

Torbay Economic Strategy 2013-18

Evidence Base – July 2013



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Economic Strategy Evidence Base

In 2010 the TDA produced the Torbay Economic Assessment¹ which set out in detail the state of play at that time in the local economy. In reviewing the economic strategy the evidence base presented in that document has been retested is summarised here.

Since the Torbay economic strategy was produced in 2010 the economic climate within the UK and across the world has remained challenging. A quick recovery seems unlikely in the short term with economists predicting low levels of growth, continued low interest rates and further reductions in public sector spending.

Latest data suggests that the Torbay economy in particular remains fragile with the availability of jobs, particularly full time, an issue although some indicators, such as wage levels, have improved. Job density levels, indicating the total number of jobs for the working age population, in Torbay is significantly below the regional and national average although there was some improvement between 2010 and 2011.

Business & Enterprise

Wages, income and output within Torbay are low, and the area suffers from a narrow industrial base with a sectoral reliance on low wage industries including tourism, retail and social care, although there are some opportunities, including business services, healthcare and technology.

Productivity & Income

The annual release of the Gross Value Added (GVA) data each year is an important indicator of how the regional and sub-regional economy has been performing. Figures released at the end of 2012 highlight the challenges faced by the Torbay economy. GVA per head levels in the Bay are the lowest in the South West and the 4th lowest in the UK.

GVA per head Indexed where UK=100

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Torbay	68.3	66.9	66.2	66.6	66.7	66.9	65.3	63.5	61.3	60.9	60.5
South West	92.1	92.4	92.5	92.6	91.7	91.7	91.1	90.9	91.0	91.3	91.5
England	102.6	102.6	102.6	102.6	102.5	102.4	102.4	102.4	102.4	102.3	102.3

Source: ONS Regional GVA, December 2012 (2011 data is provisional)

It is also worth noting that there has been significant revision to historical data which alters previous analysis and our understanding of past output performance – particularly at a sub-regional level. The figures for Devon as a whole (including Plymouth and Torbay) have been revised, altering the Bay's ranking compared to the data provided in the previous strategy.

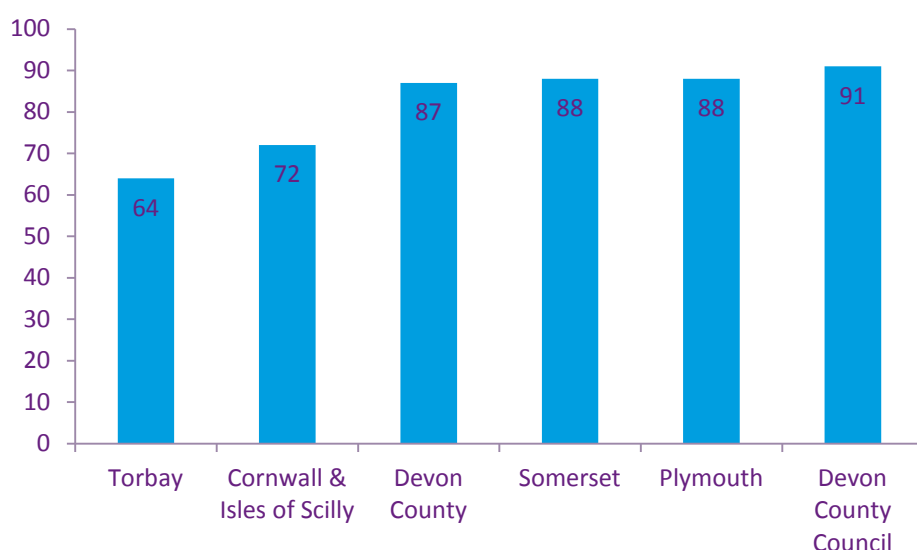
Between 2009-11 headline GVA across England began to grow year on year following the impact of the recession, and productivity rates in the South West and Torbay mirrored this. Of concern however, is that Torbay's GVA growth was slower than the regional average at 2% between 2009-10 and only 1% 2010-11. Coupled with a sharper and earlier decline in

¹ <http://www.torbaydevelopmentagency.co.uk/dbimngs/torbayeconomicassessment-july2010.pdf>

GVA between 2007-09 the result is a growing gap in productivity levels between Torbay and national average, highlighted by the steady drop when GVA per head is indexed, compared to a reasonably static figure for the South West and England. The need to focus on increasing productivity is therefore critical, and the need to support the sectors which will drive this if the Torbay economy is to improve.

Productivity is also used to determine levels of European investment, and as such Torbay's productivity levels can be benchmarked against other European areas. According to the latest (2010) data Torbay has a GDP of 64% of the EU27 average. This figure is significantly lower than the rest of the Heart of the SW LEP and Cornwall, and the lowest figure for comparable size NUTS3 areas in England.

GDP – EU27 average = 100%



Source: Eurostat

With LEPs currently drawing up their strategies for 2014-20 EU structural funds it will be essential to use the economic strategy to set out Torbay's challenges, and the opportunities for growth which EU investment could catalyse.

An alternative productivity measure is Gross Domestic Household Income (GDHI), a residence based indicator, representing the amount of money available to households after taxes, National Insurance and property costs (including interest payments) have been deducted.

GDHI per head

	2005	2006	2007	2008	2009	2010
Torbay	87.5	87.3	85.9	86.7	88.5	89.4
South West	99.6	99.5	98.8	98.9	99.4	99.6
England	101.7	101.6	101.5	101.4	101.4	101.4

Source: ONS

In 2010 Torbay's GDHI was 89% of the UK average, compared to GVA of 61%. This suggests that the Bay is relatively better off on measures of disposable income than measures of gross output or income. The Bay was ranked 51st lowest in the UK in terms of

GDHI per head in 2010, significantly above the 6th lowest for GVA. The GDHI measure has also remained notably more constant than GVA when indexed against the UK average.

One explanation for this is that households locally benefit from the redistributive effects of pensions, taxes and benefits which are not reflected in the GVA productivity measure. High benefit claimant levels and an above average proportion of older residents suggest this could be the case and this is borne out in that three of the four dominant profile groups within the Bay are older or retired with relatively high levels of disposable income. This is something which needs to be taken into account when considering how productivity levels can be grown, and also the impact changes to the benefit system will have.

Earnings

Reflecting the low productivity levels within the Bay, incomes are also below average. People working in Torbay earn, on average, £413 per week, while the average for residents is slightly lower at £408.

Average wage rates for those living in Torbay in 2012 were £105 below the national average compared to £92 lower in 2011. This increase sees a return to the growing divide in wages between Torbay and the national average prior to 2011 and is something which needs to be monitored and addressed particularly with work beginning on the South Devon Link Road.

