

Scarborough Fair

February 2022



VERSION CONTROL

Document version	Publication date	Description of changes	Modified by
1	10/01/2022	Emerging Draft Business Case_V1	AMION Consulting
2	13/01/2022	Emerging Draft Business Case_V1	AMION Consulting
3	14/01/2022	First Draft Business Case_V3	AMION Consulting
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6	20/01/2022	Draft Business Case_V4	AMION Consulting
7	20/01/2022	Draft Business Case_V4a	AMION Consulting
8	04/02/2022	Issued Business Case_V5	AMION Consulting
9	07/02/2022	Final Issued Business Case_V6	AMION Consulting

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

TOWNS FUND – SCARBOROUGH FAIR

The **Towns Fund** is integral to this administration's plan for "levelling up" the country's economy. Towns across England will work with the government to address growth constraints and to ensure there is a course of recovery from the impact of COVID-19.

The **Scarborough Fair** project will enable seeks to launch a **new, year-round programme of cultural regeneration** which links a series themed cultural and heritage events delivered at various locations in the town. The themed cultural events and outputs include performance, visual art, crafts, music, food, film, sport, and heritage pieces. The project would give the festival a home at the **Open Air Theatre (OAT)** in Scarborough through the delivery of infrastructure and improvement works. Capital funding will also be invested into supporting destinations, such as Scarborough Harbour and Scarborough Spa, to ensure high-quality facilities are in position in both the South Bay and North Bay areas.

This programme of events will **strengthen and diversify the profile of visitors**, encouraging tourists, and residents to spend more time and money in the Town Centre strengthening the local economy. The scheme will also aim to use Scarborough's cultural capital to refresh Scarborough's image, attract skilled people, promote inward investment, and improve ecological sustainability.

STRATEGIC CASE

Investment into the town's visitor economy, in particular with the provision of new year-round programme of high-quality festivals for a range of audiences, can help reposition Scarborough and revive its image. These proposals will greatly improve the image of the town as a place to visit, live, and do business, as the **vibrancy of Scarborough is restored through arts and culture**.

The **strategic importance of OAT**, as a unique venue, is recognised. The intention to build on this in the future forms part of the strategic development of the destination. The proposals deliver investment into multiple venues in the North Bay and South Bay to showcase the area as a whole and ensure businesses are supported across the town. Additionally, the Winter Light festival, ISAF and the Affordable Art Trail will operate at **multiple locations in the town including the town centre**, helping to increase dwell time of visitors and to enhance spillover effects.

The remote break-out spaces, as well as the enhanced facilities at Scarborough Spa and Scarborough Harbour, will also crucially **support the dwell time for other events and sectors in the town centre**. Increasing the number of visitors and their length of stay will support the other regeneration projects in Scarborough's Towns Investment Plan. The overall effects from Scarborough Fair will help support businesses throughout the year, particularly in the hospitality and retail sectors which have suffered from recent social trends.

ECONOMIC CASE

The assessment of economic benefits for this **Towns Fund** scheme has been undertaken in full compliance with the latest **HM Treasury Green Book** (2020) and relevant Departmental guidance, such as Department for Levelling Up, Housing and Communities (DLUHC).

The key results of the Economic Case based on quantified benefits are that **Option 2** has been identified as the preferred option due to its **BCR = 2.8:1**. It has been identified as the preferred option on the basis that it offers the highest value for money and provides the most effective and efficient approach, accounting for the known risks associated with each option. This option has also been robust to sensitivity analysis and performs strongly in the wider qualitative benefits analysis.

FINANCIAL CASE

The **Financial Case** has been prepared with a view to clearly demonstrating that the Towns Deal funding, together with the Council's co-funding, will be sufficient to deliver the programme of festivals.

The project relates to capital costs and revenue costs. **AMION Consulting's specialist Visitor and Leisure** team have produced a financial business plan to support the project, creating cashflows for each event within the programme. As well as AMION's expertise at producing business plans for tourism facilities, the work utilises information from the **FEI Business Plan** as well as cost expertise from **Scarborough Borough Council (SBC)** and other relevant tourism partners such as **English Heritage**.

The capital costs have been calculated through specific knowledge of events at OAT and across Scarborough from SBC. Most of the capital works take place in 2022/23, although some works relating to the Spa, Harbour and mobile event units continues to 2023/24. Suitable contingency has been included for the capital works, based on previous evidence from financial advisors. The staff costs have been calculated by AMION's team, based on two permanent staff members for the duration of the programme. The project team overheads relate to office/admin costs such as IT support, office supplies, and incidentals.

Overall, there is a requirement for £993,842 of capital funding from the Towns Fund, together with nearly £450,000 of revenue funding from the Towns Fund. **SBC will also contribute £750,000 of revenue funding** over four years to support the delivery of the programme. In addition to the Towns Fund and SBC investment, a very modest amount of £8,149 is expected to be raised by donations during the duration of the programme to cover the outstanding direct event costs. This amount is very achievable based on previous experience and does not present a risk to the project. A higher figure is likely to be raised to support the cover of any cost overruns, but the opportunity for this is very low.

COMMERCIAL CASE

The project procurement strategy is closely aligned with SBC's contract procurement procedures contained in its Constitution, which permit a number of options for procuring services on the commercial market. In relation to the Towns Fund investment, **this procurement exercise will relate to a contractor to undertake the capital works and the recruitment of the two Scarborough Fair posts** to enable the smooth delivery of the festivals across the programme. These two exercises are considered low risk due to the nature of the scheme and the Council's robust, well-established protocols.

A revised business plan has been developed for the project which includes the creation of a small events delivery team, within the Council, to deliver the four-year event programme. The **SF Project Delivery team will operate within SBC's structure**, with the reporting line determined by the Project Sponsor. The team will work with SBC's existing tourism and culture and venues and events teams as well as with external delivery partners to put on events.

Three events per year over three years will then be delivered by the SF Project Team using the commitment of £750,000 from SBC. This includes the Winter Lights festival (enabled by the lighting infrastructure) and supported by a programme of locally developed activities and installations; the ISAF parade and street entertainment; and the three-month long AAT. The Music and Action Sports Festival (three events over three years) will be developed with the Council's existing delivery partner as well as other specialist action sports events partners. Although it is anticipated that this event will operate on a commercial basis, grant funding will be sought to support a free to access element of it.

Overall, **all the funding is in place** to deliver the core events programme over four years once the delivery partner has been procured for the Music and Action Sports Festival.

MANAGEMENT CASE

The **Scarborough Town Deal Board** was established in late 2019, bringing together strategic place leaders, investors and entrepreneurs, academics, and creatives. It has been carefully formed in line with guidance set out by the Secretary of State.

The Scarborough Town Board is not a formally constituted body. It is a **strategic body** bringing together private, public and voluntary sectors, working in partnership with the Council. It provides strategic leadership and direction to the development and implementation of the Town Investment Plans (TIPs) and the Towns Fund.

The Board was established by Scarborough Borough Council in 2020 comprising a diverse representation of expertise from the public, private and community sectors. The Board is chaired by **David Kerfoot MBE**. David is a passionate entrepreneur who brings a career of private sector and entrepreneurial activity to the Town Deal Board. He is also the chair of the York and North Yorkshire Local Enterprise Partnership.

SBC will act as the **Accountable Body** for the project, responsible for the funding agreement between DLUHC and SBC. This will detail the assurance and approval process, as well as the outputs and milestones. SBC will have overall responsibility for formalising arrangements, ensuring contractual compliance, and managing overall programme delivery.

The **Scarborough Fair Festival Manager** will be elected as project manager for the programme and will be supported by the **Head of Tourism and Culture** and **Head of Operations, Venues and Events**. These individuals will manage the day to day running of the projects by managing resources, reporting on financial expenditure, evaluating project performance, and coordinating work for the delivery team.

The scope of works for Scarborough Fair includes the delivery of refurbishment and expansion works to the backstage facilities at the OAT, which will be used as the hub for the Scarborough Fair. The revenue funding from the Towns Deal will support the Council's project team and marketing of the programme of events, whilst the co-funding from the Council will be used to appoint an operator for the main two ticketed events. **The ultimate decision-making responsibility for any changes to the projects will lie with the Accountable Body, SBC.**

INTRODUCTION

What is Scarborough Fair?

INTRODUCTION

INTRODUCTION

The **Towns Fund** is integral to this administration's plan for "levelling up" the country's economy. Towns across England will work with the government to address growth constraints and to ensure there is a course of recovery from the impact of COVID-19. The overarching aims of the Towns Fund are to drive the sustainable economic regeneration of towns to deliver long term economic and productivity growth.

In September 2019, the government invited places to develop proposals for a Town Deal, as part of the £3.6 billion Towns Fund. In May 2021, Scarborough was awarded **£20.2 million** from the Towns Fund to support the delivery of the Town's Investment Plan, which was established during Stage 1. The Towns Fund programme has now moved forward to Stage 2: Business Case Development. In Stage 2, towns have up to one year to develop agreed projects in detail, complete and assure comprehensive business cases, and submit a Summary Document to the Department for Levelling Up, Housing and Communities (DLUHC), to show that this has been completed in line with the agreed conditions and requirements.

Scarborough Borough Council (SBC) is the scheme promoter and accountable body for the Scarborough Fair project.

SCARBOROUGH TOWN INVESTMENT PROGRAMME

During TIP1, several **socioeconomic challenges** were identified in Scarborough. Such challenges included high deprivation, low skills base, underutilised labour force, lower incomes and persistent in-work poverty, poor connectivity, health and wellbeing challenges, and a declining town centre with negative perceptions. Through a series of eight interventions across Scarborough, Towns Fund funding will be used to address the key socio-economic challenges within the area. presents the outline of Scarborough Town Deal Area.

SCARBOROUGH FAIR

The Scarborough Fair project seeks to launch **a new, year-round programme of cultural regeneration** called Scarborough Fair which links a series themed cultural and heritage events delivered at various locations in the town. The themed cultural events and outputs include performance, visual art, crafts, music, food, film, sport and heritage pieces. The **project would give the festival a home at the Open Air Theatre (OAT) in Scarborough**, which has been identified within Figure 1. The concept therefore is to redevelop the backstage area of OAT, using the Town's Fund capital allocation, to provide cultural hub facilities for the SF programme.

The proposed investment into the backstage area will introduce new facilities that will be used to house the management offices for the SF programme as well as providing 'green room' type spaces and facilities for performers and event supervisors. Capital funding from the project will also be used to introduce new semi-permanent '**box park**' type facilities to increase the bars and food offer at the venue, allowing it to service the needs of its audiences better. Capital funding will also be invested into supporting destinations, such as Scarborough Harbour and Scarborough Spa, to ensure high-quality facilities are in position in both the South Bay and North Bay areas. These facilities are also labelled on Figure 1.

Scarborough Fair will generate **an instantly, internationally recognisable 'brand'**, which could take centre stage in attempting to regenerate and repackage the town - both as a place to visit and a place to live. This would **strengthen and diversify the profile of visitors**, encouraging tourists, and residents to

spend more time and money in the Town Centre strengthening the local economy. The scheme will also aim to use Scarborough's cultural capital to refresh Scarborough's image, attract skilled people, promote inward investment and improve ecological sustainability.

Figure 1: Scarborough Town Deal Area and Project Location



PROJECT DEVELOPMENT

Background

The **Scarborough Fair** (SF) project sought funding within **Scarborough's Town Deal** to support regeneration through cultural activity.

The project, as outlined in the funding bid, aimed to: 'secure and build on the success of events and festivals whilst nurturing local creative talent and cultural diversity to showcase the town's offer, develop a year-round programme and build sustainability at its heart'.

The project funding was requested to:

- Support the creation of a new cultural hub, either within a Council owned building or another facility. It would provide accommodation for the team or organisation that would manage an annual programme of cultural events that would be branded Scarborough Fair (SF). The hub would also act as a base for other cultural practitioners in the town and support the development of the SF events programme
- Establishment of an appropriate body or governance structure to manage the annual events programme
- Create a base revenue budget which effectively ensures the operation of the physical home of Scarborough Fair until 2026/27.

The programme of events, which is clearly fundamental to the project, would be developed out with the scope of the Town Deal funding. The concept however was set out in the proposal. The 'Scarborough Fair' brand would be used to embrace an annual programme of festivals and events, potentially including both existing and new events. A viable funding model for the events programme would be developed separately but would form part of the whole project.

As part of the Town Deal funding application, funding of ██████████ to undertake the initial business plan, OBC and FBC and assessing the viability and risk profiles of the concept development stages. This included funding for an external consultancy support to test the overall sustainability of the preferred concept model for the capital, revenue and events programme.

FEI Business Plan

FEI was commissioned by Scarborough Borough Council (SBC) to provide an initial feasibility study for the SF concept, which was agreed in July 2021. They were subsequently commissioned to develop a detailed business plan and fundraising strategy for the project.

The draft **business plan and fundraising strategy**, produced in September 2021, set out the financial implications for the agreed concept, which included a portfolio of four annual cultural festivals as well as the development of a Creation Centre (CC).

The CC would provide a physical hub that would house the management organisation for the events programme as well as providing new facilities for creative practitioners in the town. The location of the hub was not identified at the time that the business plan was finalised.

The four festivals that formed the basis of the programme were new events, spread across the year. A profit and loss was developed for each event individually, showing all income and direct costs. The surplus or deficit from each event was then summarized into an overall position for SF which included the cost of running the CC, as well as central staffing and overhead costs.

The four festivals included two large, ticketed events and two largely free to access cultural and community events:

- **Music and Action Sports Festival (MASF)** (September): MASF would be a three-day event which would combine sports competitions with a rock/pop music festival. Although it would primarily be a ticketed event, there would be an element of 'free to access' activities and installations around the town. The overall event would be coordinated by a new SF organisation, but the key elements of the event would be delivered by commercial partners. Live Nation, as promoters of the Outdoor Theatre, were identified as a likely partner for the music element whilst a suitable sports event partner would be found to deliver the sports aspects. A pilot event would be held in the first year (2023/24), after which the event would run for three further years.
- **Winter Lights:** WL would be a Christmas-themed light/sound/performance/installation event which would run for four weeks up to Christmas and New Year. As with MASF, the main event would be a ticketed event which would be supported by some 'free to access' installations around the town. The ticketed event would be staged in a 'landmark' venue (such as Scarborough Castle which is managed by English Heritage). The business plan assumed that the event would be curated and produced by the proposed SF team. Installation would be contracted out to a relevant third-party organisation.
- **International Street Arts Festival:** ISAF would be an arts festival that would run over the May bank holiday and would include a carnival or procession with street arts and installations. The majority of the activity and events would be free to access although it was assumed that there would be a small, ticketed element to the programme. A pilot event would be held in 2024, followed by a further two years of activity. Attendances would increase from 70,000 in year 1 to 90,000 in year 3. The event would be managed by the SF team, supported by a freelance producer, working with local artists and arts organisations. The main installations would be developed in the CC.
- **Affordable Art Trail:** AAT would be a sales showcase for local artists/craftspeople using multiple venues in the town, supplemented by destination installations/events. It would run from June to August and would be a free to access event. As for ISAF, a pilot event would be held in 2024, followed by a further two years of activity. Attendances would increase from 60,000 in year 1 to 80,000 in year 3. It would be managed by the SF team working with two Scarborough based arts partner organisations.

