

Title: Torbay and South Devon Growth and Enterprise Task Force

Public Agenda Item: Yes

Wards All wards in Torbay

Affected:

To: Council On: 8 December

Key Decision: No

Change to No Change to No

Budget: Policy Framework:

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1. What we are trying to achieve and the impact on our customers

- 1.1 In order to capitalise on the catalytic effects of the South Devon Link Road, forecast to generate some 3,500 jobs in Torbay, the local economy requires support from the Council through measures which will support the delivery of employment sites and premises to enable retention, and attraction, of growing businesses.
- 1.2 Implementation of the recommendations of this report will increase the retention of businesses in Torbay, support attraction of new investment into the area leading to increased employment and improved public finances.

2. Recommendation(s) for decision

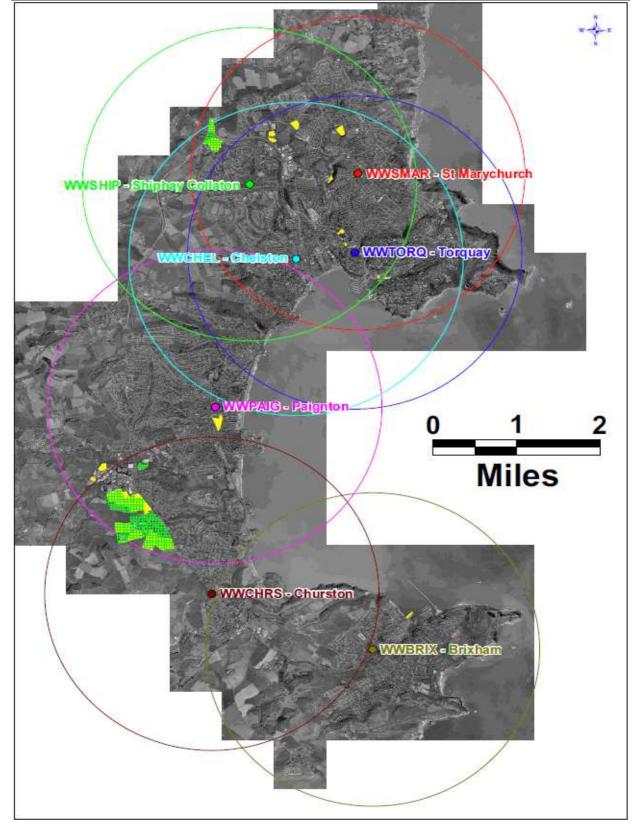
2.1 That a South Devon Growth and Enterprise Task Force be established which could comprise of the Mayor, Deputy Mayor, Executive Lead for Finance, the leaders of the minority groups, the leaders of neighbouring districts and the South Devon MPs alongside private sector representatives. The group would be supported by an officer team and would develop proposals to enable growth. These might include the development of a discretionary local business rate relief policy and adoption of simplified planning processes.

3. Key points and reasons for recommendations

3.1 The Council remains steadfast in its commitment to delivering economic growth and seeks to ensure that businesses have access to the premises, finance and other support to allow them to grow. This report sets out the extent of undeveloped employment land in Torbay that can be developed to support increased employment. The land had been earmarked in the saved Torbay local plan and undeveloped sites can be brought forward to deliver the Council's aim of sympathetic regeneration. The report suggests methods by which appropriate