Median Average Weekly Wage Rates

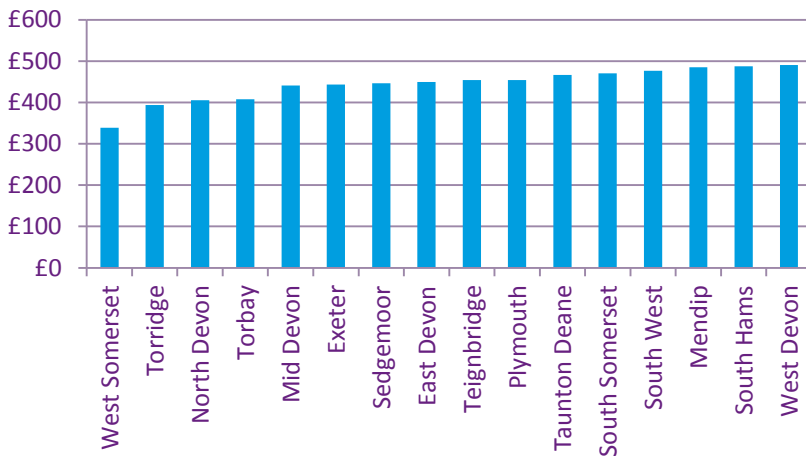
	Median Gross Weekly Pay - Resident			Median Gross Weekly Pay – Workplace		
	Torbay	South West	England	Torbay	South West	England
2008	368.5	451.9	484.5	369.0	446.9	483.9
2009	375.3	460.0	495.9	356.5	454.0	495.0
2010	371.8	468.3	506.0	378.7	460.3	504.5
2011	412.9	471.5	504.7	412.3	461.5	504.0
2012	407.9	476.5	512.7	412.9	467.0	512.1

Source: ASHE 2012, NOMIS

Between 2011 and 2012 resident wage rates decreased by 1.2% while workplace rates saw a 0.2% rise; this is compared to a 1.6% increase for both measures nationally. While there was a significant increase in both Torbay's resident and workplace wage levels between 2010-11 however it needs to be noted that data from 2011 onwards uses different classification system so care needs to be taken when making comparisons with earlier years.

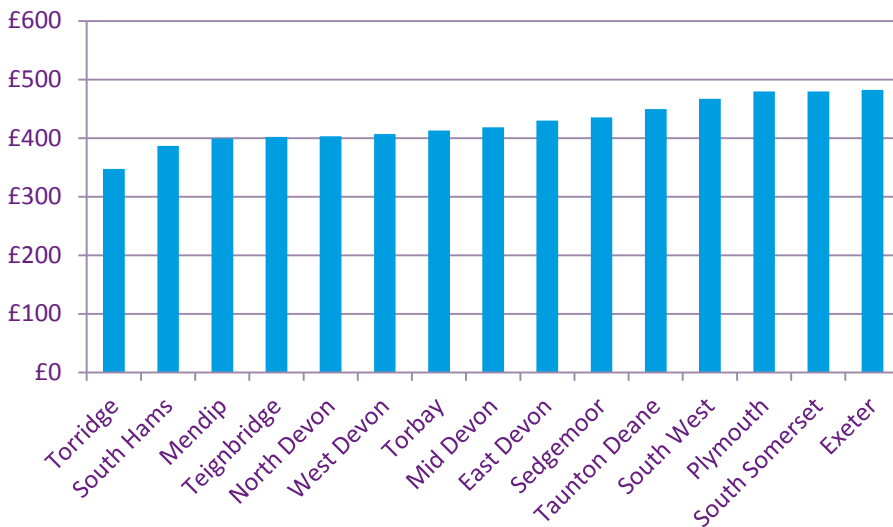
More locally Torbay's workplace wage levels are similar to many other areas within the Heart of the South West LEP, although they are lower than the other urban areas of Taunton, Plymouth and Exeter. Resident wage levels are noticeably higher than workplace earnings in areas such as the South Hams, suggesting higher paid workers choose to live in these areas and commute, one of the reasons Torbay's workplace wages are slightly higher than its resident figure.

Heart of the SW LEP resident wages by Local Authority 2012²



Source: ASHE 2012, NOMIS

Heart of the SW LEP workplace wages by Local Authority 2012



Source: ASHE 2012, NOMIS

Business Base

The majority of businesses in the Bay are small, with 90% employing 19 people or less³. In 2012 there were 4,550 active VAT/PAYE registered businesses in Torbay. This is an increase from 2011 when there were 4,250. This figure does not capture some of the small 'under the radar' businesses locally so the overall number of businesses in the Bay is thought to be higher.

² Data for West Somerset was not available

³ Source: ONS UK Business: Activity, Size and Location - 2012

Business size by number of employees

	0 - 4	5 - 9	10 - 19	20 - 49	50 - 99	100 - 249	250 - 499	500 - 999	1,000 +
Torbay	63.6%	17.3%	9.1%	6.6%	2.2%	0.9%	0.2%	0.1%	0.0%
South West	68.3%	15.1%	8.4%	5.3%	1.7%	0.9%	0.3%	0.1%	0.0%
England	68.4%	14.6%	8.2%	5.4%	1.9%	1.0%	0.3%	0.1%	0.0%

Source: UK Business: Activity, Size and Location, 2012

In 2011 the proportion of business start ups in Torbay was 9.3% of the total enterprise stock, up from 8.2% in 2010. Deaths have also reduced, from 10.4% to 9.8% meaning there was a net decrease in business stock between 2010-11 of 1.85%, which is higher than the year on year decrease at both the regional and national level.

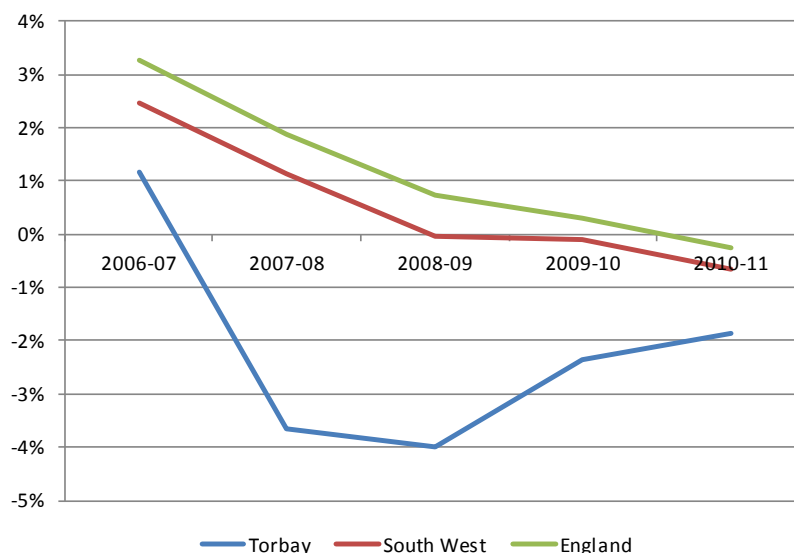
Start ups/survival rates

	Business Births as a percentage of total stock	Business Deaths as a percentage of total stock	Active Enterprises in 2011	Change in stock 2010-11 (%)
Torbay	9.29%	9.76%	4,250	-1.85%
South West	9.61%	9.16%	205,470	-0.66%
England	11.39%	9.92%	2,040,980	-0.26%

Source: ONS Business Demography 2011

More positively the number of enterprises has declined less steeply between 2007-11, meaning the gap between Torbay and the English average is shrinking rather than growing.