Once this concept was produced into a business plan, with sensible revisions for the expected costs and incomes, there was an annual deficit of between -£125,000 and -£237,000, or a total deficit of just over £600,000 over the four years after accounting for Towns Fund and SBC contributions.

Project details

Therefore, this original concept delivered in this form was considered unviable. However, the feasibility study had drawn some important conclusions which highlighted that much of the project remained valuable and valid.

Firstly, the SF concept, with an **annual programme of festivals and events**, clearly provides a strong basis for cultural regeneration in the town. The two major events, MASF and WL appear to be broadly viable on a largely commercial basis. Indeed events of this type are operated successfully on a commercial basis in many other places as ticketed events. Inevitably it is the free to access events that require subsidy. Importantly however, the project still has access to a reasonably significant level of revenue to support the programme as a whole. SBC see this programme as a strategic intervention for the town in order to revive the town after Covid-19 and stimulate a recognised visitor economy brand. Within the TIP, SBC committed £750,000 of co-funding to support delivery of events over the Towns Fund timeline. SBC remains

committed to providing this revenue support in line with the costs in the Financial Case. The £450,000 revenue within the Town's Fund allocation is also still potentially available and although this cannot be used to support event activity directly, it can be used to support the management and delivery of the programme.

The second important conclusion was that the proposal to establish a new **special purpose company** to produce and manage the events continues to present a major risk to the project. There are many examples of cultural trusts and not for profit organisations which were set up to develop and manage cultural activities and which were forced to close due to financial problems. (The Southampton Cultural Development Trust (Culture Southampton) is one such example of an arm's length organisation which was set up in 2010 to deliver a cultural development strategy including the development of the Festival Strategy. The trust closed in 2019 after struggling financially for a number of years). To reduce the risk therefore, a different management and delivery model needs to be identified that does not rely on forming a new organisation.

But what the feasibility study had highlighted however was that **Scarborough already has a strong and unique event infrastructure in the Open Air Theatre (OAT)**. OAT is a Council owned asset and is the only outdoor venue of its type in a UK resort. In 2017, Live Nation entered into a 10-year agreement with SBC which allows them to deliver up to 30 events annually at the venue. SBC continue to invest in the venue at an annual net cost of c£110,000. The agreement with Live Nation allows for a profit share above an agreed level with the Council. SBC can operate other events from the venue (itself or through other operators) if they chose to do so.

The SF project had assumed that OAT would be the primary venue for MASF. There is however an opportunity to focus the SF programme more firmly around the infrastructure that OAT can provide and to utilise the event delivery capacity that it provides in a way that is lower risk and higher impact.

There are a number of reasons why this is a viable revision to the project. Primarily, the main reason is that OAT already has a largely fit for purpose event infrastructure which will allow major events to be delivered efficiently and cost effectively. Secondly, it is a venue which is already used by professional event's organisers who are familiar with it and with operating large public events from it on a broadly commercial (no public risk) basis. Finally, the strategic importance of OAT, as a unique venue, is recognised. The intention to build on this in the future forms part of the strategic development of the destination.

OAT will become Scarborough's festival and event hub. A number of issues have been identified which currently limit the cost-effective use of the venue and restrict its capacity for some events. The planned interventions will provide the first stage in addressing these limitations. Firstly, new container style facilities which will accommodate the Scarborough Fair management team and provide a hub for performers and event organisers will be developed backstage, providing appropriate accommodation which will allow a greater range of events to be staged at the venue. Secondly, the area around the main site entrance is currently limiting the capacity for some events and negatively impacting on the visitor experience. This will be improved by replacing the current temporary infill over the lake (a structure which now needs replacing) and updating the visitor management infrastructure to facilitate better arrival and departure. Finally, the lack of food and drink (F&B) infrastructure is currently limiting the visitor experience and preventing the venue from maximizing income from bar and food spend. Box Park facilities will be installed to increase the F&B capacity at the venue whilst events are taking place. The investment at the venue will form the first stage in the masterplan for the North Bay area.

The event programme will include the four festivals outlined in the FEI business plan with some revisions. This programme of events is planned to **attract a new range of audiences, in terms of age, length of stay, and catchment**. Delivering investment into multiple venues in Scarborough, for example both the North Bay and South Bay, will showcase the area as a whole and ensure businesses are supported across

the town. Additionally, **three of the festivals will operate at multiple locations in the town including the town centre**, helping to increase dwell time of visitors and to enhance spillover effects. By attracting young age groups and families to these new festivals throughout the town, it is likely overnight stays will increase and new visitors will return. The following programme of festivals will run over three years each:

- **Winter Light Festival (WL):** a 20-day, community curated, light festival which will run throughout December as a largely free to access event with some small-scale ticketed events held in different venues throughout Scarborough due to the new key installations in the town centre. The event will be developed by the new SF project team, working with local creative organisations and creative practitioners to develop and install light trails and activities throughout the town culminating at OAT as the festival village. The new lighting infrastructure, that will be installed as part of the project, will be programmed to deliver a 'light show' which will form part of the town wide trail. Scarborough based creative practitioners and organisations will then develop a series of installations and small-scale events that will use publicly accessible buildings such as the Spa, vacant shop units and other pop-up spaces. The first event would be held in 2024 and would run for a total of three years to 2026. Attendances are based on the figures outlined in the FEI business plan but adjusted to remove the major ticketed events.
- **ISAF:** a 3 day, free to access, festival including a parade and street arts which would run over the May Bank Holiday throughout Scarborough including the town centre. The event would operate broadly as outlined in the FEI business plan but with a reduced scope, reflecting a more realistic level of grant income. It would be developed and managed by the SF project staff, funded by the Town's Fund revenue allocation. The team would work with local arts organisations to curate and produce the event which would be delivered by volunteers. An allocation has been made within the Town's Fund revenue to support the event production infrastructure. The event would run for three years from 2023. Anticipated attendances have been reduced by 20% from the original business plan to reflect the revised scope of activity.
- **AAT:** a three-month free to access programme showcasing art works from local creative practitioners, hosted in venues throughout Scarborough including the town centre from June to August. The event would be coordinated by the SF project staff, funded by the Town's Fund revenue allocation. The team would work with local arts organisations to curate and produce the event. The event would run for three years from 2023. Anticipated attendances remain as per the FEI business plan since the scope of activity has been maintained.
- **MASF:** the opportunity exists to develop a commercially viable three-day sports competition and music festival, hosted at OAT, as a ticketed event in September. The details of the event will need to be developed further by the Project Team, working with SBC's delivery partner Live Nation and relevant sports events companies. Although the FEI Business Plan indicates that this festival can run on a fully commercial basis, further revenue funding may be sourced to enhance the event from a range of sources including sponsorship, Arts Council and Sport England. The first event in 2024 and would run for a minimum of three years to 2026. Event attendances are based on FEI numbers.

Delivery of the programme will be achieved through the creation of a new project team that will be recruited by SBC for the duration of the programme. A new, **private sector led Advisory Board** will be recruited to oversee the development and delivery of the programme.

THIS BUSINESS CASE

This report has been prepared to assess that the proposed public sector funding for the Scarborough Fair project would deliver additional benefits and is affordable and deliverable. It has been produced in line with

HM Treasury's best practice 'Five Case Model', which works to demonstrate that the proposed public sector funding:

- is supported by a robust case for change – **the Strategic Case**
- offers Value for Money (VfM) – **the Economic Case**
- is financially affordable – **the Financial Case**
- is feasible – **the Commercial Case**
- can be delivered successfully – **the Management Case**

The Summary Document for Scarborough Fair, which will be submitted to the DLUHC, is appended to this Business Case.

STRATEGIC CASE

Why invest in Scarborough Fair?

STRATEGIC CASE

INTRODUCTION

The **Strategic Case** sets out the context and rationale for intervention, key stakeholder requirements, risks, dependencies, and constraints for **Scarborough Fair**.

CASE FOR CHANGE

Declining Town Centre perceptions

The high vacancy and proliferation of lower value uses in Scarborough provides a perception both for visitors and residents of Scarborough as a town in decline which is likely to be deterring both visits and investment.

Decreasing footfall in a large town centre due to the growth of e-commerce is a major factor in high and increasing retail vacancy rates (11.9% in 2019). The falling property values and rental incomes contribute to a lack of investment that is now perpetuating the **decline of the Town Centre as an economic hub** for both the TDA and the borough. Furthermore, a disconnect exists between the busy tourist areas of the town and the main retail core meaning tourism footfall does not translate into significant spending in the Town Centre at present.

Investment into the town's visitor economy, in particular with the provision of new year-round programme of high-quality festivals for a range of audiences, can help reposition Scarborough and revive its image. These proposals will greatly improve the image of the town as a place to visit, live, and do business, as the **vibrancy of Scarborough is restored through arts and culture**. The key ambitions are to deliver transformational change that can alter perceptions of the destination, converting day visitors into staying visitors, and promoting repeat visits. The remote break-out spaces, as well as the enhanced facilities at Scarborough Spa and Scarborough Harbour, will also crucially **support the dwell time for other events and sectors in the town centre**. Increasing the number of visitors and their length of stay will support the other regeneration projects in Scarborough's Towns Investment Plan. The overall effects from Scarborough Fair will help support businesses throughout the year, particularly in the hospitality and retail sectors which have suffered from recent social trends.

Diversify the town's tourism offer

Scarborough's tourism economy is vitally important to the economic prosperity of the town, generating over 7m visits per annum and over £500 million worth of spend within the local economy. It is seasonal in nature and an estimated 79% of visitors are aged over 45, however repeat visits (2/3 return within 12 months) and satisfaction levels are high. This appeal and its large critical mass point to an opportunity to **diversify the profile of visitors** to young age groups and families which would facilitate an increase in visitor spending.

Strengthening the cultural programme is aimed at **bringing new visitors into Scarborough**, which is the primary aim of the FEI Business Plan study. The programme of events across Scarborough is planned to attract a new range of audiences, in terms of age, length of stay, and catchment. Delivering investment into multiple venues in Scarborough, for example both the North Bay and South Bay, will showcase the area as a whole and ensure businesses are supported across the town. Additionally, the Winter Light festival, ISAF and the Affordable Art Trail will **operate at multiple locations in the town** including the town centre, helping to increase dwell time of visitors and to enhance spillover effects. By attracting young age groups and families to these new festivals throughout the town, it is likely overnight stays will increase

and new visitors will return. There is an opportunity to diversify the tourism offer to stimulate this vitally important sector for Scarborough with new visitors and increased town centre spend as the economy recovers from Covid-19.

Existing event infrastructure

The feasibility study has highlighted however that Scarborough already has a strong and unique event infrastructure in the Open Air Theatre (OAT). OAT is a Council-owned asset and is the only outdoor venue of its type in a UK resort. In 2017, Live Nation entered into a 10-year agreement with SBC which allows them to deliver up to 30 events annually at the venue. SBC continue to invest in the venue at an annual net cost of c£110,000. The agreement with Live Nation allows for a profit share above an agreed level with the Council. SBC can operate other events from the venue (itself or through other operators) if they chose to do so.

The SF project had assumed that OAT would be the primary venue for MASF. There is however an opportunity to focus the SF programme more firmly around the infrastructure that OAT can provide and to utilize the event delivery capacity that it provides in a way that is lower risk and higher impact.

There are a number of reasons why this is a viable revision to the project. Primarily, the main reason is that OAT already has a largely fit for purpose event infrastructure which will allow major events to be delivered efficiently and cost effectively. Secondly, it is a venue which is already used by professional event's organisers who are familiar with it and with operating large public events from it on a broadly commercial (no public risk) basis. Finally, the **strategic importance of OAT, as a unique venue, is recognised**. The intention to build on this in the future forms part of the strategic development of the destination.



Scarborough Open Air Theatre

Influence of Covid-19

Scarborough's economy is being particularly hard hit by Covid-19 due to its reliance on the tourism, hospitality and leisure trades. Peak months of the 2020 tourist season have been lost due to lockdown measures and York and North Yorkshire LEP are forecasting a 30% annual reduction in tourism sector

GVA in 2020. The emerging impact on the economy is clear, demonstrating a need to diversify the town's economy.

Scarborough's unemployment rate has more than doubled in a month - from 2.9% in March 2020 to 6.0% in April. At that time, 29% of resident employees in Scarborough were furloughed, noticeably above the national average of 24%, resulting in a forecast 15% reduction in employment across Scarborough as a result of Covid-19. The need to diversify Scarborough's economy and the Town Centre has never been greater.

The **unprecedented social and economic conditions** will be continually monitored by project partners and stakeholders. Securing and delivering the Town Deal is central to the Borough's Covid-19 recovery plan and that of the wider York and North Yorkshire LEP.

Despite the impacts on the economy, **the OAT has been resilient to change**. The Council's OAT team delivered several concerts during 2021 featuring major artists and operated with Public Health to ensure Covid safe events. The OAT is a venue that has been able to operate through the pandemic when others have not, and this has been delivered by the Council's expert team. Investing within this facility will strengthen the resilience of the visitor economy to further shocks.

Market Failure

Without investment capital for development of key infrastructure and the next phase of the masterplan at this stage, **visitor number growth will diminish, plateau, and ultimately decrease** as the town will not be stimulate new demand in the face of Covid-19 impacts. A further decline in the tourism sector will lead to associated job losses and loss of significant economic contribution to the region.

More specifically, the OAT is already a Council asset with large and growing management and maintenance costs. The feasibility study has demonstrated that this asset needs to be utilized for the project to become viable. However, its current infrastructure must be addressed in order to support both capacity for the current growth, and also its essential reputation as a major tourism attraction. The specific weaknesses and limiting factors that have been identified by SBC and the current operating partner include:

- **The visitor arrival and standing area:** since 2016 SBC has installed temporary decking over the lake to increase the capacity of the venue by c2,000. This temporary infrastructure now needs to be replaced. Replacing the temporary decking with permanent infill will enable further improvements to the visitor arrival and departure area, increasing visitor capacity and comfort for some types of events (particularly those for which some standing capacity is required)
- **Backstage facilities:** the venue currently only includes a very small backstage facility which is supplemented by a marquee during the season. Introducing new container style backstage accommodation will improve the backstage offer, making the venue suitable for a wider range of events whilst also reducing annual costs. The facilities will also include office accommodation for event staff and performers as part of the festival programme
- **Food & beverage capacity:** the current bar and food facilities are very limited, and visitors often complain about long queues and a poor service. Additional container style facilities will add further capacity, facilitated by the remodelled lake infill area. This will improve secondary spends which will improve the viability of the venue and reduce the requirement for operating subsidies over time.