- development may be enabled and, where relevant, how resources might be identified in support of those developments.
- 3.2 The Council's wider commitment to the economic growth and regeneration of Torbay extends from the Local Asset Backed Vehicle (LABV), with negotiations proceeding with the under bidder, to positive discussions with banks to actively identify opportunities where recent government announcements might benefit Torbay. Through the Torbay Development Agency, the Councils economic development company, there is close engagement with the business community. In addition strategic infrastructure schemes identified as 'Targeted Capital Investments' in the Local Transport Plan 3 which will have an impact on economic growth in the area are also supported. They include
 - South Devon Link Road
 - Improvements to the A385 to the west of Paignton
 - Improvements to the Torbay Ring Road/Western Corridor including Windy Corner to deliver residential and employment development
 - Upgrading rail and bus interchanges and stations
 - o Maintenance of the sea-wall to prevent disruption of the coastal road
- 3.3 The Government's announcement of funding for the Link Road is a welcome and much needed boost for the area and the investments set out above.
- 3.4 To capitalise on the forecast benefits of the Link Road there is a wider need to identify ways in which investment into the right premises can be brought forward. This is because the Torbay Development Agency's business surveys and enquiries received through its commercial property register, demonstrate demand from local businesses for improved business infrastructure which cannot currently be met. Recently the TDA has received inward investment enquiries for space in excess of 50,000 square feet and is working with a number of local businesses with demands for space which in aggregate are significantly in excess of that. Without co-ordinated intervention to bring forward premises it is possible that we will see a continued reduction in the manufacturing and construction sectors locally.
- 3.5 Torbay does not operate in an economic vacuum and for that reason the proposed group will also consider the impact on the Torbay economy of the plans of neighbouring districts as set out in their strategic plans and economic development policies.
- 3.6 Both Teignbridge and South Hams District Councils have indicated a willingness to engage with Torbay to consider, at a travel to work area level, where employment is likely to come forward. South Hams in their development plan document for Totnes has explicitly identified the need to "create the conditions for growth". A wider South Devon approach to delivering the right type of employment sites and premises which supports the need of the travel to work area can be implemented and is likely to prove beneficial in gaining support from the Heart of SW Enterprise Partnership and others.
- 3.7 Turning to the current financial climate where grant funding, such as from the soon to be defunct Regional Development Agency, is scarce the development of new approaches to local economic growth are key in taking forward the economic strategy and particularly the inward investment strategy.

- 3.8 In that climate the ability of local authorities to finance their economic and wider ambitions is an enduring question. Last year's Local Growth White Paper and other changes such as the abolition of Regional Development Agencies and the evolution of Local Enterprise Partnerships have changed the landscape around economic growth considerably. It is clear that there will be minimal national regeneration funding in the short to medium term although the Government's extension of the Regional Growth Fund for a further two years is to be welcomed.
- 3.9 Furthermore there is an implicit challenge to local authorities in the new funding announcements from Government which are predicated around funding being directly linked to a places willingness to grow and reducing the historic link between need and revenue grants. Not responding is likely to result in a worsening of Torbay's competitive position to retain its successful businesses or attract new investment.
- 3.10 The following map sets out sites allocated in the saved Local Plan for employment use but which have yet to be developed. It references them against their proximity to telephone exchanges because of the growing importance of higher speed broadband for different businesses in Torbay. The sites are listed at A1.1 of the supporting information for this report.
- 3.11 In total the employment land allocation in the saved Local Plan, if developed for employment alone, would support some 12,000 jobs. Allocated sites that have not been developed and which are shown on the map offer the potential development of around 1,000,000 square feet which would generate just under 5,000 gross new jobs. It is probable however that a mix of uses including enabling retail or residential development would be required to make the sites viable which in turn would reduce the amount of space and number of jobs that would be created.



- 3.12 The map above demonstrates that there is significant land which is currently planned for employment uses which has not been brought forward over the period of the current local plan. Reasons for the lack of delivery on these sites range from a depressed local property market to site suitability and given that sites did not come forward without intervention when the economy was buoyant it is extremely unlikely that they will come forward without intervention now. As the table is derived from the local plan it is somewhat dated and it is likely that not all of the undeveloped sites will be attractive to or suitable for business now.
- 3.13 However the available space suggests it would support the creation of around

- 7,9001 new jobs in addition to those where planning permission has been granted.
- 3.14 Therefore this report proposes to establish a task group to determine appropriate policy measures which respond to the Council's pledge to bring about regeneration and boost local employment and skills. The group will consider how strategic sites can be developed out and what sort of steps the Council can take to provide confidence to, and encourage investment from, the private sector.
- 3.15 There is an opportunity for the Council to use planning powers and new financial tools including the New Homes Bonus, the planned localised business rate and other tools in support of delivering economic growth through development of key sites. The task group would be responsible for considering how these different tools might be taken forward and in addition to the membership set out in the recommendation the Group will require input from others including utility companies and developers.
- 3.16 Appropriate measures that the task group is likely to consider include, but is not limited to, the following;
 - Policy Area 1 Employment Land; for the Council and TDA to work with existing landowners to bring forward proposals for appropriate sites for employment in Torbay. Through the emerging Local Development Framework a strategic infrastructure report setting out infrastructure requirements of employment sites and the funding requirement associated with those sites is being produced.
 - Policy Area 2 Simplified Planning; the identification of appropriate locations for the introduction of local development orders (LDOs) in Torbay. LDOs are not a blanket policy and would apply only in those areas agreed with the planning committee, in the context of the objectives of this report it is likely that those areas would be land already identified for employment uses. LDOs provide certainty to potential investors by clarifying what can be built on the site and removing the requirement for individual planning applications to be made.
 - Policy Area 3 Consideration of development of a local Business Rate
 Discretionary Relief Policy. This would provide a level of business rate relief
 to be determined and funding would need to be made available. For reasons
 of affordability it will be essential that the policy criteria are clear and would
 have to be restricted to
 - Businesses where this incentive will lead to increased employment and/or physical expansion
 - in prescribed use classes for instance Financial and professional services (A2), general business (B1) and general industrial (B2)
 - possibly in certain locations such as those where local development orders might apply.