Change in number of active enterprises year on year



Source: ONS Business Demography 2011

Survival rates for businesses in Torbay are largely in line with the national average, and above at one year, but below the regional figure. Interestingly though, 88.7% of businesses started in 2010 were still trading one year later, compared to 88.1% regionally and 86.8% in England.

Business Survival rates for 2006 start ups



Source: ONS Business Demography 2011

Sectoral breakdown

When looked at in more detail the Torbay economy has a number of dominant industries, the majority of which are in the public and tourism sectors, particularly health, accommodation & food and retail. According to official data Torbay has the highest proportion of people with main or second jobs in tourism industries in the UK. At 16.7% of employees this figure is nearly double the UK and regional averages of 9.1% and 9.4%⁴ and means one in six people in employment in the Bay work within tourism related industries. There is a significant gap between Torbay's reliance on tourism and any other area in the South West, perhaps highlighting the need to work with other areas with a similar economic make up to share best practice and identify how best to diversify the tourism offer.

57% of Torbay's GVA comes from the public administration, education & health and distribution, transport, accommodation & food sectors and a similar proportion of the population are employed in these sectors. As shown below employment in manufacturing, construction, transport & storage, information & communication, professional and business support services is lower than national average.

Between 2010-11 wholesale, accommodation & food services and arts, entertainment & recreation all contracted more quickly, but still remain dominant industries reflecting the large part they play in the economic make up of the Bay. Public administration also shrank more quickly than elsewhere, suggesting the impact of public sector cuts are being felt locally.

⁴ Source: ONS, The Geography of Tourism Employment – November 23rd 2012

Percentage sectoral breakdown by broad industrial groups – 2011

	Torbay %	HOSW LEP %	England %	Torbay % Change 2010-11
Health	22.5	15.8	12.7	0.4
Accommodation & food	14.5	9.1	6.8	-1.5
Retail	13.5	12.5	10.2	0
Education	10.0	10.0	9.5	0.9
Business admin & support services	8.2	6.4	8.3	2.5
Public admin & defence	4.4	5.0	5.0	-0.7
Manufacturing	4.2	10.2	8.7	-0.1
Arts, entertainment, recreation & other services	4.1	3.9	4.5	-1.7
Professional, scientific & technical	3.6	5.2	7.5	-0.7
Construction	2.9	4.7	4.5	0.4
Wholesale	2.3	3.3	4.2	-1.1
Transport & storage	2.3	4.2	4.7	-0.2
Motor trades	1.6	2.4	1.8	0.2
Financial & insurance	1.6	1.7	4.0	0.2
Mining, quarrying & utilities	1.4	1.6	1.1	1.1
Property	1.4	1.5	1.6	0.2
Information & communications	1.2	2.3	4.2	0.2

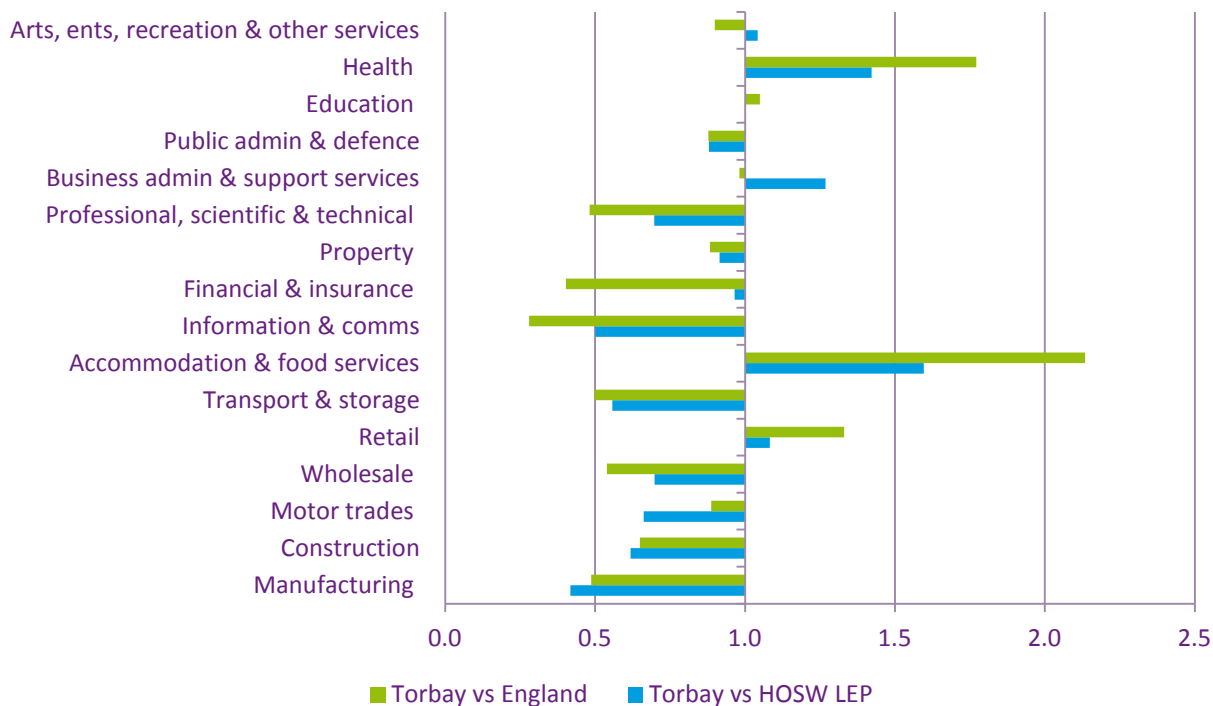
Source: BRES 2011

Location quotient analysis can also be used to demonstrate at a basic level Torbay's relative sectoral strengths and weaknesses when compared to the HOSW LEP and England. A location quotient result of higher than one indicates that a greater percentage of the region's workers are employed in an industry (as a proportion of the other industries) than are employed in the same industry at a regional or national level. This indicates that to some extent the area specialises in that industry. Below one suggests a weakness, or a below average number of people employed in that sector.