These works will also mitigate maintenance costs in the future and provide a high-quality events hub to support the Scarborough Fair programme. It will also allow for more and bigger events to be held throughout the year, as addressing these three challenges will attract larger acts and reduce the impact of seasonality.

The specific market failures which are to be addressed include:

- **Externalities** – wider benefits will be generated through the creation of a Scarborough Fair events programme however, this is not factored into typical market decisions
- **Imperfect information** – buyers and sellers cannot make informed decision on the potential of the Scarborough Fair programme previously due to lack of information
- **Information failures and risk** – investing in growth is an uncertain business. There may be concerns relating to, for example, whether there is a market for the proposed services of the programme. However, the feasibility and business plan findings help to mitigate this risk.
- **Public goods** – enhancing public spaces are typically underprovided as they are non-excludable in supply and non-rival in demand. Therefore, the OAT's facilities are likely to deteriorate and loss its status as a major regional attraction.
- **Coordination problems** – there are a number of potential beneficiaries which can act as a barrier to development as they act individually.

POLICY ALIGNMENT

Local and Regional Policy

The Scarborough Fair project aligns with a number of local and regional plans and objectives, as set out below:

- **Y&NY LEP Covid-19 Economic Recovery Plan:** The delivery of new tourism events will help to stem the downturn in the region's tourism sector, delivering sustainable economic activity in line with the Recovery Plan
- **Y&NY LEP Local Industrial Strategy:** The project aligns with Priority 1 of the Local Industrial Strategy, which aims to create connected and resilience places by investing in digitally connected and enabled areas, thriving town and city centres, and high value tourism.
- **Scarborough Local Plan:** The project will support all three strands of the economic growth chapter within the Local Plan, stimulating new developments and investments to support businesses, town centres and tourism,
- **Scarborough Town Centre Strategy:** The project will make a significant contribution to the vision for the Town Centre, helping Scarborough "*become a hub of leisure, learning and living by building on its rich heritage, culture and traditional retail and leisure offer*". Scarborough Fair will in particular deliver growth in line with objective 6, which aims to build the town's identity, image and brand.

National Policy

The Scarborough Fair project aligns with a number of national ambitions, as set out below:

- **UK Government Build Back Better Strategy:** The project will deliver economic, social, and cultural regeneration of a struggling town – aligning with the plan for Levelling Up set out in this strategy.
- **Visit England's five-year strategy:** Scarborough Fair will become a flagship programme of events for the entire region, helping to grow the value of tourism and drive the dispersal of tourism value across Britain which are two of the five clear objectives set by Visit England.
- **Arts Council England 2020-2030 Strategy:** The programme of events aligns directly with the ambitions of Arts Council, which are to create new festivals, creativity, and venues such that everyone "*has access to a remarkable range of high-quality cultural experiences*".

VISION AND OBJECTIVES

Town and Project Vision

The vision for the Town Investment Plan is as follows:

“By 2035 Scarborough will be a rejuvenated town, the premier Yorkshire coastal destination for, visitors and businesses.

We will do this by encouraging a range of opportunities in the town and along the coast, with new activities, a thriving cultural scene and more dynamic physical and digital infrastructure.

The arrival points and the public areas are welcoming, providing places to rest, socialise and to navigate onwards to the seafront and other points of interest. Our vision is centred upon coastal culture, family and enterprise. A future based on ‘quality of life’ and a healthy environment.

With a quality offer for locals and tourists, Scarborough can build on its assets to promote a healthy, prosperous place to live, work and play.

Our modern coastal town embraces well-being, arts and innovation, supports its existing business community and welcomes new sustainable, forward-thinking entrepreneurs. The town creates new opportunities for high quality learning and employment. The town is ‘living’ its strategic ambition for physical transformation, forging stronger connections from station to shore: with its modern, greener high street and embracing the potential of the harbour and wider seafront.

There is a growing network of interesting public spaces to explore and linger. The town is better linked through its transport options, which include cycle routes, well signposted and uplifting walking routes, along with a growing infrastructure and network for private and public electric transport.

The town is recognised for its year-round programme of distinctive events and festivals, which celebrate Scarborough’s bountiful natural assets and pioneering independent culture.”

There are seven interlinking objectives to achieve this vision:

1. Create a cord of activity from **Station to Shore**: our modern High Street
2. Reimagine the **public realm** as a network of interesting spaces to explore and places to linger
3. A greater range and better **linked transport** options
4. Realise the potential of the **harbour**
5. Encourage deeper connections with our **natural assets**
6. Host a range of **events** and **festivals**
7. Pioneer **community-rooted** businesses and organization



Scarborough Beach

Project Objectives

The objectives for the Scarborough Fair project are:

- A. Create better **connections for events between the North Bay and South Bay**, to improve the vitality and vibrancy of Scarborough as a place to visit and live.
- B. Maximise the opportunity presented by the OAT to create a **new destination** for leisure, socialising and enjoyment.
- A. Host twelve major events at least 10 locations over four years across an integrated programme including **770,000 additional visitors** through the programme
- B. Installation of **97 sqm of events infrastructure** within hub units with delivery of **55 sqm of supporting F&B floorspace** within new containers

THE PROPOSED INVESTMENT

Project Description

Capital investment will be made into Scarborough's event infrastructure including:

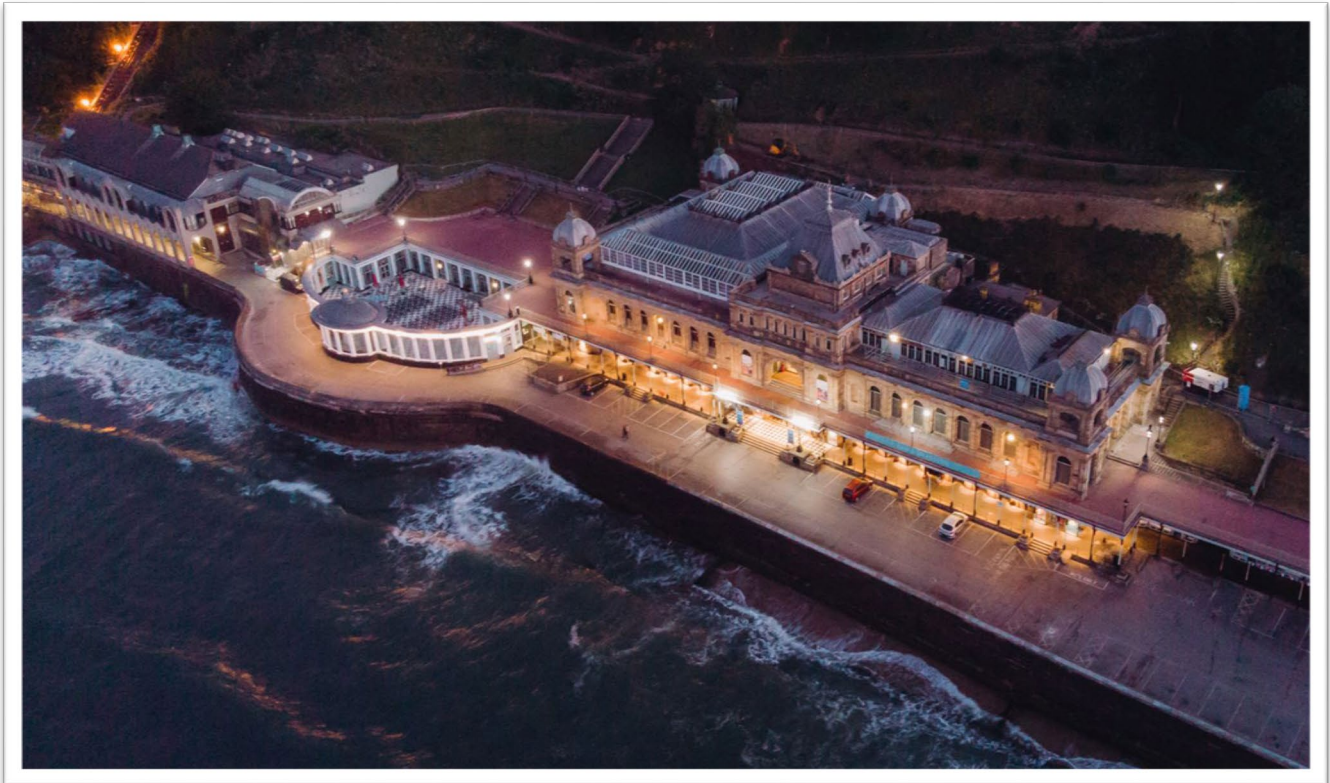
- Investment in OAT as the town's major events and festival hub:
 - **██████████** to **fill in the lake and replace the temporary decking** with permanent flooring. This will improve access and egress into the venue and create space for extended food and drink facilities. These facility improvements are required to enhance the venue to allow additional events to be held at the OAT. Collectively, the measures will significantly enhance the offering, improve the safety, and upgrade the visitor experience for customers. These effects will improve the commercial viability of events for the SF programme and throughout the year.
 - **██████████** for the purchase and installation of 'container space' **food and beverage facilities** to increase food and bar serving facilities at the venue. These will include mezzanine level VIP viewing spaces and a 'dual side' bar option which will allow premium priced tickets¹ to be sold

¹ This could include the potential revenue opportunity for event sponsors with serviced bar facility, also offer dual side option that could service the touring companies and performance at the back of house at the same time

and will service the touring companies and performance staff at the back of house at the same time.

- [REDACTED] for the purchase and installation of 'container space' offices which will provide **accommodation for festival and events staff** and act as an events hub for the SF programme.
- [REDACTED] investment in repurposing accommodation within the Scarborough Spa to provide additional public facing and staff facilities in the South Bay to support the events programme:
 - **Refurbishment of a vacant shop** unit adjacent to the Spa to provide potential box office and supporting facilities for events in the town.
 - **Refurbishment of the self-contained cottage building** at the Spa to provide a base and accommodation for events staff and volunteers who are delivering the events programme within the South Bay area.
- [REDACTED] investment in **LED lighting systems** in four locations across the town. Working with project sunshine this will contribute to the replacement SBC's inefficient existing lighting with low energy use, with the upgrade to programmable lighting that will illuminate key buildings year-round and will form the basis of a light show which will run for the duration of the Winter Light Festival
- [REDACTED] on the purchase **modular event accommodation** that can be used as required in different locations to service events. These will be used to supplement existing offerings throughout the year while creating flexibility for rental as required by different independent commercial sector operators and expand the smaller artisanal and cultural event frequency for the year-round calendar.
- [REDACTED] investment in installing event infrastructure relating to power, lighting, and pedestrian safety at Scarborough Harbour to enable the Harbour to be utilised cost-effectively as a pop-up events venue.

This programme of capital activity expands the main unique visitor attraction in the area, as well as creating high-quality facilities in both the South Bay and North Bay areas. This flexibility will ensure spaces are available as and when they are required for the programme, attracting visitors to across the area and limiting any issues of seasonality. The remote break-out spaces, as well as the new facilities at Scarborough Spa and Scarborough Harbour, will also crucially support the dwell time for events in the town centre.



Scarborough Spa

The **supporting revenue from the Town's Fund** will be used to provide for an SF project delivery team for the four-year duration of the project. The team will be recruited, on a project basis, by SBC and will work alongside the Council's existing Tourism and Culture and Events team which delivers the existing events at OAT and elsewhere in the town.

Event delivery will be funded using the revenue support committed by SBC (£750,000 in total over three years). In addition, the SF project team will seek project funding from the Arts Council and from sponsorship to enhance the programme (this additional funding would be for additional activity).

The event programme will include twelve events, as outlined in the FEI business plan with some revisions. These are funded out with the Town's Funding:

- **Winter Light Festival (WL):** a 20-day, community curated, light festival which will run throughout December for three years from 2024. It will be developed as a largely free to access event with some small-scale ticketed events held in different venues throughout the town. The event will be developed by the new SF project team, working with local creative organisations and creative practitioners to develop and install light trails and activities throughout the town culminating at OAT as the festival village. The new lighting infrastructure, that will be installed as part of the project, will be programmed to deliver a 'light show' which will form part of the town wide trail. Scarborough based creative practitioners and organisations will then develop a series of installations and small-scale events that will use publicly accessible buildings such as the Spa, vacant shop units and other pop-up spaces. Total attendances of 160,000 over the three years have been assumed, based on the figures outlined in the FEI business plan, but adjusted to remove the major ticketed event element.
- **ISAF:** a 3 day, free to access, festival including a parade and street arts which will run over the May bank holiday. The event would operate broadly as outlined in the FEI business plan but with a reduced scope, reflecting a more realistic level of grant income. It would be developed and

managed by the SF project staff, funded by the Town's Fund revenue allocation. The team would work with local arts organisations to curate and produce the event which would be delivered by volunteers. An allocation has been made within the Town's Fund revenue allocation to support the event production infrastructure. The event would run for three years from 2023. Anticipated attendances have been reduced by 20% from the original business plan to reflect the revised scope of activity.

- **AAT:** a three-month free to access programme showcasing art works from local creative practitioners, hosted in venues throughout the town, from June to August. The event would be coordinated by the SF project staff, funded by the Town's Fund revenue allocation. The team would work with local arts organisations to curate and produce the event. The event would run for three years from 2023. Anticipated attendances remain as per the FEI business plan since the scope of activity has been maintained.
- **MASF:** the opportunity exists to develop a commercially viable three-day sports competition and music festival, hosted at OAT, as a ticketed event in September. The details of the event will need to be developed further by the Project Team, working with SBC's partner Live Nation and relevant sports events companies. Live Nation promote the shows and deal with the backstage elements of the venue. Although the FEI Business Plan indicates that this festival can run on a fully commercial basis, further revenue funding may be sourced to enhance the event from a range of sources including sponsorship, the Arts Council and Sport England. The first event would be held in 2024 and would run for three years to 2026. Event attendances are based on the FEI business plan.

In the absence of Towns Fund investment, the Scarborough Fair does not progress at all and only the existing events at the OAT will take place. Without investment into the OAT, it is not possible to deliver any new events whilst the revenue investment is needed to operate the new activities. Without the Towns Fund support, the opportunity to deliver a comprehensive, strategic cultural-led regeneration programme.

