



**Title: Economic Regeneration**

**To: Overview and Scrutiny Board**      **On: 30 April 2013**

**Contact Officer: Alan Denby**  
**Telephone: 01803 208671**  
**E.mail: alan.denby@tedcltd.com**

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## **Background**

1. Since the 2010 general election a number of changes have taken place nationally which have had a notable impact on economic development including the introduction, and growing importance of Local Enterprise Partnerships and the developing Plymouth City Deal. Torbay is now playing a key role in the Heart of the South West LEP and is a signatory to the City Deal, both things which will be important across the lifetime of the new economic strategy.
2. There has been some movement on the economic regeneration of Torbay in recent years which the strategy takes account of, including the beginning of construction of the South Devon Link Road and investment through both the private sector and successful grant applications. However, it also reflects the scale of the challenge and the need to build on existing sectoral strengths and explore new opportunities.
3. The strategy identifies the resources needed to deliver the proposed actions and will also enable the Council to make a case for investment. Securing the necessary funding to deliver the action plans set out within the strategy will be essential to its success.
4. We have a good understanding of the local economy and needs of businesses through our own research, research commissioned by the Council and the Local Enterprise Partnership and information from the Business Barometer survey. The structure of the Torbay economy has not altered significantly in recent years and remains characterised by a heavy reliance on the service (including the public sector) and tourism sectors. There are below average levels of employment in knowledge intensive and manufacturing industries.
5. This economy faces a number of challenges which the strategy seeks to address including low productivity levels (Gross Value Added), below average wages, high unemployment and lack of full time job opportunities. However, there are also a number of opportunities for growth which the strategy seeks to develop including:
  - High start up rates
  - Strength and reputation as a tourism destination
  - Hi Tech cluster
  - Medical/Healthcare developments
  - Upward trend in local wage levels
6. Evidence suggests that in the short term the priority must be to create jobs in order to grow the economy, which is why we are recommending adoption of the new strategy and its core objective centred on this.

## The Strategy

7. The updated Torbay Economic Strategy is a plan to deliver jobs and sustainable economic growth in Torbay. The core objective of the economic strategy is:

***To create more full time and sustainable employment by encouraging the growth of existing businesses and the creation of new businesses and social enterprises.***

8. Delivery of this objective will be through four priorities, each with an associated action plan. These reflect the need to create more jobs in the short term by **driving business growth, sustaining the core economy and raising skill levels/promoting opportunities for all**, but also to **nurture the knowledge economy** and other sectors which will increase Gross Value Added and wage levels in the medium to longer term. Each priority has a detailed action plan setting out how it will be achieved and the projects which need to be brought forward to do this.
9. The new Local Plan 'A Landscape for Success' is also under development and will be closely linked to delivering the objective of job creation set out above. To secure the inward investment needed to deliver the strategy, and new jobs in the Bay, there will be a need to ensure – over the next 10 years – a careful balance between investment, infrastructure improvements, new job creation and new homes. That balance is even more important in an area of such environmental quality, which itself is one of the Bay's economic drivers. There is already, and will continue to be, consistency on these issues between the Economic Strategy and the Local Plan and robust annual / 5 yearly monitoring will ensure a careful balance of new development is achieved.

## Driving Business Growth

10. This priority seeks to expand the existing business base through start ups and increased entrepreneurial activity in Torbay. Both of these are widely acknowledged as being important drivers of economic prosperity.
11. By driving business growth the strategy will support the creation and growth of new businesses and the jobs which come with these, building on the existing business support pathway. Funding for activities such as support to start new businesses and social enterprises, enabling access to finance and to support the growing sectors of the local economy will remain vital over the strategy lifetime because of the continued challenges that the local economy faces. This priority will ensure that an effective range of business support services and facilities are in place which will increase the rate of business start-ups, support business growth and help to create a climate of entrepreneurship.
12. Key activities under this priority include:
  - Development of Torbay Enterprise Areas – setting up Local Development Orders and utilising the Torbay Growth Fund
  - Opening up the Claylands site for development
  - A business support programme including access to finance and start up support

## Sustaining the Core Economy

13. The core sectors of the Torbay economy are largely service driven and include fisheries, tourism, retail and healthcare. The economy is heavily reliant on these core

sectors meaning development and diversification of them is crucial to improving Torbay's economic performance.

14. This priority seeks to increase the attractiveness of Torbay as an inward investment destination within the core economy through improved infrastructure and a distinctive offer to promote the area. The actions promote appropriate uses of sites and premises, and facilitate their development through agreeing planning frameworks and working with developers, linked to priority sectors.
15. There are also actions designed to improve the tourism offer and support the fishing industry to enable Torbay to continue to compete in these sectors.
16. Key activities under this priority include:
  - Town centre regeneration
  - Identification of a new visitor attraction
  - Supporting development of the marine economy action plan for Torbay, including harbour infrastructure and infrastructure for the fishing sector (such as a fish processing development)

### **Raising Skill Levels and Promoting Opportunities for All**

17. Low skill levels and worklessness are closely linked, and this priority seeks to address the barriers to employment faced by some groups within Torbay. Based around the Work and Skills Plan the aim is to create a coordinated approach to addressing worklessness and improving skill levels.
18. In addition to supporting those with low skill levels the evidence suggests that Torbay struggles to retain graduates and those with higher level skills. Actions within this priority seek to address the perceived lack of graduate roles locally, particularly within core industries, and to encourage businesses and education providers to work together to ensure a suitably trained workforce is available within Torbay to allow sectors such as electronics and photonics to grow.
19. Key activities under this priority include:
  - Strengthening links between local education and training providers and businesses
  - Development of a 'Torbay Works' programme – an encompassing brand under which all back to work support and provision is promoted
  - Development and delivery of a key sector workforce development programme – assessing demand for technical skills and stimulating development of a knowledge intensive workforce

### **Nurturing the Knowledge Economy**

20. As set out above the core Torbay economy is underpinned by the service and tourism sectors. If we are to increase Gross Value Added and wage levels in the longer term there is a need to develop the more productive and better paid knowledge economy.
21. Manufacturing and hi tech related businesses are important components of the local economy and offer the opportunity for future growth if supported in the correct way.
22. Linked to improving skills levels and retaining graduates the actions in this priority will improve the provision of support for firms within the creative, professional services, medical and healthcare technology, electronics and engineering sectors. In addition it

will raise awareness of the opportunities within these sectors for graduates and trainees.

23. Key activities under this priority include:

- Development of the medical and healthcare technology sector
- Raising awareness of opportunities to young people and graduates by working with local businesses and education providers
- Development of a virtual electronics and photonics innovation centre

### **Investment**

24. The actions set out in the strategy will require significant investment which will need to be secured from various sources locally, nationally and at European level. The strategy gives indicative costs for projects and where funding could potentially be sought. Work is already being done to secure investment through the Local Enterprise Partnership, 2014-20 European funding and development of the Plymouth City Deal and we would envisage this continuing through the life of the strategy.

### **Outcomes**

25. As set out above the key focus of the strategy is job creation and this is one of the main factors by which success will be measured. However, in line with the longer term goal to promote a more diverse and productive economy if all the identified projects come forward and the action plans within the strategy are implemented we would anticipate the following outcomes:

- Create 2200 new jobs by 2015 and a further 3680 over the lifetime of this strategy
  - Develop Torbay as a vibrant economy with its Gross Value Added increasing faster than the regional average by 2020
  - Raise residents wage rates to 90% of the South West average by 2020
  - Sustain improvements in the skills attainment of local people
  - Secure investment to support delivery of the strategy and its action plan
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