The graph below suggests that health, accommodation and food services and retail are more important to employment in Torbay than across England as a whole. With a location quotient of over two, accommodation and food services are particularly important to the local economy. When compared to the LEP are Torbay has strengths in the same sectors, but also has a higher proportion of people employed in business administration and support services.

At the other end of the scale, with location quotients of below one Torbay's industry mix shows a weakness in terms of numbers of high value jobs, particularly in the manufacturing, IT, financial and professional, scientific & technical industries. This further emphasises the challenges Torbay faces in raising GVA levels and highlights the need to create sustainable higher skilled jobs in order to do this.

Industry Mix - 2011



Source: BRES 2011

Growth Sectors

By reviewing employment data over a period of time it is possible to see in which sectors the Torbay job growth is outperforming the national average and which are declining. Between 2008-11 the number of people employed in Torbay remained largely unchanged, increasing by 75 from 47,740 to 47,815. Across England overall employment declined very slightly by 0.01% over the same time period.

The “shift-share” analysis compares the employment change with what would have happened if each industry had increased in line with the overall national average, the national average for that industry and the difference between Torbay’s employment change and the national rate. For example health as a sector grew more quickly than the national average for all industries and business administration within Torbay grew significantly more quickly than the national average for the sector, suggesting opportunities in these sectors for the future.

The analysis demonstrates that while job number in the Bay remained largely static between 2008-11 certain sectors grew while others contracted. Most notably 1075 jobs were created in business administration, accommodation and food services gained 409 jobs and health 536. Mining and utilities also increased by 455 but this is likely to be due to an anomaly in the way sectors are accounted for.

Shift-share Analysis

	Employment Change 2008 - 11 Torbay	National Share (Expected change in employment using national rate)	Industry Mix (Difference between industry's growth rate & all industries growth rate)	Regional Share (Difference between region's industry growth rate & national rate)
Agriculture, forestry & fishing	54	-1	-9	64
Mining, quarrying & utilities	455	-2	40	418
Manufacturing	-297	-27	-151	-119
Construction	-505	-22	-165	-318
Motor trades	42	-8	-9	59
Wholesale	-373	-17	-32	-324
Retail	10	-75	-132	217
Transport & storage	-57	-14	-25	-19
Accommodation & food services	409	-76	81	404
Information & communications	100	-5	23	82
Financial & insurance	90	-8	-26	124
Property	-459	-13	71	-517
Professional, scientific & technical	-236	-23	128	-341
Business admin & support services	1,075	-33	-105	1213
Public admin & defence	-193	-27	-72	-95
Education	-105	-57	100	-148
Health	536	-119	910	-254
Arts, entertainment, recreation & other services	-469	-28	-37	-403
Column Total	77	-557	591	43

Source: BRES 2011

As nationally employment numbers shrank slightly if Torbay's industries had followed that average exactly all would have shrunk. However, in some cases industries contracted faster – construction shrank by 505, arts and recreation lost 469 jobs and property 459.

Manufacturing also decreased by 297. Nationally the recession has hit the construction sector, but the analysis suggests it shrank faster between 2008-11 than average.

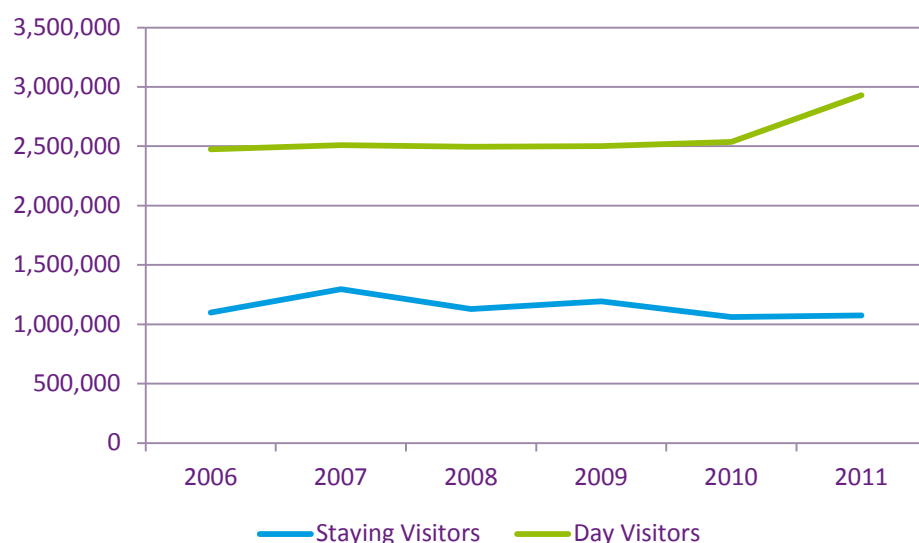
The “shift-share” demonstrates that the strategy needs to continue to support the core industries in Torbay such as accommodation and health, but business administration also offers an opportunity. If we are to grow a higher value economy in the future support to begin increasing job numbers in higher value knowledge based industries such as manufacturing and professional services is essential.

Sectoral reliance

Given the reliance of the Torbay economy on the tourism and public sectors for employment, the impact of these is examined in more detail below.

In 2011 the estimated visitor related spend in Torbay was £382m demonstrating the value of tourism to the Torbay economy and the challenge which is faced in retaining consistent visitor numbers. Since 2006 the number of day visitors to the Bay has increased from 2.5m to 2.9m; however staying visitors have dropped slightly over the same time period.

Torbay Visitor Numbers 2006-2011 (millions)



Source: South West Tourism Alliance, Value of Tourism 2011

While the increase in day visitors is positive, the steady decline in overnight visitor numbers was highlighted in the 2010 economic assessment and while this levelled off between 2010-11 needs monitoring. Given the reliance of a large proportion of the Torbay workforce on the accommodation and food sector, this decline in overnight stays highlights the need to continue ongoing work to diversify the sector.

The Torbay economy continues to be heavily reliant on the public sector. This is demonstrated through a sub-regional analysis of public and private sector employment released in November 2011. 27.4 % of people working in Torbay were employed in the public sector, compared to 23% across the UK as a whole and 21.8% in the Heart of the SW LEP area.