STAKEHOLDERS

The vision for the Town – a statement of ambition - has been defined in consultation with key stakeholders and agreed by the Scarborough Town Deal Board. The vision builds on existing ambitions for Scarborough, aligning with the recently approved Scarborough Town Centre Strategy.

The project received extensive support through the stakeholder process undertaken, further details of which are set out in the Management Case.

A supporting quotation for the project includes:

“A modern Scarborough - To showcase Scarborough to businesses, tourists and the younger generation by bringing back a very modernised version of Scarborough which would be exhibited in the Town Centre each month with a different theme and quality musicians playing the folk song in different ways. Like an ongoing updated Great Exhibition.”

ECONOMIC CASE

Is Scarborough Fair value for money?

ECONOMIC CASE

INTRODUCTION

The **Economic Case** assesses the economic impacts of **Scarborough Fair** and whether value for money for the public sector is optimised. This involves developing a long-list of options, with the options qualitatively compared to identify a shortlist. A quantitative comparison of the shortlisted options and the reference case is then set out to identify the preferred option. Sensitivity analysis follows to test the quantitative findings on the preferred option.

APPROACH TO ECONOMIC CASE

The assessment of economic benefits for this **Towns Fund** scheme has been undertaken in full compliance with the latest **HM Treasury Green Book** (2020) and relevant Departmental guidance, such as Department for Levelling Up, Housing and Communities (DLUHC).

There are a number of overarching assumptions which apply to the value for money assessment (unless otherwise stated):

- all short-listed options have been appraised over a **10-year period**, consistent with appraisal guidance.
- where Present Value figures are presented, cost and values have been **discounted at 3.5%**
- all monetised costs and benefits are in **2021/22 prices**, with general inflation excluded
- the costs and benefits of the intervention options are presented in net terms and relative to the Base Case. Adjustments have also been made for **additionality** e.g. leakage, displacement and multiplier effects where appropriate (as detailed below)
- **Optimism Bias** of 10% has been calculated using HM Treasury methodology and included in the value for money analysis.

Methodology adopted

The framework for assessing the economic benefits of the Scarborough Fair project has been developed having regard to the HM Treasury Green Book, DLUHC (formerly MHCLG), BEIS and DCMS guidance.

As set out within the MHCLG Appraisal Guide², projects should be appraised based on a **Benefit Cost Ratio (BCR)**. As the name suggests, this is a ratio of the present value of benefits over the present value of costs and represents how much benefit in £s could be supported by £1 of public investment. BCRs are widely used in governmental appraisals and are the recommended VfM metric in both the HM Treasury's Green Book and MHCLG's Appraisal Guide. All relevant costs and benefits which may arise from an intervention should be valued and included in social Cost Benefit Analysis (CBA) unless it is not proportionate to do so. The priority costs and benefits to quantify are those likely to be decisive in determining the differences between alternative options.

The appraisal of social value also involves the calculation of **Net Present Social Value (NPSV)** – the present value of benefits less costs, as appropriate to the intervention being considered.

When calculating the BCR:

² Accessed from: [Appraisal Guide \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/90441/appraisal-guide.pdf)

- future costs and benefits should be adjusted for inflation to ‘real’ base year prices. The base year should be the first year of the proposal.
- future costs and benefits should be discounted by the **Social Time Preference Rate (STPR)** to provide the present value.

All capital spending proposals may be ranked according to their BCR, and the ranking then adjusted to reflect unquantifiable and unmonetised factors and risks.

The calculation of costs and benefits has accounted for latest recommendations from MHCLG in relation to the Towns Fund, as well as other recent publications for regeneration and cultural projects. Reflecting the diverse nature of the interventions and their expected impacts, as well as the existing conditions within Scarborough, a wide range of external benefits have been assessed in accordance with governmental guidance, as set out in the Economic Benefits section below.

Shortlisting of options

The identification of long-list options was driven by the Strategic Options Framework Filter process in the HM Treasury Green Book, accounting for: scope, solution, delivery, implementation, and funding. Based on this, a variety of potential options were scoped in relation to key variables. Through this process, key variables were identified as follows:

- **Scale and extent** – intervention options considered included maintaining the current programme of events, or expanding the offer (in terms of the number of festivals)
- **Configuration** – relating to the focus for investment in terms of maintenance, new infrastructure and new features
- **Location** – potential to focus investment across the town or in a single location
- **Quality** – the technology, design and variety of festivals can be altered depending on the type of products incorporated into the project
- **Governance** – the measures to govern and operate the programme of events.

This optioneering process enabled the following longlist of intervention options to be scoped, alongside the Reference Case position (based on a “business-as-usual” scenario).

Table 1: Long-list of Options

No.	Description
1	Do Nothing – no new additional events as OAT remains in its current state
2	Central Case – capital investment into OAT with supporting revenue funding to deliver wider events at multiple locations
3	Do Minimum – only capital investment into OAT, with no supporting revenue to deliver wider events at multiple locations
4	Do Maximum – FEI Business Plan with programme of events at different locations across the town and a new governance body

For clarity, the position of the Reference Case, Central Case and alternative options for each option are set out below. An assessment of potential locations for funding took place and concluded the OAT was the most viable location for much of the investment due to its existing characteristics, infrastructure and

reputation. The FEI Business Plan identified this location as the one with the most potential to generate a step-change in the events programme at Scarborough. Therefore, the OAT formed the main location for the Central Case, as set out in the Strategic Case, with supporting investment at other destinations such as the Spa, Harbour and mobile events units to create connections between the South Bay and North Bay.

Table 2: Key variables of the long-list

Variable	Business as usual	Central Case	Do Minimum	Do Maximum
Scale and extent	Maintenance of OAT only	Expanding programme with 4 new festivals throughout the town	Expanding programme at the OAT	Expanding programme with at least 4 new festivals throughout the town
Configuration – focus for investment	No specific re-investment in infrastructure or new events	Investment on new infrastructure and facilities at multiple locations to enable new events with supporting team to deliver festivals	Focuses investment at new infrastructures at the OAT	Investment on new events, infrastructure and facilities at many locations, with entire new governance body to deliver festivals
Location	Maintenance at OAT	New hub at OAT, with supporting investment at Spa and Harbour	Only at the OAT	Investment spread at many locations across the town
Quality	No new investment in infrastructure to support step change in quality	New sustainable infrastructure and revenue funding enabling 4 high-quality festivals	New infrastructure enabling a high-quality festival and expanded programme at the OAT	Investment is spread more widely to enable new locations to hold events
Governance	Council and existing events operator	Council, Towns Fund Project Manager, procured events operator	Council and existing events operator	New governance body

The full assessment of long-listed options has been based on their ability to meet a range of Critical Success Factors (CSFs) identified in the HM Treasury Green Book, as follows:

- **Fit with aims and objectives** – consideration of the extent to which options achieve the project specific objectives and provide holistic fit/synergy with the policy objectives identified in the Strategic Case.
- **Meets needs and demands** – consideration of the extent to which options address existing/future challenges and align with opportunities in the local and regional area.
- **Benefits maximisation** – an assessment of how the options maximise outputs, outcome and benefits.
- **Potential Value for Money** – an assessment of the potential Value for Money of the option.
- **Affordability** – an initial assessment of the relative cost of the options and whether they could be delivered within budget.
- **Deliverability** – consideration of the extent to which the options are deliverable in terms of stakeholders, suppliers, dependencies and risk (including planning), timescales and organisation’s experience.

Options that fail to meet a CSF are rejected at this stage and not taken forward to the shortlist, in line with Government guidance. Additionally, options that did not score favourably across the appraisal were ruled out from selection. The results of the long list assessment are displayed in the table below.

Table 3: Summary of Shortlisting of Options

Option	Shortlisting Criteria						Conclusion
	Fit with aims & objectives	Meets needs & demands	Benefits maximisation	Potential VFM	Affordability	Deliverability	
Option 1: Do Nothing	No fit	No new events	No additional benefits	No VFM	Only maintenance	Only maintenance	Reference case
Option 2: Central Case	Fits with all aims and objectives	Delivers 4 festivals across multiple locations	New visitors attracted to major events at OAT and across town	Likely to represent VFM	Affordable within Towns Fund and co-funding package	Deliverable as shown by business plan and operators at OAT	Short-list
Option 3: Do minimum	Partial fit with objectives	Need to diversify visitor economy with new events	Some new visitors, only attracted to OAT	Unlikely to represent VFM	Affordable within capital Towns Fund package	Deliverable through events operator at OAT	Reject
Option 4: Do more	Fits with most of aims and objectives	Delivers events across many locations across the town	New visitors attracted to events held across many new locations	May represent VFM	Engagement found significant investment needed to deliver major events at new locations	Feasibility study demonstrates that the option is not viable	Reject

Following the analysis of long-listed options against the CSFs, the following options have been short-listed for more detailed assessment and consideration:

- **Option 1:** Do Nothing
- **Option 2:** Preferred option

Option 2 has been taken forward as the preferred option because it meets all the public sector objectives and will support the Town Deal vision for transformational change across the town and will catalyse further investment in Scarborough. The Do-Nothing option is short-listed as the Reference Case.

Development scenarios and costings have been produced for the Reference Case and shortlisted options to inform the detailed analysis.

ECONOMIC BENEFITS

Additionality

Of key importance in assessing the impact of the proposals on the local economy is the extent to which new activity is truly additional, in other words it does not simply displace existing activity. Furthermore, it is important to understand who is likely to benefit from the impacts generated and the degree to which further demand and investment is stimulated.

To assess the net additional impact of the proposals and overall anticipated additionality of the proposed project options, the following factors have therefore been considered:

- **Leakage** – the proportion of outputs that benefit those outside of the project’s target area or group
- **Displacement** – the proportion of project outputs accounted for by reduced outputs elsewhere in the target area. Displacement may occur in both the factor and product markets
- **Multiplier effects** – further economic activity associated with additional local income and local supplier purchases

- **Deadweight** – outputs which would have occurred without the project (Base Case)

The approach to assessing the net additional impact of a project, taking into account the above adjustments, is shown diagrammatically below.

Figure 2: Economic Impact Framework



To account for this impact, an additionality factor of 80% has been applied to the economic benefits modelled for Scarborough Fair.

Economic Benefits

A full explanation of the Economic Case methodology, including the economic benefits, is provided within the Technical Note – see Appendix A.

Benefits include:

- Willingness to pay benefits
- Distributional benefits

Visitors' willingness to pay benefits

Benefits associated with the increased in visitors to the cultural facility and the increased value to the surrounding area due to an improved cultural facility have been estimated using willingness to pay metrics. These metrics were cited within DCMS reports.

Through guidance on the economic value of cultural assets³ endorsed by DLUHC as part of the recent Levelling Up Fund process, it is possible to monetise the economic value of these additional visitors. The use value of the asset includes:

- **Direct use value:** benefits that derive from engagement with culture as, for example, inspiration from visiting an asset
- **Indirect use value:** benefits that are derived without directly engaging with culture as, for example, enjoyment of the related services
- **Option value:** benefits from knowing a cultural institution or attraction could be used in the future.

This guidance identifies that the willingness to pay for access per visit to regional assets, such as Scarborough Fair, is £6.16 (2020 prices). This value has been applied to the visitor numbers across the appraisal period in each option. The additional value gained from project is calculated through subtracting the benefits from the visitor profile in the Reference Case (existing events) from the benefits from the enhanced visitor profile (existing and additional events from Scarborough Fair) in the alternative options.

AMION's Visitor and Leisure team, in combination with SBC, have calculated there will be an additional 772,560 visitors arising from the four events. Visitor numbers are based on the FEI feasibility study and business plan that was developed for Scarborough Fair in 2021. The below table demonstrates the visitor profile over the programme. The benefits in the core assessment has been calculated on the visitors from all four events, however Sensitivity Test 2 considers the risk of the M&ASF not being delivered.

Table 4: Scarborough Fair visitor profile

Visitor profile:	Total	2022/23	2023/24	2024/25	2025/26	2026/27
M&ASF						
Winter Lights Festival						
ISAF						
Affordable Art Trail						
TOTAL	772,560	-	130,000	238,400	277,000	127,160

The guidance also recognises a non-use value for those in the catchment area who have not directly visited or engaged with the cultural institution within a designated period. The non-use value of the asset includes:

- **Existence value:** benefits from knowing a cultural institution exists as for example increased civic pride in knowing region has high-quality asset
- **Bequest value:** benefits from knowing a cultural institution will be available to future generations
- **Altruistic value:** benefits from knowing a cultural institution is available to other people alive today.

This guidance identifies that the willingness to pay of the general local population to maintain a region asset and its features, such as Scarborough Fair, is £3.25 (2020 prices). The appropriate catchment area

³ Arts Council (written by Lawton, R; Fujiwara, D; Bakhshi, H; Mourato, S; Arber M; and Davies, J), (2016); Guidance note: How to quantify the public benefit of your museum using economic value estimates

is likely to be defined as the geographical area within which residents will have heard of the asset. This area should be supported by evidence. Although the visitor profile of the attraction is likely to extend further than North Yorkshire, this catchment has been used to be prudent. Residents within this are most likely to benefit from these non-use values. The latest population statistics for this catchment have therefore been used, minus the additional visitors from this area for each option.

Table 5 presents the benefits from visitors' willingness to pay.

Table 5: Visitors' willingness to pay benefits (PV, £000s)

Benefit	Option 2
Willingness to pay benefits	£4,792,125
Total	£4,792,125

Distributional analysis

One of the key justifications for the Towns Fund is to help level up the country, seeking to help rebalance activity from London and the Southeast to deteriorating towns that have fallen behind or excluded from access to other funding opportunities. Scarborough Town Investment Plan has a clear focus on delivering transformational change through re-balancing the town's economy and using the town's existing assets to catalyse further growth. This transformational effect should be included in the economic analysis. The Towns Fund guidance indicates distributional analysis can be used to present the economic value of this effect.

Consequently, local authority level distributional weights have been applied to the economic benefits. The approach used to calculate these is that set out in the HM Treasury Green Book, based on equivalised disposable household income and welfare weights (the estimate of the marginal utility of income). In the case of Scarborough, a distributional weight Before Housing Costs of **1.3** has been applied to the net additional benefits associated with each option given the potential positive distributional impact for the Scarborough area.

Table 6: Distributional impact (PV, £m)

Impact	Option 2
Distributional impact	£1,445,125

ECONOMIC COSTS

Economic costs

The financial costs of the proposed project have been developed by AMION, working alongside SBC, drawing on significant experience of delivering similar projects across the local authority area.

Nominal financial costs have been converted to economic costs in line with the Green Book approach by using the HM Treasury's GDP deflator index to convert estimates of future costs to constant (2021/22) prices. The constant price costs have been adjusted to present value costs by applying the Treasury's Social Time Preference discount rate of 3.5% per annum. Public capital expenditure within the programme is expected to run until financial year 2023/24, in line with the Towns Fund guidance. The estimated undiscounted and discounted public sector costs of each option are set out below alongside a detailed profiling for the preferred option. Within the Economic Case, we have presented the net present marginal

costs of the alternative options in order to align with guidance, whereby the Reference Case costs (in this case, nil) have been subtracted from the calculated project costs.

Table 7: Economic costs (excl. OB)

(£000s)								
	2021/22	2022/23	2023/24	2024/25	2025/26	Beyond	Total	NPV
Option 1	-	-	-	-	-	-	-	-
Option 2	-	■	■	■	■	■	■	2,033

Optimism Bias

Optimism Bias (OB) is the proven tendency for appraisers to be optimistically biased about key project parameters, including capital costs and operating costs and project duration. The economic costs for each intervention include an allowance for OB. This has been estimated using an Optimism Bias Mitigation Model based on the Supplementary Green Book Guidance produced by Mott MacDonald.

The discounted net present public sector cost including OB for the intervention option is set out below. The marginal costs are the costs of delivering the additional product above the Business-as-Usual scenario, i.e., the costs that would have occurred without the project (Reference Case). Therefore, for this calculation, the costs in the Reference Case (nil) have been subtracted from the costs in the alternative options. This method aligns with our value for money assessment and government guidance. OB of 10% has been applied due to the stage of project development, including submission of this business case.

Table 8: Economic costs (inc. OB) (NPV, £000s)

Cost Category	Option 2
Economic costs	■
Optimism Bias	■
Total economic costs	£2,238

VALUE FOR MONEY ASSESSMENT

The key results of the Economic Case based on quantified benefits are summarised in the Appraisal Summary Table. As can be seen below, Option 2 has been identified as the preferred option due to its BCR of 2.8:1. These figures demonstrate Option 2 represents 'high' value for money.

Table 9: Value for Money Assessment

(£000s, PV, 2021/22 prices)		Core scenario	Sensitivity test 1	Sensitivity test 2
Economic benefits				
Visitors' WTP benefits		■	■	■
Distributional benefit		■	■	■
Total economic benefits	(A)	■	■	■
Economic costs				
Towns Fund cost/funding	(B)	■	■	■
Co-funding	(C)	■	■	■
Total public sector funding	(D) = (B) + (C)	■	■	■
Private sector funding	(E)	■	■	■
Total economic costs	(D) + (E)	■	■	■
Benefit-Cost Ratio (BCR)	(A) – (E) / (D)	2.8:1	2.3:1	2.4:1

Sensitivity analysis

Sensitivity analysis has been undertaken to test the robustness of the value for money estimates and their susceptibility to change in any of the key conditions underlying the programme.

(i) Scenario-testing

The first form of sensitivity analysis is scenario testing. This approach considers the potential implications of changes to key outputs or costs for the delivery of economic benefits and value for money. The scenarios include some more 'technical' changes – for example, adjusting optimism bias or other assumptions.

The following scenarios have been run for the preferred option:

- **Scenario 1** – Economic Costs increase by 20% - e.g. due to rising construction cost inflation or an adverse economic context
- **Scenario 2** – The MASF is not delivered therefore, benefits only arise from the visitors to the other three festivals

The BCR is above 2.0:1 in all scenarios, remaining a 'high' or 'good' value for money assessment. The project is, therefore, robust to technical changes within the Economic Case.

Table 10: Scenario Testing

Scenario	Public cost (incl. OB) (£m)	Total benefits (£m)	BCR
Central case	■	■	2.8:1
Scenario 1	■	■	2.3:1
Scenario 2	■	■	2.4:1

(ii) Switching values

The second form of sensitivity analysis is the switching values method. This approach identifies the point at which the programme moves from offering 'acceptable' value to money (an initial BCR of over 1.0) to

'poor' value for money (an initial BCR of under 1.0), as defined in the DCLG Appraisal Guide. The switching values for both costs and benefits are assessed.

As can be seen, the costs need to over double or the benefits to over halve for the project to reach a BCR of 1.0:1. This level of change is extremely unlikely and therefore, the project's value for money assessment is robust to changes.

Table 11: Switching Values

Value Change	Option 2
Percent change in net additional benefits	-64.1%
Percent change in net costs	178.1%

NON-QUANTIFIED BENEFITS

Building upon the analysis of quantifiable effects, consideration of the wider economic, social, and environmental benefits associated with each option has been undertaken. The following benefits have been considered as part of the contribution to local growth and development:

- **Regeneration** – the area has suffered from a lack of investment. The Scarborough Fair project will begin to reverse this decline and create the opportunity to deliver transformational economic growth through mixed-use developments in the area.
- **Image** – the Scarborough Fair project will transform the area, a key gateway to the town, which will improve visitor experience and residents' opinion of their town
- **Catalyst for Investment** – the Scarborough Fair project will start an events programme which can produce sustainable long-term investment into the town through its brand.
- **Employment generation** – the Scarborough Fair project will create employment through a new Scarborough Fair Event and Project Manager and internal project team, as well as generating employment through the new F&B, events, and mobile units. The ability to deliver events across the year will also reduce the impact of seasonality from the tourism sector.

Table 12: Weighting and Scoring of the Qualitative Benefits

Wider benefit	Weight	Do nothing		Option 2	
		Score	Weighted score	Score	Weighted score
Regeneration	30%	2	0.6	8	2.4
Image	30%	4	1.2	9	2.7
Investment	20%	3	0.6	9	1.8
Employment	20%	4	0.8	8	1.6
Total	100%	13	3.2	34	8.5

The weighting in the above framework demonstrates that the project delivers significant wider benefits, most notably those relating to image. The intervention is likely to deliver significant additional benefits in these key areas and contribute towards the Levelling Up agenda above the Do Nothing scenario.

SUMMARY

From the analysis set out above, **Option 2** has been identified as the **preferred option** on the basis that it offers the highest value for money and provides the most effective and efficient approach, accounting for the known risks associated with each option. This option has also been robust to sensitivity analysis and performs strongly in the wider qualitative benefits analysis.

FINANCIAL CASE

Are the Scarborough Fair plans affordable?

FINANCIAL CASE

INTRODUCTION

The **Financial Case** has been prepared with a view to clearly demonstrating that the Towns Deal funding, will be sufficient to facilitate the Scarborough Fair programme.

APPROACH TO FINANCIAL CASE

The identified funding sources to facilitate the project, with costs of c.£2.2m are set out in the table below⁴.

Table 13: Funding / Resource Identification Table

Type	Source:	Total Amount:	Purpose
Public	TOWNS DEAL – capital	██████████	OAT / event infrastructure capital investment
Public	TOWNS DEAL – revenue	██████████	Project staff costs and team overheads
Public	SBC co-funding	██████████	Direct event costs / procurement of events operator
Public	Donations	██████████	Direct event costs
	TOTAL PROJECT COST	£ 2,201,781	

In addition to the Towns Fund and SBC investment, a very modest amount of £8,149 is expected to be raised by donations during the duration of the programme to cover the outstanding direct event costs. This amount is very achievable based on previous experience and does not present a risk to the project. A higher figure is likely to be raised to support the cover of any cost overruns, but the opportunity for this is very low.

COSTS

The project relates to capital costs and revenue costs. **AMION Consulting's specialist Visitor and Leisure** team have produced a financial business plan to support the project, creating cashflows for each event within the programme. As well as AMION's expertise at producing business plans for tourism facilities, the work incorporates information from the **FEI Business Plan** as well as cost expertise from **SBC** and other relevant tourism partners such as **English Heritage**.

The capital costs have been calculated through specific knowledge of events at OAT and across Scarborough from SBC. Most of the capital works take place in 2022/23, although some works relating to the Spa, Harbour and mobile event units continues to 2023/24. Suitable contingency has been included for the capital works, based on previous evidence from financial advisors. An allowance of 12% has been applied to the overall capital project development to cover contingency and project risk. Generally, for a project of this size, complexity and design stage, previous advice has stated the contingency/risk range to be between 7.5% and 12.5%. Therefore, in consideration of this, we have allowed a contingency/risk allowance of 12%. A 12% allowance for project management fees has also been incorporated. The contractor will be assigned to work within these budgets through the contract arrangements. The risk of

⁴ The costs incurred for the feasibility study and business case has not been included in the Financial Case tables as this cost has already taken place and been received from DLUHC.

cost overruns, given the type of investment is largely purchase and fit out of units, is limited and will be mitigated through the project management processes in place.

The staff costs have been calculated by AMION's team, based on two permanent staff members for the duration of the programme. The project team overheads relate to office/admin costs such as IT support, office supplies, and incidentals. SBC will also contribute £750,000 over four years and there is £8,149 of donations to cover other direct costs for each event which are not covered by either the income generation. More details on the costs for each event are provided in the Business Plan in Appendix B.

Table 14 sets out the project costs, split by funding source.

Table 14: Project Costs

Cost Heading	Est. Cost
Capital costs – Towns Fund	
<u>Investment at OAT</u>	
Infill lake and replace decking	██████
Purchase & installation of 4 F&B containers	██████
Fit out of F&B units	██████
Purchase and installation of 3 'hub' units	██████
Fit out of hub units	██████
<u>Investment at Scarborough Spa</u>	
Refurbishment of box office shop unit	██████
Fit out of box office unit	██████
Refurbishment of Cottage accommodation space	██████
<u>Investment at Scarborough Harbour</u>	
Event infrastructure: power, lighting, pedestrian safety	██████
<u>Investment in programmable lighting</u>	
Replacement of external Castle lighting including site works	██████
New lighting infrastructure in 3 locations	██████
<u>Investment in mobile event units</u>	
Purchase and basic fitout of 3 multipurpose event containers	██████
<u>Overall project costs</u>	
Contingency (at 12%)	██████
Project management (at 12%)	██████
Revenue costs – Towns Fund	
Project staff costs	██████
Project team overheads	██████
Event costs after income generation – covered by SBC or donations	
Outdoor Music and Action Sports Festival	██
Winter Lights Festival	██████
International Street Arts Festival	██████
Affordable Art Trail	██████
TOTAL PROJECT COSTS	£2,201,781

All the costs and values included within the initial financial model relate to current day figures. Appropriate allowances have been included for project management fees and contingency. There is no element of

optimism bias included within the financial model as this is taken into account within the Economic Case. The following table summarizes the anticipated costs over programme:

Table 15: Summary Project Costs Profiled by Year

Project Spend	Total	2022/23	2023/24	2024/25	2025/26	2026/27
All capital investment	████████	████████	████████	████████	████████	████████
Contingency	████████	████████	████████	████████	████████	████████
Project management costs	████████	████████	████████	████████	████████	████████
Project staff costs	████████	████████	████████	████████	████████	████████
Project overheads	████████	████████	████████	████████	████████	████████
M&ASF	████████	████████	████████	████████	████████	████████
Winter Light	████████	████████	████████	████████	████████	████████
ISAF	████████	████████	████████	████████	████████	████████
Affordable Art Trail	████████	████████	████████	████████	████████	████████
TOTAL	£2,201,781	£861,916	£408,654	£391,171	£390,650	£149,390

Note: numbers may not add due to rounding

FUNDING AND REVENUES

The Financial Model includes consideration of the anticipated drawdown arrangements and timing for each of the capital funding sources, a summary of which follows:

Table 16: Funding Profile by Category

Project Spend Profile:	Total	2022/23	2023/24	2024/25	2025/26	2026/27
Towns Fund – capital	████████	████████	████████	████████	████████	████████
Towns Fund – revenue	████████	████████	████████	████████	████████	████████
SBC	████████	████████	████████	████████	████████	████████
Donations	████████	████████	████████	████████	████████	████████
TOTAL	£2,201,781	£861,916	£408,654	£391,171	£390,650	£149,390

This profile ensures the project always remains in surplus to cover the staff and events costs throughout the programme. **SBC commit to covering any cost overruns** however, robust mitigation measures and governance practices are in place to minimise this risk as set out in the Management Case. It is also envisaged that the donations will exceed them modest figure outlined within the funding profile above.

The below investment and expenditure profile (excluding capital investment, project management and contingencies which are covered by the Towns Fund capital funding) demonstrates the viability of the programme once the above funding drawdown is agreed. It should be noted that the M&ASF will be privately operated therefore, any financial risk arising from this event will be borne by the operator. The forecasts for this project have been included below for completeness. The remaining events have limited risk for exceeding the budgets set in the expenditure profile below.

Table 17: Investment and expenditure profile

Project Spend Profile:	Total	2022/23	2023/24	2024/25	2025/26	2026/27
<u>M&ASF</u>						
Income	██████			██████	██████	██████
Direct costs	██████			██████	██████	██████
Contribution						
<u>Winter Lights</u>						
Income	██████			██████	██████	██████
Direct costs	██████			██████	██████	██████
Contribution	██████			██████	██████	██████
<u>ISAF</u>						
Income	██████		██████	██████	██████	
Direct costs	██████		██████	██████	██████	
Contribution	██████		██████	██████	██████	
<u>Affordable Art Trail</u>						
Income	██████		██████	██████	██████	
Direct costs	██████		██████	██████	██████	
Contribution	██████		██████	██████	██████	
<u>Other costs</u>						
Staff costs	██████	██████	██████	██████	██████	
Overheads	██████		██████	██████	██████	
<u>Other income</u>						
Towns Fund – revenue	██████	██████	██████	██████	██████	
SBC	██████		██████	██████	██████	██████
Donations	██████			██████	██████	██████
NET SURPLUS / DEFICIT	-	-	-	-	-	-

COMMERCIAL CASE

How will the Scarborough Fair be delivered?

COMMERCIAL CASE

INTRODUCTION

This section considers the **Commercial Case** for **Scarborough Fair** including the proposed delivery structure, as well as the experience of the project team. It considers the risk allocation between the public and private sector, as well as legal and procurement issues.

PROCUREMENT STRATEGY

The project procurement strategy is closely aligned with SBC's contract procurement procedures contained in its Constitution, which permit a number of options for procuring services on the commercial market. In relation to the Towns Fund investment, this procurement exercise will relate to a contractor to undertake the capital works and the recruitment of the two Scarborough Fair posts to enable the smooth delivery of the festivals across the programme. These two exercises are considered low risk due to the nature of the scheme and the Council's robust, well-established protocols. The procurement of a contractor will follow the below procurement strategy, whilst the recruitment of two new staff will be on a fixed basis over the events programme as set out in the Management Case. The reporting line for these two staff will be determined by the Project Sponsor, but it is expected they will work closely with SBC's Head of Tourism and Culture and SBC's Head of Operations, Venues and Events.