Public Sector Employment

	Public Sector Employees as a Share of Total Employees	Public Sector Employee Density	Public Sector Employment Rate	Private Sector Employee Density	Private Sector Employment Rate
UK	23.0	15.2	17.7	50.7	51.9
Torbay	27.4	16.0	17.2	42.4	50.2
HOSW	21.8	14.0	18.8	50.0	52.7

Source: ONS Sub-regional analysis of public and private sector employment, November 2011

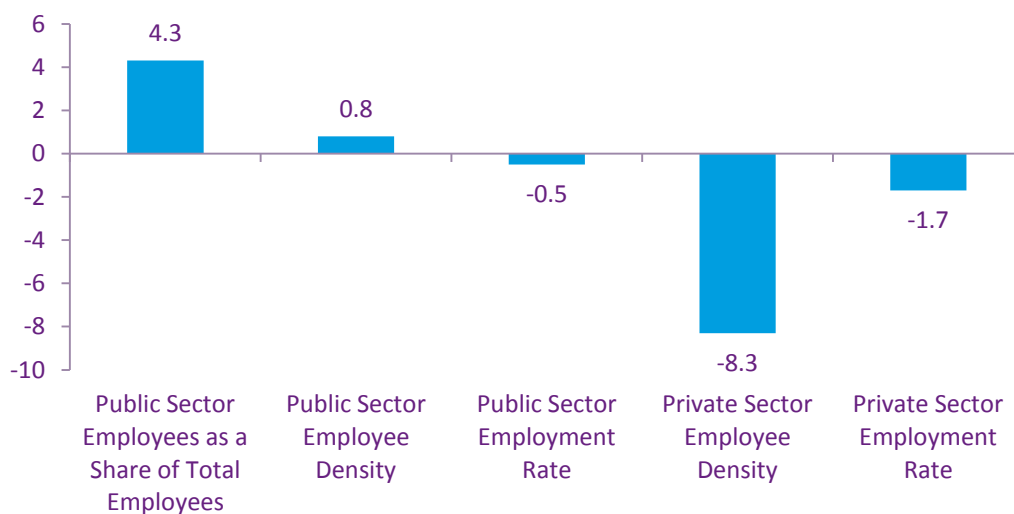
Public sector employment rates can also be reviewed as a density in comparison to the total number of residents in an area. In Torbay the public sector employee density is 16%, meaning for every 100 residents in the Bay, 16 people are employed in the public sector. This is slightly higher than the UK average of 15.2% and the LEP average of 14%. It is worth noting that this does not take into account commuting so not all workers may be resident in Torbay.

The first bar of the graph below shows that public sector employees make up a higher proportion of total employees in Torbay than in the UK as a whole. However, from this measure alone it is not possible to tell whether this is due to a high level of public sector employees working in the region, a low level of private sector employees or a combination of the two.

The remaining information helps to further explain the public/private split of the Torbay economy. The public sector employment rate is level with the UK average, while the private sector employment rate is nearly 2% lower. The net effect of this is that the total employment rate for Torbay is just over 1% below the UK average.

More importantly private sector employee density is over 8% lower in Torbay than the UK average, suggesting the shortage of private sector jobs is a more pressing concern than the over reliance on public sector jobs.

Torbay percentage point difference from UK average



Source: ONS Sub-regional analysis of public and private sector employment, November 2011

Reliance on the service sectors for a large proportion of employment has also contributed to the below average proportion of full time employment in Torbay.

Business Needs

The TDA takes a regular snapshot of how businesses in the Bay are feeling through its Business Barometer survey.

In the Autumn 2012 survey businesses were asked if they felt the main issues affecting the Torbay economy have not fundamentally changed in the last two years. 81% agreed Torbay has a weaker than desired infrastructure (both roads and communications), and 93% agreed low levels of business growth remained an issue.

Full time jobs were deemed by 74% of respondents to be high priority, which fits with the economic strategy objective to create more full time and sustainable employment by encouraging the growth of existing businesses and the creation of new businesses and social enterprises. 65% of respondents said higher value jobs were highly important so the priority to nurture the knowledge economy is also significant.

Business visits and enquiries to the TDA property database also suggest a lack of growth on space is hampering business growth. In the period January 2011 to April 2013 the TDAs property search received 106 enquiries for industrial / warehouse accommodation requiring 363,820 sq m of space. 92 of these enquiries were for accommodation below 464 sq m. In the same period there were 64 enquiries for office accommodation requiring a total of 17,032 sq m. From these enquiries 59 required accommodation below 464 sq m. There were a further 31 enquiries in this period for serviced office accommodation. This evidence suggests that while the Innovation Centres are well utilised and have high occupancy rates there is a lack of space for businesses to expand into, reducing their ability to grow.

People & Communities

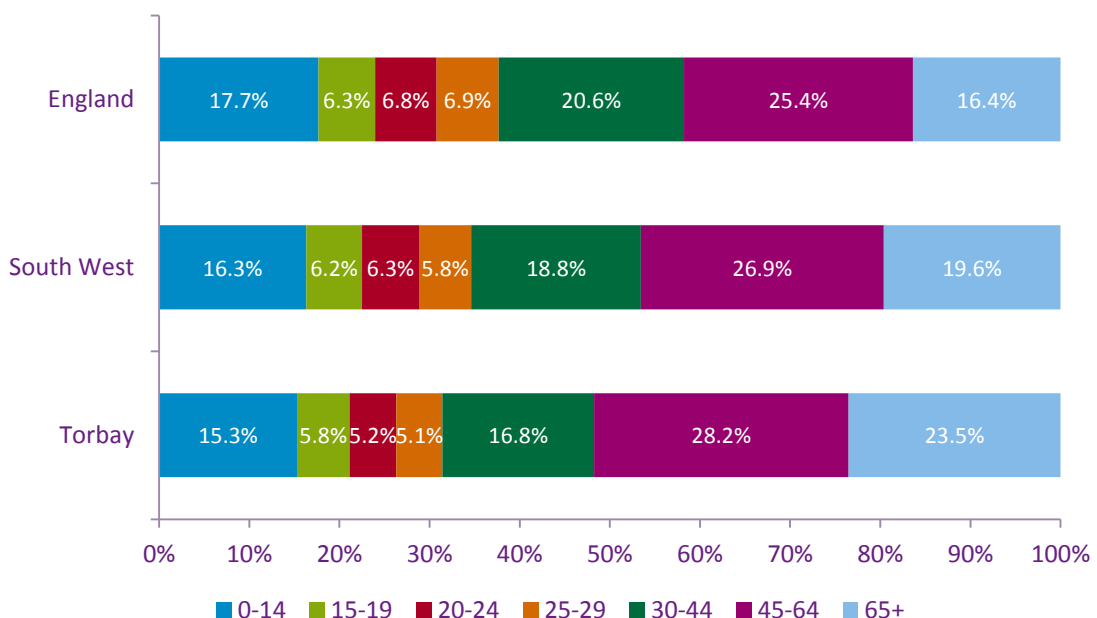
The coastal geography of Torbay shapes our economy to a large extent. Tourism related sectors account for around a third of employment and the draw of the South Devon lifestyle attracts people of all ages to relocate here permanently, often setting up small businesses within the sector such as guest houses. In contrast it also means an outflow of young people (often graduates) seeking employment elsewhere before returning to the Bay later in life.