SBC's procurement strategy ensures:

- **Value for money** – SBC is under a civic duty to secure value for money in all of its transactions. This has been reached through a rigorous value for money appraisal in the Economic Case.
- Compliance with legislation to the **Public Contracts Regulations** 2015 is required.
- Avoidance of fraud and corruption - **procurement** must be visible and tightly controlled to limit potential fraud and avoid any suggestion of corruption.
- The promotion of the procuring authorities' vision and ambitions: the procurement contributes directly to the delivery of **SBC's vision** and long-term ambitions.
- Fulfil the **commercial** cases' scheme objectives.
- **Flexibility** - allow for future schemes, development, innovation and new technology, ensuring SBC is not locked into long-term agreements.

For larger projects, over £50,000, SBC tends to adopt a Framework or Dynamic Purchasing System (DPS) to deliver a sustainable supply chain, which subsequently promotes a healthy level of competition between suppliers. However, Open Tender - YORTender is the more widely used e-Tendering portal by local authorities in Yorkshire and Humber. SBC adheres to its documented general Contract Procedure Rules procurement procedures. Standard procurement levels and processes are observed in all procurement exercises.

SBC prefers the NEC3 suite of contracts for Framework, Open Tender or DPS for the procurement of services. The principal objectives of the NEC contracts are clarity, flexibility and a stimulus to good management:

- **Flexibility:** when procuring service for the capital expenditure the NEC3 Professional Services Contract (PSC) allows for a multidisciplinary approach but can easily be applied to a 'management'

contract. The NEC3 Engineering and Construction Contract (ECC) can be applied to all engineering and construction activities and includes a variety of specific options which can be tailored to a specific scheme while maintaining the core clauses of the main contract. The NEC Engineering Construction Contract (ECC) can also be applied to all engineering disciplines and includes the option for Contractor design with a variety of options for financial arrangements for arranging for payment to the Contractor.

- **Clarity & Simplicity:** the NEC3 uses simple language commonly used and is free from complex legal jargon as it is predicated on the law of contract, not the law of the land, also giving it international appeal. It reduces the number of clauses compared with other forms of contracts and offers flowcharts and guidance documents to assist in easier application and monitoring.
- **Stimulus To Good Management:** concept of the NEC3 ECC and in particular clause 10.1 is that its implementation contributes to the effective management of the work through mutual trust and co-operative management, where the Project Manager remains a neutral party between the employer and the consultant/contractor, who helps to identify and mitigate risk, improve buildability, sustainability and the safe execution of the works.
- **Subcontracts:** the ECC has been designed so that works can be sub-contracted and provides separate contracts for construction and design services on a back-to-back basis.
- **Nominated Subcontractors:** NEC3 ECC allows for subcontractors or suppliers to be novated into the contract under Z Clauses where the principal contractor takes responsibility from the employer. This approach reduces disputes and strengthens the motivation for the parties to manage their activities.
- **Financial Control:** both the NEC3 PSC and the NEC3 ECC uses Clause 50 within all options to define the mechanism for assessment and payment to be followed by the employer and consultant or contractor, which includes rigid timescales for agreed payment intervals.

The NEC3 PSC and ECC has 6 Options which can be used by the employer to reflect the scope of works to mitigate risk, incentivize acceleration, best practice and collaborative working between the employer and contractor, or cover elements of reactive, unforeseen works where the activity is largely speculative:

- **Option A:** Priced contract with activity schedule
 - **Option B:** Priced contract with bill of quantities
 - **Option C:** Target contract with activity schedule
 - **Option D:** Target contract with bill of quantities
 - **Option E:** Cost reimbursable contract
 - **Option F:** Management contract
- For supply of services, goods and rentals unrelated to the capital expenditure the authority is to use procurement procedural guidelines and rules with a hierarchy of approvals based the value and complexity of the procurement required, this will be led by the internal legal and procurement departments within Scarborough borough council.

It is envisaged the contract is proposed on fixed price basis to an activity schedule or bill of quantities to safeguard against cost overruns.

COMMERCIAL DELIVERABILITY

Since the initial feasibility study for SF was completed, SBC has commissioned a masterplan for the **North Bay** area. This study, although still at an early stage, has already identified that OAT is the key anchor site

within the North Bay and its development will be central to the future masterplan. A range of interventions are currently being explored which will enable OAT to operate more profitably, increasing the number of events and shows that it can host, potentially improving access and extending capacity. As part of the development, improvements will also be required to the backstage and stage facilities as well as an extension to the food and drink provision.

A review of the SF concept has identified that the SF programme can be used as the first step towards the strategic development of OAT as central to the town's cultural infrastructure.

The revised concept therefore is to invest in OAT, using the Town's Fund capital allocation, to provide cultural hub facilities for the SF programme. The proposed investment into the site increases the capacity of the venue by creating a bigger standing and F&B area to accommodate more visitors comfortable and safely. The additional capacity, along with the **new F&B units will also improve the commercial viability** of the venue as a festival and events space. The investment will also introduce new facilities that will be used to house the management offices for the SF programme.

The proposed investment in OAT will provide the first step towards the **North Bay Masterplan** vision, enabling it to become a more viable, three to four season venue.

In addition to the planned investment at OAT, capital funding from the project will also be used to invest in facilities across the town to enable a town wide, year-round events programme to be delivered efficiently from a number of locations. This includes investment in the Spa to provide a visitor facing box office in the busy South Bay area, along with facilities for events staff and performers.

Investment in the Harbour area, as part of the wider regeneration scheme for that area will introduce core services and facilities, including power, lighting and visitor security infrastructure which will enable the Harbour to be used cost effectively as a pop-up events location.

The proposed investment into the lighting infrastructure will provide a basis for the Winter Lights trail by adding programmable lighting equipment at four key locations including the Castle. The infrastructure will allow for a dramatic light show to be presented each year as part of the annual Winter Light festival. At other times of year, the lighting will provide a low energy enhancement to the existing lighting scheme in the town. Finally, mobile container units will be purchased for flexible use when events are programmed.

A LOW-RISK DELIVERY MODEL

A revised business plan has been developed for the project which includes the creation of a small events delivery team, within the Council, to deliver the four-year event programme. The SF Project Delivery team will operate within SBC's structure, with the reporting line determined by the Project Sponsor. The team will work with SBC's existing tourism and culture and venues and events teams as well as with external delivery partners to put on events.

Three events per year over three years will then be delivered by the SF Project Team using the commitment of £750,000 from SBC. This includes the Winter Lights festival (enabled by the lighting infrastructure) and supported by a programme of locally developed activities and installations; the ISAF parade and street entertainment; and the three-month long AAT.

The Music and Action Sports Festival (three events over three years) will be developed with the Council's existing delivery partner as well as other specialist action sports events partners. Although it is anticipated that this event will operate on a commercial basis, grant funding will be sought to support a free to access element of it.

Overall, **all the funding is in place** to deliver the core events programme over four years once the delivery partner has been procured for the Music and Action Sports Festival.

RISK ALLOCATION AND TRANSFER

The HM Treasury Green Book states that the *key to successful risk management is the allocation of risk to that party which is best placed to manage it.*

Project risks will be managed by the Scarborough Fair **Project Manager** as required under the **NEC3** contract. At contract award, the design will be novated to the contractor, a robust risk register will be included in the pre-construction information as part of the tender documentation and include mitigation measures. The budgets for the capital works have sufficient contingencies built in given the low complexity of the works. Additionally, it is envisaged fixed prices will be used with contractors to prevent cost overruns and clear deadlines and milestones will be set.

Any risks relating to the operation for the MASF will be transferred to the commercial delivery partner, as set out below. The remaining risks will remain with SBC and the SF project team, who are experienced at working within budgets to deliver events. The operating models for the festivals are as follows:

- **Winter Light Festival, ISAF, AAT:** The events will be developed and managed by the new SF project team, funded by the Town's Fund revenue allocation. This team will work with local creative organisations, creative practitioners, and volunteers to produce and deliver the events. Therefore, the risk of this project sits with the Council however, it is envisaged to be limited as the income is fixed from the Towns Fund revenue funding and agreed co-funding arrangements from the Council, supported by small amounts from catering or ticketed events. The team is experienced at ensuring adequate and effective time management and use of resources to ensure completion can be met on time and within the agreed budget. There will be a set budget to deliver the events, managed through the governance arrangements in the Management Case.
- **MASF:** The details of the event will be developed by the Scarborough Fair Project Team, working with SBC's delivery partner Live Nation and relevant sports events companies. SBC have developed strong working arrangements with these delivery partners after collaborating for many years. The risk of this project, therefore, will sit with the Live Nation who will deliver the project on a commercial basis. Engagement with Live Nation and other operators has identified sufficient capacity for delivering these events.

A risk register and matrix has been produced for the project. This risk register will be continually monitored and updated by the project team. This document is available upon request.

SUSTAINABILITY AND EQUALITY

In adherence to the **Public Services Social Value Act (2012)**, SBC is committed to ensuring a high standard of ethical trade practices, across its procurement activities.

The responsibilities for securing and ensuring delivery of social value align with SBC's overall model for procurement and contracts. SBC will ensure that suppliers are made aware of social value requirements within contracts and track delivery against the social value commitments via regular performance reporting with suppliers after contract award. The Project Delivery Team will also be responsible for updating the **Council's Social Value Register**. Social Value areas of focus within the scheme may require that local skills and employment are positively impacted; that there are approaches that respond to climate emergency, such as proposals to deliver benefits whilst minimising the carbon footprint from the scheme.

SBC is committed to ensuring that, through its own activities, we have a minimal impact on the environment. In addition, we actively seek to encourage both residents and visitors to minimise their own impact on their environment and will facilitate, as far as possible, this process.

SBC's sustainable development strategy sets out the Authorities' aims in relation to Sustainable Development, the principles we will adhere to and the mechanism by which sustainable development will form a cornerstone of all future Borough Council policies, strategies, activities and future developments.

SBC Environmental Sustainability Strategy and Policy Objectives (Extract)

Scarborough Borough Council is committed to caring for the environment and the principles of sustainability. The Council, in partnership with the community, recognises its responsibility for the environment, for the Borough's current and future prosperity and the health and wellbeing of its residents.

One of our key aims is Quality Environments and it is acknowledged that one of the Borough's greatest assets is its heritage - both the natural and built environment. The quality of the environment affects all our day-to-day lives. We need to protect it now, and manage, and improve it for the future.

MANAGEMENT CASE

What will be the Scarborough Fair governance?

MANAGEMENT CASE

INTRODUCTION

The **Management Case** considers the structures which are in place to ensure the delivery of **Scarborough Fair**. It describes how the of Scarborough Fair will be delivered by SBC by presenting the governance and management, alongside the programme plan, stakeholder management arrangements, risk management provisions and the proposed benefit realisation.

PROJECT ORGANISATION AND GOVERNANCE

Scarborough Town Deal Board

The **Scarborough Town Deal Board** was established in late 2019, bringing together strategic place leaders, investors and entrepreneurs, academics, and creatives. It has been carefully formed in line with guidance set out by the Secretary of State.

The Scarborough Town Board is not a formally constituted body. It is a **strategic body** bringing together private, public and voluntary sectors, working in partnership with the Council. It provides strategic leadership and direction to the development and implementation of the Town Investment Plans (TIPs) and the Towns Fund.

The Board was established by Scarborough Borough Council in 2020 comprising a diverse representation of expertise from the public, private and community sectors. The Board is chaired by [REDACTED] is a passionate entrepreneur who brings a career of private sector and entrepreneurial activity to the Town Deal Board. He is also the chair of the York and North Yorkshire Local Enterprise Partnership.

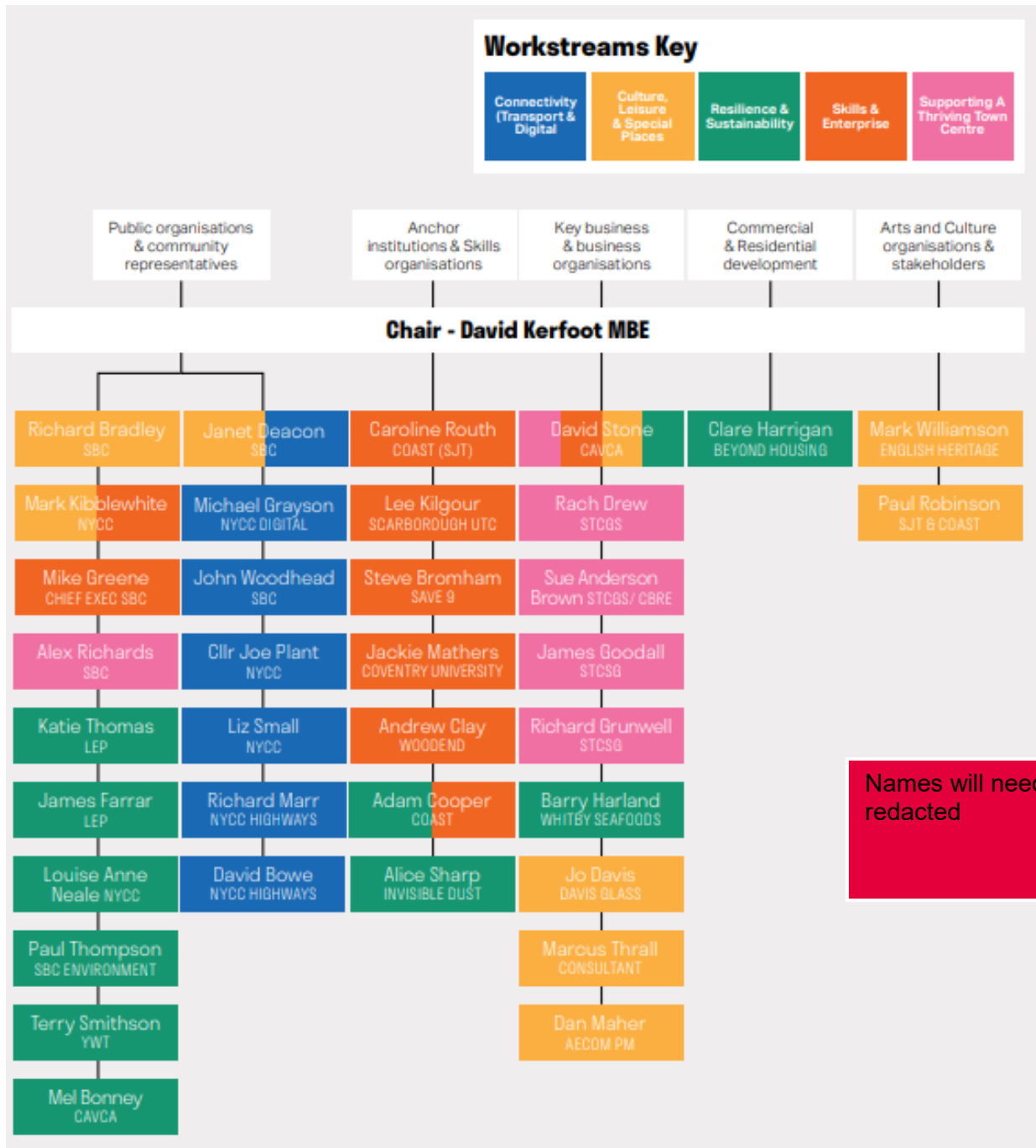
The Town Deal Board was established to develop and agree a programme of interventions, approve a capacity funding expenditure plan; oversee its delivery; approve the approach to communications and engagement associated with the Scarborough Town Deal; and oversee its implementation. Importantly, the Town Deal Board have played an active role in the development of project priorities that have been put forward for investment. Board members **formed working groups to identify thematic visions** for Scarborough, with working groups established to develop the detail of project priorities based on their own expertise and drawing feedback from stakeholder and community engagement.

As **Sponsor of the Town Investment Plan** – the Town Board will continue to play an active and ongoing role in assuring transparency in and oversight of delivery. Its membership will be augmented as necessary and Borough Council officers will continue to provide it with technical support. The Town Deal Chair will be a signatory to the Summary Document of this Business Case.

Through project delivery, the Board will provide monitoring and overview of progress, as well as oversight of major changes to projects. Additionally, they will act as advocates for the projects and coordinate resources as required. The ultimate decision-making responsibility lies with the accountable body, SBC. This should be done in partnership and collaboration with the Town Deal Board.

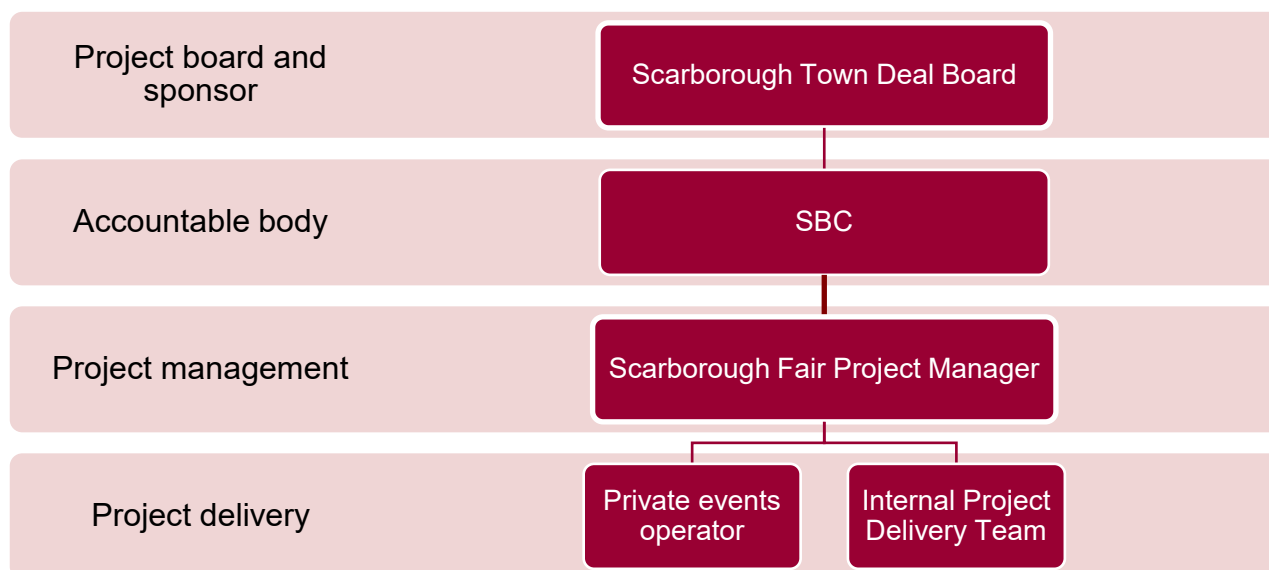
Figure 3 below presents the membership structure of the workstream working groups across different organisations.

Figure 3: Scarborough Towns Deal Workstream Working Groups



Governance

The ultimate purpose of the governance structure for Scarborough Fair is to ensure that the overall programme and individual interventions deliver the desired outcomes at the required quality to meet the strategic objectives of the Town Board and Managing Authority and respond appropriately to the operational environment. The governance structure for Scarborough Fair is set out in Figure 4.

Figure 4: Governance Structure for Scarborough Fair

Details of this governance structure are as follows:

- The **Town Board** will continue to play an active and ongoing role in assuring transparency in and oversight of delivery as Sponsor of the Town Investment Plan
- SBC will act as the **Accountable Body** for the project, responsible for the funding agreement between DLUHC and SBC. This will detail the assurance and approval process, as well as the outputs and milestones. SBC will have overall responsibility for formalising arrangements, ensuring contractual compliance, and managing overall programme delivery. As Accountable Body, SBC will:
 - provides support to the Boards and any sub-boards or panels
 - provide a delivery team and undertake delivery arrangements for the projects
 - ensure decisions made by Board are made in accordance with good governance
 - transparency requirements are met through publication of information on its website
 - be a co-signatory to any agreements with central government
 - work with partners on the delivery of joint private and/or public sector projects
 - monitor and evaluate the delivery of individual projects
 - receive and account for any project funding including Towns Fund monies.
- The **Scarborough Fair Festival Manager** will be elected as project manager for the programme and will be supported by the **Head of Tourism and Culture** and **Head of Operations, Venues and Events**. These individuals will manage the day to day running of the projects by managing resources, reporting on financial expenditure, evaluating project performance, and coordinating work for the delivery team
- An internal **Project Delivery Team** is in place to ensure all target milestones and activities are met. This team is the Council's established events team who are experienced at managing the events and venues. The team will be expanded through the Towns Fund's revenue funding as part of the project. As set out above, this funding will employ a **Scarborough Fair Festival Manager** as well as a supporting **Scarborough Fair Events**

Officer to deliver the new festivals. These two individuals will be employed by the SBC for a fixed period over the events programme to ensure the Winter Lights, ISAF, and Affordable Art Trail are suitably delivered. They will liaise with delivery partners and creative organisations as required. Therefore, these two specialists will have active experience at attracting new cultural artists and creative practitioners in the area. Further details on the overall Project Delivery Team are set out in the following section.

- As set out in the Commercial Case, a private events operator will be procured to manage the M&ASF. The **Council's existing partner** (Live Nation) as well as other specialist action sports events partners will operate on a commercial basis to run this event, however, will report to the Scarborough Fair Festival Manager on outputs, milestones, and targets.

This team represents capability and expertise in every area of project management and delivery.

Project Delivery Team

Scarborough Borough Council has established a **Project Delivery Team** for Scarborough Fair which will be led by the Project Owner and includes representatives of the various disciplines and workstreams involved in delivering the project to completion. The Project Delivery Team will meet according to the agreed schedule, and as required, and the Project Manager will be responsible for determining which disciplines or workstreams need to be represented at any particular meeting.

Each component work stream will have an individual, detailed, agreed action plan to meet the target milestones for the coming year and beyond. This ensures co-ordination of activities and provides a forum for discussing and addressing issues/problems as they arise.

The main responsibilities of the Project Delivery Team are to:

- coordinate** the different activities which make up the project
- provide **direction** to the technical delivery of the project
- undertake monthly reviews of progress against **targets, programme, and schedule**
- undertake monthly review of the **risk register**, and initiate corrective action
- provide regular progress reports to the **Town Board**.

The Project Delivery Team for Scarborough Fair is identified in Table 18.

Table 18: Project Delivery Team

Project Role	Responsibilities	Name	Position
Project Sponsor	Programme-level decision taking and review	██████████	CEO
Project Director	Oversee the development and co-ordination of the project	██████████	Director
Project Owner	Responsible for the successful delivery of the project, ensuring that it meets its objectives and delivers its intended benefits	██████████	Head of Tourism and Culture

Project Role	Responsibilities	Name	Position
Senior Users	Representing the interests of all those who will be impacted by the project and benefit from the project	[REDACTED]	Steering Group/Advisory Board Chairs
Finance Officer	Review budget and costs to ensure funding available, financial monitoring, and reporting	[REDACTED]	Head of Finance
Project Assurance	Considering the overall Towns Fund programmes against the plans and specifications and confirming they are fit for	[REDACTED]	Town Fund Project Manager
Project Manager	Managing the project to ensure that it delivers the required products within the agreed constraints.	Appointed through Towns Fund revenue Funding	Scarborough Fair Festival Manager (supported by Head of Operations, Events and Venues and Head of Tourism and Culture)
Legal	Specialist legal advice and co-ordination with Counsel	[REDACTED]	Head of Legal
Communications	Develop communications plan, public consultation, stakeholder management press liaison	Appointed through Towns Fund revenue funding	Scarborough Fair Festival Manager

PROGRAMME

The key milestones derived for the Scarborough Fair are set out in Table 19 below. The capital works will be delivered in the 2022/23 financial year, to enable the festivals to start in May 2023. As the team approach the end of Business Case submission, the project is still on course for achieving this which is a credit to the hard work of all involved in maintaining the momentum and traction built up to date.

Table 19: Overarching project milestones

Activities	Start date	End date
DLUHC Funding Agreement for SF	May-22	May-22
Procurement of contractor for capital works	May-22	Sept-22
Installation of permanent flooring at OAT	Oct-22	Dec-22
Purchase and fit out of containers at OAT	Nov-22	Dec-22
Purchase of modular event accommodation	Jan-23	May-23
Site assessment and installation of lighting schemes	May-22	Dec-22
Site assessment and installation of facilities at Scarborough Spa	Jun-23	Aug-23

Activities	Start date	End date
Site assessment and installation of infrastructure at Scarborough Harbour	Feb-23	Aug-23
Recruitment of Scarborough Fair project posts	May-22	Dec-22
Finalisation of Project Steering Group and delivery mechanisms	May-22	Mar-23
Delivery of ISAF by SBC	May-23	May-25
Delivery of Affordable Art Trail by SBC	Jun-23	Aug-25
Delivery of MASF through events operator (pilot event in 23/24)	Sep-23	Sep-26
Delivery of Winter Lights by SBC	Dec-24	Dec-26

ASSURANCE

Responsibility for **Project Assurance** belongs to the members of the Scarborough Fair project team, who report to **SBC as the Accountable Body**. A Regeneration Delivery Programme has been set up to manage the delivery of the Towns Fund projects. As owner of the Town Investment Plan – the **Town Board** will continue to play an active and ongoing role in assuring transparency in and oversight of delivery.

This teams represents capability and expertise in every area of project management and delivery, with new Working Groups convened and appointments made as necessary. The **Working Groups** are responsible, at an operational level, for the day-to-day delivery of interventions, dealing with contractors and specialist external consultants, technical delivery matters and financial monitoring, compliance and assurance.

The ultimate purpose of this structure is to ensure that the overall programme and individual interventions deliver the desired outcomes at the required quality to meet the strategic objectives of SBC and the Towns Fund and respond appropriately to the operational environment.

The project team will monitor stage and project progress against the agreed tolerances. Standing agenda items at all project team meetings include a **Programme Status Report, Financial Report and risks report set out within a Risk Register**. These reports are reviewed by each member of the team, and processes are in place for escalation of risks, change requests, quality monitoring and reporting. The project team will inform the Board of any changes caused by a programme of which the project is part.

In accordance with the Towns Fund Guidance the Council as accountable body should follow its local assurance processes in the preparation of the business cases for the projects contained in the Whitby and Scarborough Towns Fund Programme. The Council should use its own Green Book compliance assurance processes as well as the Local Government and Accountability Framework. This includes projects where business cases are being produced by private and/or public sector partners.

SCOPE MANAGEMENT

The scope of works for Scarborough Fair includes the delivery of refurbishment and expansion works to the backstage facilities at the OAT, which will be used as the hub for the Scarborough Fair. The revenue funding from the Towns Deal will support the Council's project team and

marketing of the programme of events, whilst the co-funding from the Council will be used to appoint an operator for the main two ticketed events.

The ultimate decision-making responsibility for any changes to the projects will lie with the Accountable Body, SBC. This should be done in partnership and collaboration with the Town Deal Board. If a change of scope or an increase in budget occurs, approval is then required via both the Board and the Council's Cabinet.

THE PROPOSED INVESTMENT

Project Description

Capital investment will be made into Scarborough's event infrastructure as set out in the Strategic Case.

The event programme will include twelve events, as outlined in the FEI business plan with some revisions. These are funded out with the Town's Funding:

- **Winter Light Festival (WL):** a 20-day, community curated, light festival which will run throughout December for three years from 2024. It will be developed as a largely free to access event with some small-scale ticketed events held in different venues throughout the town. The event will be developed by the new SF project team, working with local creative organisations and creative practitioners to develop and install light trails and activities throughout the town culminating at OAT as the festival village. The new lighting infrastructure, that will be installed as part of the project, will be programmed to deliver a 'light show' which will form part of the town wide trail. Scarborough based creative practitioners and organisations will then develop a series of installations and small-scale events that will use publicly accessible buildings such as the Spa, vacant shop units and other pop-up spaces. Total attendances of 160,000 over the three years have been assumed, based on the figures outlined in the FEI business plan, but adjusted to remove the major ticketed event element.
- **ISAF:** a 3 day, free to access, festival including a parade and street arts which will run over the May bank holiday. The event would operate broadly as outlined in the FEI business plan but with a reduced scope, reflecting a more realistic level of grant income. It would be developed and managed by the SF project staff, funded by the Town's Fund revenue allocation. The team would work with local arts organisations to curate and produce the event which would be delivered by volunteers. An allocation has been made within the Town's Fund revenue allocation to support the event production infrastructure. The event would run for three years from 2023. Anticipated attendances have been reduced by 20% from the original business plan to reflect the revised scope of activity.
- **AAT:** a three-month free to access programme showcasing art works from local creative practitioners, hosted in venues throughout the town, from June to August. The event would be coordinated by the SF project staff, funded by the Town's Fund revenue allocation. The team would work with local arts organisations to curate and produce the event. The event would run for three years from 2023. Anticipated attendances remain as per the FEI business plan since the scope of activity has been maintained.
- **MASF:** the opportunity exists to develop a commercially viable three-day sports competition and music festival, hosted at OAT, as a ticketed event in September. The details of the event will need to be developed further by the Project Team, working with

SBC's delivery partner Live Nation and relevant sports events companies. Although the FEI Business Plan indicates that this festival can run on a fully commercial basis, further revenue funding may be sourced to enhance the event from a range of sources including sponsorship, the Arts Council and Sport England. The first event would be held in 2024 and would run for three years to 2026. Event attendances are based on the FEI business plan.