The in migration of older people brings with it additional spending power that supports the local economy and it presents economic opportunities in the development of goods and services for that group. However it also presents additional costs for the public sector particularly in respect of care costs.

Demography

Latest population estimates show Torbay is home to 131,000 people, with 52% aged 45 and over. This is significantly above the national (42%), regional (47%) average and has an inevitable impact on income levels and healthcare provision. At the other end of the age spectrum 27% of Torbay's population are aged between 20-44, 7% below the national average. This highlights the challenge Torbay faces in retaining graduates and supports the view that many students who leave the Bay to enter higher education do not return until later in life, impacting on productivity levels.

Population estimates by age



Source: Census 2011

Using Acorn population data it is possible to make a number of assumptions about the profile of the population in and around Torbay, and the opportunities and challenges this poses to the economy. Acorn works by categorising UK postcodes using demographic statistics and lifestyle variables to build up a profile for each area which can then be compared to the national average.

% of population by Acorn classification - 2012

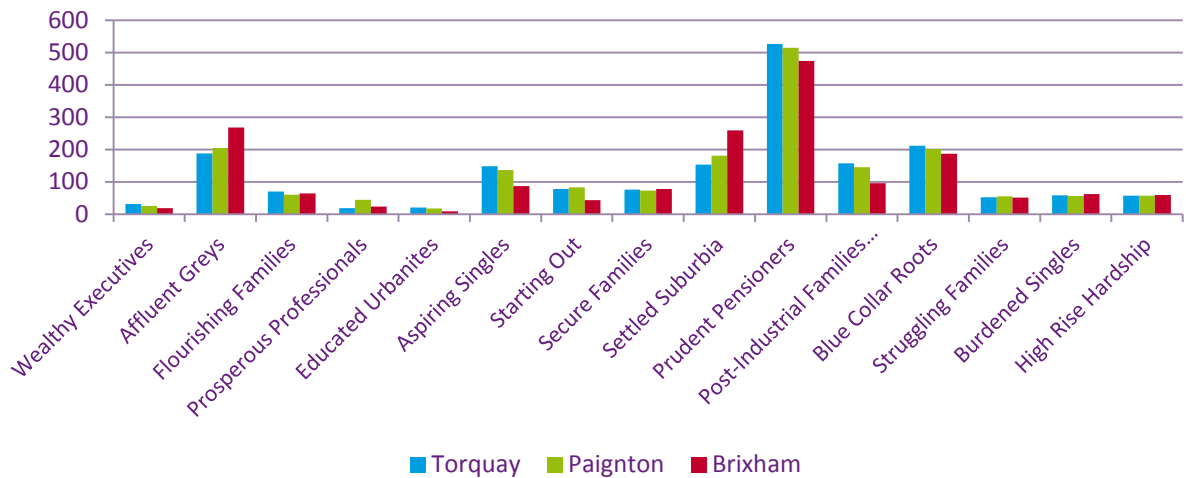
	Torquay	Paignton	Brixham	GB
Wealthy Executives	2.9	2.4	1.7	9.3
Affluent Greys	14.2	15.4	20.2	7.5
Flourishing Families	5.6	4.8	5.1	8.0
Prosperous Professionals	0.4	0.9	0.5	2.0
Educated Urbanites	1.4	1.2	0.6	6.8
Aspiring Singles	5.6	5.2	3.3	3.8
Starting Out	3.6	3.8	2.0	4.6
Secure Families	11.3	10.9	11.6	14.9
Settled Suburbia	8.8	10.3	14.8	5.7
Prudent Pensioners	12.7	12.4	11.5	2.4
Post-Industrial Families (Ex-Blue Collar)	7.5	6.9	4.6	4.7
Blue Collar Roots	15.9	15.1	13.9	7.5
Struggling Families	6.8	7.2	6.6	13.0
Burdened Singles	2.4	2.4	2.6	4.1
High Rise Hardship	1.1	1.1	1.1	1.8

Source: Acorn population profile, 20 minute drive time

Using this system four dominant classifications emerge within a 20 minute drive time of the three towns in Torbay Prudent Pensioners, Affluent Greys and Blue Collar Roots around Paignton and Brixham and Prudent Pensioners, Affluent Greys and Settled Suburbia around Brixham.

Unsurprisingly given the demography of Torbay the dominant groups, with the exception of blue collar roots are predominately older and have a relatively high level of disposable income. Certainly when indexed against the national average the levels of prudent pensioners is significantly higher.

Index where average =100



Source: Acorn population profile – 2012

This information suggests that there is disposable income available to spend within the Torbay town centres, which is perhaps being spent elsewhere. The challenge remains for the economic strategy to facilitate improvements within the town centres to encourage those with income to spend it locally rather than in cities such as Plymouth and Exeter, or other local towns.

Labour Market

There is a shortage of full time employment in Torbay. Job density, the number of jobs per resident aged 16-64 is currently at 0.69⁵, significantly lower than the national average of 0.78, while full time employment levels are also below average. 42% of workers are part time, 7% higher than the average for the South West and 11% above the national figure. This data suggests that creating full time employment needs to remain a priority if the economy is to grow.

Job Density

	Torbay	HoSW LEP	England
2007	0.73	0.79	0.80
2008	0.71	0.78	0.79
2009	0.71	0.80	0.78
2010	0.69	0.79	0.78
2011	0.73	0.79	0.78

Source: Nomis

Across Torbay the statistics demonstrate that there remains a stronger prevalence of part time work with 45% of those in employment work part time, compared to 32% across England as a whole. This underemployment suggests either a lack of demand for labour or that the labour market has other issues, perhaps caring given the local demographics that

⁵ Source: ONS Job Density 2010

prevent full time work. Statistics for those economically inactive, recorded through the Annual Population Survey, also show that 32% of the economically inactive are seeking work compared to national and regional figure which is less than 25% again demonstrating that the creation of more jobs is critical.