Managing Requirements

The project team are monitoring project throughout the programme. Monitoring and Evaluation metrics must be reported to SBC quarterly. SBC will subsequently report to DLUHC twice a year via **Monitoring and Evaluation reports**.

PROJECT MANAGEMENT

The Council's **Project Management processes** are well established and contain experienced staff who provide a consistent, strategic and robust approach to project decision making, management and monitoring performance across all Council projects. The Town Fund Project Manager (Project Assurance) will provide strategic oversight of projects being delivered by or in partnership with the Council, including tracking, reporting and assurance. The Project Management processes are run through the Council's **centralised Pentana system** and provides the framework in which the Town Deal programme will be managed and monitored to achieve the strategic objectives.

The PMO will use a dashboard-based system for project progress reporting. Project Managers are required to report monthly on:

- delivery status with the Project Delivery Team
- delivery confidence assessment
- project Governance reporting
- corporate reporting and governance
- risk management (RAG)
- Change Log
- financial RAG and financial impact
- forecast and actual spend (quarterly)
- funding sources and status of funding package
- ongoing revenue implications.

The information, above, is collected within monthly/bimonthly **Progress and Monitoring Reports**. Reports are signed off by the designated Finance Officer assigned to the project and the Senior Responsible Officer before being reviewed by the Project Director and reported regularly to the Town Board.

It is intended to **adapt the current project management framework for the Town Deal programme** and individual projects, incorporating programme and project milestones, outputs and objectives, and to use the Progress Reports to monitor progress and performance information and fulfil the Funder's reporting requirements.

Project Manager

On a day-to-day basis, the project will be managed by a **Project Manager**. The Project Manager will regularly report to the SBC and Town Deal Board on progress and performance. The key responsibilities of the Project Manager are to:

- Be aware of the project business case objectives and corporate management culture
- Assist in the development of the business case and budget for the project (with support from the finance lead)
- Produce the brief and project plan
- Ensure that all work is defined in a manner suitable for purposes of control
- Ensure that adequate communication mechanisms exist within the project between the project and external organisations, and between the project and the commissioner
- Ensure that all work is planned, resources are made available, and work is carried out in accordance with the project plan
- Ensure that procedures are in place to monitor and control cost, time and quality
- Provide a regular progress report to the SBC and Town Deal Board, including identifying cost, time, and quality performance
- Ensure that procedures are in place to handle any changes that are requested by the project team or users
- Make sure that the project is completed and handed over in a managed way
- Arrange the post-project evaluation of the scheme.

Change Management

Changes that affect the scope, time, cost, benefit, quality or risk exposure in respect of individual projects will be controlled through appropriate checks and authorisations to ensure that the programme as a whole, and the Business Case for each individual project, remains viable. The **Change Request process** will be as follows:

1. **Submit Change Request Form** - A change request form for any change that affects the project will be completed by the relevant Project Manager, and each request shall be logged on a change request register.
2. **Initial Review** - The Programme Manager shall undertake an initial review of the change request to ensure that it is viable, potentially acceptable and has the support of key officers involved in the delivery of the project concerned.
3. **Detailed Assessment** - The Programme Manager shall arrange for the detailed assessment of the change request evaluating its implications on all aspects of the Business Case in consultation with key stakeholders and experts within that field.
4. **Recommendations** - After evaluating the effect of the proposed change, the Programme Manager shall recommend either the approval, rejection or postponement of the change.
5. **Decision** - The Project Manager shall ensure the timely submission of a completed change request form with details of the assessment and recommendations to the

appropriate group/person to consider/approve the change if that change exceeds agreed tolerances in terms of, for example, costs, timeframes or deliverables.

- 6. Implementation** - The Project Manager shall co-ordinate the implementation of the change once it has been approved to ensure that it is undertaken efficiently. They will also update the business case and all plans accordingly following any changes made to the Delivery Plan.

All change requests must be signed by the Project Owner and appropriate Finance Officer, if the change introduces any financial implications. Where there is significant change that affects Town Deal funding, a report shall be produced and presented to the Managing Authority for consideration. If the change is not acceptable to the Managing Authority, the Project Manager will be asked to re-consider the change request.

The change management framework ensures that project delivery follows Council procedures in respect of capital programme management and follows the same structure as other projects being completed simultaneously.

STAKEHOLDER ENGAGEMENT

Considering key stakeholders, their concerns and involvement, and the value they might add to project development discussions is vital for creating an effective engagement approach.

The preparation of the **Scarborough Town Deal Investment Plan** and this subsequent business case has been driven by extensive stakeholder and community engagement with a commitment to a collaborative approach to scheme development and prioritisation. The projects within the plan have largely been based on feedback from a comprehensive range of sources which have been gathered between February 2020 and September 2020.

Several of the key organisations in this group are represented on the Scarborough Town Deal Board. Stakeholders have been engaged individually throughout development of the Town Investment Plan, as well as being part of thematic workstream group discussions.

The engagement focused on:

- Informing development of the **evidence base** to understand challenges, needs, opportunities and interventions required
- Informing vision, key **themes** and interventions
- Testing and **prioritising project ideas**, ensuring alignment with local needs and understanding of interventions required which could unlock development
- Establishing buy-in from **stakeholders** for the proposed interventions.

Engagement has been undertaken with the following organisations:

- Informing development of the evidence base to understand challenges, needs, opportunities and interventions required
- Public organisations such as Scarborough Borough Council (including elected members), Y&NY LEP, Parish Councils, CAVCA, and Job Centre Plus
- Key businesses and business organisations such as Scarborough Town Centre Strategy Group, Save9, Woodend, AECOM, West & North Yorkshire Chamber of Commerce, Yorkshire Coast Business Improvement District

- Anchor institutions and skills organisations including CU Scarborough, Scarborough TEC, and Scarborough UTC.
- Arts and culture organisations and stakeholders including COAST/Invisible Dust, Stephen Joseph Theatre and officers from Scarborough Borough Council.

The public were invited from the outset to submit their ideas for what they thought was needed most in the town. The consultation process has included at least 9 public consultation events and exhibitions, over 30,000 engagements/views via electronic and social and traditional media and over 400 direct contributions, 10 Town Deal Board meetings and over 30 development meetings.

The outcomes of consultation with the community played an important role in prioritisation overall both initially and once the projects for inclusion were identified.

Engagement via a range of communication techniques, media and social media was key to achieving a strong level of outreach across the town.

The following sources and mediums were utilised:

- HM Government #MyTown website
- The Scarborough News
- Scarborough Borough Council Website
- Radio: Yorkshire Coast Radio
- Twitter: Scarborough MyTown @ScarboroughMy
- LinkedIn: Scarborough My Town
- Leaflet Distribution
- Email and Written Communications
- Facebook: Scarborough Borough Council and HM Government Cabinet page.

Overall it is estimated that tens of thousands of residents and visitors were reached and invited to contribute to the plans and proposals which have now been prioritised for inclusion within the Town Investment Plan for Scarborough.

[Ongoing stakeholder engagement – Need details]

BENEFITS, MONITORING AND EVALUATION

Benefits

The Council aims to achieve value for money and efficiency in its procurement of goods, services and works and follows all national, internal rules and regulations in its procurement process including the National Procurement Strategy 2018. One of the key areas within the procurement process is **realising community benefit and social value**. The Council's procurement and contracting process reflects this and measures the wider social value benefits of its decisions. It is the intention to measure the social value benefits of the Town Deal programme through the Council's established systems. The final evaluation will review the extent to which these economic and social objectives have been achieved.

The Council is committed to maximising the economic and social impact and benefit to the town through the Town Deal Programme. Opportunities to maximise the benefit of the

investment in the projects will be encouraged with delivery partners and contractors to gain additional benefits through employment and training, school engagement, pre-employment support and apprenticeship programmes. SBC will work to ensure a lasting and positive impact in the town and enable the environmental, social and economic activities associated with project delivery to be monitored and adjusted if necessary.

A **Benefits Realisation Plan** will be developed to inform the delivery and implementation of the Scarborough Fair. The Benefits Realisation Plan will identify the processes that will be adopted to review and agree future actions to optimise project efficiency and benefits. For each aspect of the investment process and subsequent operational activity the Plan will consider:

- The scope and potential for **benefit realisation** activity (including identification of constraints and the means whereby they might be addressed)
- The **actions** that will be undertaken
- The **scope** and **extent** of possible benefits and how benefits will be distributed in terms of individual beneficiaries and areas
- Who will take the **lead responsibility** and the inputs (including use of existing programmes, services and resources) required from other partners
- Any necessary **milestones** and details of **dependencies**
- When the **action** will commence
- A set of **performance indicators** each with its baseline value, targets, and timescales
- Details of how performance and achievement will be assessed and reported.

Continuing detailed consultation and dialogue between stakeholders will be essential to ensure that the Benefits Realisation Plan remains appropriately orientated to provide a focus for delivery and that there is genuine commitment on the part of all key partners. Overall responsibility, including approval, for the Benefits Plan will lie with the Town Deal Board. The Plan will then be implemented by the Project Team and other relevant public, private and voluntary sector bodies.

Monitoring

Project expenditure and delivery against milestones, outputs and outcomes will be monitored against agreed Full Business Case forecasts and targets. Project lifetime and annual spend and delivery targets will be conferred by the **Monitoring and Evaluation (M&E) Plan**, as stipulated in the Towns Fund Guidance. The plan will set out project-level outcomes for the year, identifying key delivery milestones, annual financial spend targets and output forecasts. Specific **Key Performance Indicators (KPIs)** will be identified that contribute towards the overall Town Deal programme KPIs.

Monitoring and evaluation procedures and any implications for the project operating within the requirements of the Council's Data Protection Policy process will be set out within the M&E Plan. Progress against the Plan will be monitored and reported to the Regeneration Programme Delivery Board through the Pentana system on a Monthly basis, with six-monthly reports to the Funder. Towns Board will receive regular updates of project and any significant change will be presented to the Board.

Ongoing monitoring will be the responsibility of the Project Manager, reporting to the Town Board, the Senior Responsible Officer (SRO) and the Project Sponsor, quarterly.

Evaluation

The **Project Manager and Programme Manager will work collaboratively with the Town Board** and other local organisations to design and oversee evaluation and assemble the required data and analyses. The Project Owner will collaborate with the Town Board to identify the **key research questions** which will need to be addressed within the local evaluation. At the individual project and programme level, these are likely to include – but not be restricted to – the following:

- to what extent have programme and individual project-level objectives and measures of success been achieved?
- which interventions have had greatest/least impact and why?
- what wider benefits has the Town Deal programme had (e.g. partnership working, stakeholder engagement, community involvement, strategic direction setting etc.)?
- what other activity and extraneous factors have impacted on the Town Deal objectives? What is the wider context in which the interventions have been delivered?
- what would have happened in the absence of Town Deal-funded interventions (i.e. performance against baseline)?
- what value has been added by the Town Deal-funded interventions?
- what lessons are there for future delivery of similar programmes in Scarborough?

The Monitoring Officer will work with the individual Project Managers to **identify specific research questions to be addressed for each intervention** based on its objectives. Based on the specific research questions, the Monitoring Officer and Project Managers will develop a robust and appropriate evaluation framework for each project, using a logic model approach to clearly set out the context and both baseline and ongoing rationale for the intervention; the objectives of the intervention and how success will be measured; the inputs and activities that will be funded; how these will generate outputs, outcomes and impacts; and the assumptions underlying the relationships between each of these stages. **A baseline position will be established for each event**, providing a starting point from which progress can be measured at regular intervals.

Sources of data for each of the key metrics will be identified, including the frequency of updates and identification of any bespoke data which will need to be acquired specifically for the evaluation. In these cases, a data collection methodology and responsibility for obtaining the necessary information will be established at the start of the delivery period.

SBC has developed a framework for evaluating projects and programmes funded through external sources. This will involve a thorough evaluation engaging with beneficiaries, stakeholders, project managers, programme managers and key partners to assess the impact of the programme, in terms of:

- achievement of planned **financial** and **output** targets
- achievement of project and **programme outcomes**
- contribution to the objectives of the overall **measures of success**
- identifying gaps in provision and **risks** to achievement of project and programme outcomes
- delivery of the programme within **Town Deal** funding requirements

- effectiveness of programme **management systems** and procedures
- the engagement of key **stakeholders**
- identifying **best practice** and learning to inform future project delivery within Scarborough

Delivery team will ensure an **independent programme-level evaluation** will be undertaken by an objective, specialist research organisation, who will be procured through the Council's compliant procedures. The independent evaluation will be completed in two parts: an interim evaluation focussing on processes and progress towards the programme targets. These findings will inform ongoing project and programme delivery. The final evaluation will be completed at the Programme's conclusion, focussing on its impact, achievement of objectives and lessons for future delivery.

APPENDICES

A – Economic Case Methodology Technical Note

B – Financial Business Plan

SUMMARY DOCUMENT

General conditions table
TIP improvement condition <i>Set out TIP improvement conditions as agreed in Heads of Terms</i>
Evidence <i>Provide evidence of how conditions have been addressed</i>
Public Sector Equality Duty (PSED) <i>Provide a summary of programme-level PSED analysis</i>
Signature of Town Deal Board Chair and accountable body's Chief Executive Officer or S151 Officer

Project summary table

Project summary table
<u>Project name</u>
Business case appraisal <i>Provide details of how the business case has been appraised</i>
Is this project being fast-tracked?
Total project value (£, million)
Towns Fund funding allocated (£, million):

Outputs <i>Provide a list of the final projected outputs, they must be clear and quantified</i>					
Outcomes <i>Provide a list of the final projected outcomes, they must be clear and quantified</i>					
Cost-benefit projection <i>(for example BCR or NPSV)</i>					
Public match funding <i>Provide the total (£, million) and breakdown of sources</i>					
Private match funding <i>Provide the total (£, million) and breakdown of sources</i>					
Nominal Financial profile (£, million)					
2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Actions taken to address project conditions <i>Provide details of actions taken to address any conditions that were attached to the project, where the condition was to provide a delivery plan this should be inputted in the section below</i>					

Delivery plan

Including details of:

- *partnerships*
- *timescales*
- *planning permission and other milestones*
- *interdependencies*
- *risks and mitigation measures*

Monitoring and evaluation plan*

Provide details on:

- *how spending and delivery will be monitored against expected milestones and outputs and outcomes*
- *what Key Performance Indicators will be used*
- *arrangements for sharing of data*
- *the levers that are available to address any performance issues*
- *who will be responsible for evaluating success*

Signature of Town Deal Board Chair and accountable body's Chief Executive Officer or S151 Officer