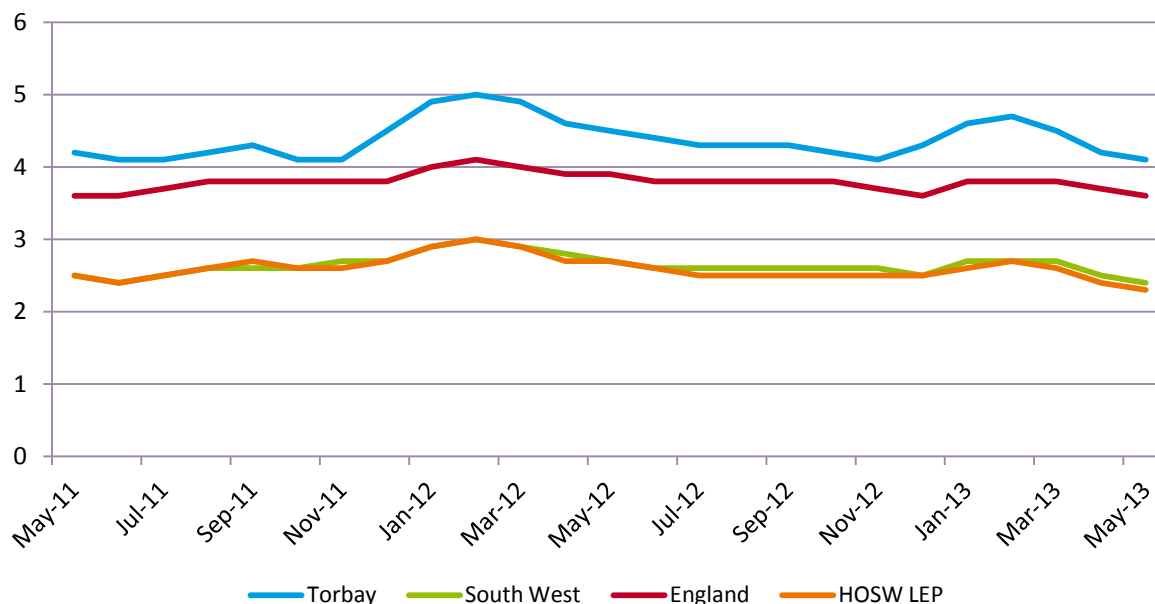
Worklessness

Since the publication of the previous strategy, unemployment, measured through Job Seekers Allowance claimants, has continued to run well above the average for both the South West region and the Heart of the SW LEP area. In May 2013 4.1% of the working age population in Torbay were claiming Job Seekers Allowance, compared to 3.6% nationally and 2.3% at LEP level.

The seasonal trend highlighted previously has continued, with the claimant count rising sharply in January each year, before reducing slightly over the summer months. It is worth noting that while still well above the national average unemployment levels in Torbay were 0.4% lower in May 2013 than they were in the same month in 2012, mirroring the year on year decrease seen nationally.

While the seasonal trend in unemployment levels identified above is mirrored to some extent at national level it is more exaggerated in Torbay, reflecting the seasonal nature of the economy and the need to create full time, year round employment. Youth unemployment levels are high with 7.8% of 18-24 year olds currently claiming JSA.

% of 16-64 Job Seekers Allowance Claimant Count: May 2011-May 2013



Source: ONS Claimant Count – June 2013

Job Centre Plus vacancy rates highlight the challenge to create more jobs in order to tackle unemployment. The latest data showed Torbay has 4.7 job seekers allowance claimants for every job centre vacancy compared to 2.6 in the LEP area and 3.8 in England⁶.

⁶ Job Centre Plus vacancy data, November 2012

Worklessness is a real challenge within Torbay, with 23% of working age households in Torbay having no one in employment⁷. 19.7% of the working age population are claiming some form of benefit⁸. This compares to 14.6% across England, and 13.4% in the LEP area. The bulk of the claimant count is made up of 2 key out of work benefits, employment support allowance (ESA) and job seekers allowance (JSA). With claimant rates of employment support allowance (ESA) 3.4% higher than the national average this continues to be an issue.

JSA/ESA claimant count



Source: DWP Benefit Claimants via NOMIS (Nov 2012)

Given the high number of claimants within Torbay the proposed welfare reforms, and particularly the benefit cap may have a significant impact on residents of the Bay and therefore on the economy.

Deprivation

Although located in a predominately rural county Torbay as an urban area suffers from many of the deprivation problems normally associated with big cities. The scores within the indices of deprivation support this as the majority of deprived areas in England (98%) are located in cities. There are inequalities between different wards in the Bay, with the most deprived areas tending to be clustered within the town centres in Paignton and Torquay.

The recognised measure of deprivation, the indices of deprivation have been updated since the previous economic strategy was published, however similar methodology was used to the 2007 publication allowing trends to be observed. The number of lower super output areas within Torbay which are within the top 10% most deprived has increased gradually over time from 4 in 2004, to 10 in 2007 and 12 in 2010. This means that when compared to the rest of the region Torbay has the highest proportion of its population (14.1%) living in areas among the most deprived 10% in England⁹.

⁷ Source: Annual Population Survey 2011

⁸ Source: DWP Benefit Claimants - Nov 2012

⁹ Source: Indices of Deprivation 2010 – Deprivation in the SW, SWO Core Unit and HCA, April 2011

It is also worth highlighting the inconsistency between areas of Torbay, with one area of Brixham seeing an improvement between 2007 and 2010 and one lower super output area moving into the least deprived 10% of areas in England. When ranked in terms of average score within the indices of deprivation Torbay's position has slipped from 71 in 2007 to 61 in 2010, this is significantly worse than the neighbouring districts of Teignbridge and South Hams which rank 184 and 215 respectively, but more in line with the other more urban area of Plymouth (72) and Bristol (79).

Child poverty also remains an issue, with 24% of children in Torbay classed as living in poverty. This is the second highest proportion in the South West, however, given this is defined as the proportion of children living in families in receipt of out of work benefits is perhaps not surprising.

Skills

Skill levels in Torbay remain above the national average at NVQ levels 1 and 2, but fall below at the higher levels.

Percentage of working age population qualified to NVQ level

	Torbay	HOSW LEP	South West	England
% with NVQ4+	27.6	31.8	34.1	34.2
% with NVQ3+	53.9	56.3	57.1	54.9
% with NVQ2+	72.3	76.2	75.2	71.8
% with NVQ1+	86.7	89.1	88.1	84.2
% with no qualifications	8.7	6.0	7.0	9.5

Source: Annual Population Survey 2012

There has however been steady improvement in skill levels over the last 5 years, with 6% more of the working age population qualified to NVQ level 4 in 2012 than in 2008, and 8% more to level 3.

More specifically in Autumn 2010 the following percentages of respondents to the Business Barometer survey¹⁰ reported skills gaps in the following types of role.

Management - 7%
 Customer Service - 9%
 IT/Computing - 11%
 Technical - 10%
 Practical - 7%

Work with the Torbay Hi Tech Forum also suggests that specific skills gaps locally need to be addressed if businesses are to grow. Torbay has a modest but thriving technology industry – a legacy of previous investment during the telecoms boom. However, in order to keep this competitive advantage it is necessary to encourage a new generation into the industry, equipping them with the skills needed to succeed.

Many companies are deeply concerned about the difficulty of recruiting young people and attracting graduates to the area, and this is reflected in the below average proportion of the population qualified to NVQ level 4 and above. To alleviate this, there is strong demand for a

¹⁰ TDA Business Barometer survey – Autumn 2010

concerted campaign to raise the image of the area as career and a dynamic quality of life destination to the younger graduate demographic. There is also the potential to harness the passion of existing businesses to inspire the next generation of young people to pursue technical careers.

This suggests a need to facilitate better links between businesses and education providers to ensure the workforce have the right skills to support business growth.

Economic Projections

Economic projections are a tool for indicating where future growth may come from. However, projections are based on past trends and typically reflect a 'do nothing' approach, i.e. if no action was taken to create jobs this is what could be expected to happen to employment in Torbay.

The projections below were created by Oxford Economics In March 2013.

Oxford Economics Projections

Employment (jobs, 000s)	2013	2015	2018	2025	2030
Agriculture, forestry and fishing	0.4	0.4	0.4	0.3	0.3
Mining and quarrying	0.0	0.0	0.0	0.0	0.0
Manufacturing	2.2	2.0	1.7	1.0	0.9
Electricity, gas, steam and air conditioning supply	0.1	0.1	0.1	0.1	0.1
Water supply; sewage, waste management and remediation activities	0.5	0.5	0.5	0.5	0.4
Construction	2.9	2.9	2.8	2.5	2.3
Wholesale and retail trade; repair of motor vehicles and motorcycles	9.8	10.0	10.1	10.2	10.0
Transportation and storage	1.3	1.4	1.4	1.4	1.4
Accommodation and food service activities	8.4	8.6	8.8	8.9	8.8
Information and communication	0.7	0.7	0.8	0.8	0.8
Financial and insurance activities	0.8	0.8	0.8	0.8	0.8
Real estate activities	0.8	0.8	0.8	0.8	0.8
Professional, scientific and technical activities	2.8	3.0	3.2	3.5	3.7
Administrative and support service activities	5.0	5.2	5.5	5.8	6.0
Public administration and defence; compulsory social security	2.0	1.9	1.8	1.8	1.8
Education	4.5	4.3	4.2	4.2	4.2
Human health and social work activities	12.1	11.8	11.7	12.1	12.3
Arts, entertainment and recreation	2.0	2.1	2.2	2.4	2.4
Other service activities	1.3	1.3	1.3	1.3	1.3
Total	57.8	57.8	58.0	58.2	58.4

Source: Oxford Economics, 2013

These figures suggest that without intervention the Torbay economy will not grow in line with the objectives of the economic strategy by 2015, however they do not take into account interventions such as the South Devon Link Road or any projects outlined in the strategy.

Peter Brett Associates examined the Oxford projections set out above, alongside some older South West Observatory data (which did not factor in the recession) to create an adjusted projected growth level for Torbay.

Growth Scenarios

Scenario	Employment Change 2011 – 2032	Average annual net increase
Scenario E1 – Oxford Economics Projections (March 2013)	1,998	95
Scenario E2 - SWO projections by Experian (August 2011)	17,097	814
Scenario E3 – PBA adjusted	5,337	254

Source: Torbay Local Plan Evidence Study, Requirement Assessment – Peter Brett Associates, 2013

Using the PBA average net increase Torbay could expect to see an uplift in employment of 508 jobs by 2015 increasing to 1270 by 2018. This is still significantly below the numbers the strategy seeks to attain, however it should be noted that the PBA projections are for net job increase, whereas the strategy figures are gross and do not take into account deadweight or displacement.

Local & Neighbourhood Plans

The emerging Local Plan, 'A Landscape for Success' sets out key issues, aspirations for the future, and policies for delivering and managing change over the next 20 years. It is essential that the economic strategy is consistent with the Local Plan and the need to balance investment, infrastructure improvements, new jobs creation and new homes.

In addition to this Neighbourhood Plans are a new type of plan which will focus on very local areas, to be produced by communities. When adopted, they will form part of the overall development plan for Torbay and be used to consider all planning applications in that area, in the context of the Torbay Core Strategy. Three plans are being developed across the Bay, in Brixham, Paignton and Torquay and the strategy will need to reflect the key economic priorities of these plans.

Brixham Neighbourhood Plan

The latest economy section of Brixham Neighbourhood Plan identifies a number of key actions around the town centre, tourism, industry, transport and the green economy. The group has identified key issues for improving the town centre and retail areas, Brixham's tourism offer, small businesses and marine industry, transport and the green economy. They have identified development opportunities in key economic sectors including small niche businesses and arts/ crafts shops, high quality restaurants and food establishments, outdoor leisure and recreation, indoor tourist attractions, local food production, marine industry & education and high quality accommodation.

A number of projects are suggested which will need to be considered for inclusion in the strategy including:

- Coastguard – Marine Related Training Centre e.g. Diving. It could include diving facilities, a training centre, a shop and possibly accommodation.
- The Lanes – A hub for small businesses e.g. Workshops/ studios, retail/ crafts. The area could be covered over and this would also be a tourist attraction. The council would need to do a land swap with current occupiers, probably to oxen cove.
- Oxen Cove – area for marine related industry e.g. Fish processing and smoking, muscle farming units, marine engineering, boat building and repair etc.
- Northern Arm – a northern arm allowing additional marine facilities, areas for watersports etc
- Lupton House – a central hub for the green wedge including information for tourists, a food hub and social enterprises/Cockington style cottage industries.
- Town Centre – A Car park, new town square, transport interchange and possibly some retail.
- Transport – Expand the road area near the park and ride and include a public footpath, cycle path and cycle hire facilities.

Paignton Neighbourhood Plan

According to the Stage 3 skeleton draft the Paignton Neighbourhood Plan has four key emerging themes.

For the town centre and seafront area:

- Make more of the tourism and retail offer
- Improve points of arrival and connectivity

For the Western area:

- Protect the local identity
- Ensure there is balanced development

The Western side of Paignton is home to a number of the Bay's industrial sites, and development of these as part of the economic strategy will need to be balanced with the desire for balanced development in the Neighbourhood Plan.

Torquay Neighbourhood Plan

The Torquay Neighbourhood Plan is concentrating on two key areas¹¹, the Gateway, broadly Edginswell, Shiphay, The Willows, and the environs of the Newton Road, and the Town Centre, which includes the seafront. Within these a number of potential projects are being explored.

Gateway – Projects in the Gateway area are largely centred on employment at sites including:

- Improvement to Woodland Industrial Estate
- Retention of Edginswell for B1/B8 use
- Torre Station yards
- Broomhill Way
- Newton Road
- Kerswell Gardens

Town Centre:

- Redevelopment of the Town Hall car park for a potential supermarket
- Improvements/redevelopment of Temperance Street, Rock Road, Pimlico and Swan Street
- Expansion of Princess Theatre to accommodate bigger shows
- Potential redevelopment of Cary Parade arcade for residential/office use
- Improvement to the Strand
- Marina car park development

¹¹ Torquay Neighbourhood Plan leaflet