¹ This is based on Homes & Communities Agency employment density evidence

- Any relief would be subject to a legally enforceable agreement with clawback being used in the event that the business does not deliver.
- Business rates would be a permissible state aid under the "De minimis" regulation which through EU Commission regulation EC/1998/2006 permits €200,000 of aid to businesses in a rolling three year period subject to certain criteria.
- Policy Area 4 Consideration of Torbay Growth Fund which could be established using a proportion income derived from sources such as the following;
 - New Homes Bonus
 - Community Infrastructure Levy
 - Local business rates (subject to government implementation of the proposals)

This would be a fund that can be used to deliver economic growth projects directly or via investment into schemes to be delivered by the private sector by way of loan or equity investment. The fund would be principally expected to fund capital projects such as site infrastructure, premises and gap funding with a proportion made available for revenue business growth schemes.

3.17 Benefits to Torbay will include increased employment, improved productivity, additional capital investment and associated construction jobs, improved perception of Torbay as a business location and an increase in the local business rate base.

For more detailed information on this proposal please refer to the supporting information attached.

Charles Uzzell Steve Parrock
Environment Commissioner Chief Executive Torbay Development Agency

Supporting information

A1. Introduction and history

A1.1 The creation of up to twenty one Enterprise Zones across England was announced by the Chancellor as part of the Budget. Enterprise Zones are not a new concept, they were first introduced in the UK in 1980's, with the aim of securing physical and economic regeneration in areas with problems resistant to solution by traditional methods. They are being revived as a way to try and manage economic disparities across regions of the country.

The Zones are parcels of land which offer a concentration of benefits and support to businesses, with the aim of creating jobs through inward investment or local expansion to that specific area. The incentives offered to businesses relocating to these areas may include a mixture of the following:

- Relief on local business rates of up to £250,000 over a 5 year period
- Simplified planning
- Superfast broadband
- Other locally specific incentives such as tax allowances can be requested

This type of intervention would be particularly relevant for Torbay given the prevailing economic conditions and the Council's economic growth objectives. It is clear that Torbay is lacking modern purpose built commercial space and is at risk of losing growing businesses to other areas if this is not resolved, this will perpetuate the economic weaknesses. There are a number of reasons for this including:

- Market failure SME and local start ups represent the main market for new space. These small businesses cannot afford to invest in speculative space currently, but business rate relief would help facilitate this.
- Torbay is perceived as a holiday destination not a business location by inward investors. An enterprise zone style approach would change this.
- The incentives proposed would mean space will be taken up more quickly, encouraging developers to build more speculatively than they would otherwise.
- Low rental returns in Torbay (42% of national average for offices according to 2005 rateable values), particularly for office space, put off developers. Providing measures to reduce risk and stimulate confidence would increase certainty in the local market.

The following is taken from some work TDA did identifying causes for market failure:

- Undersupply of office space due to risk aversion from the private sector (related to rental return rates) and a perceived lack of demand.
- The low rate of return offered by some regeneration projects due to their location.
- Lack of infrastructure, poor road links result in Torbay not being considered for major development projects by developers.

- Location Torbay has a beautiful natural environment but is considered a tourist destination rather than a business centre, resulting in a lack of investment in business premises.
- Externalities such as contamination of sites and flood risk.

Using planning to support growth

Therefore incentives around planning such as local development orders and simplified planning zones, would respond to these constraints and are in line with PPS4 and the Government's growth ambitions and also in support of the Council's own economic development objectives. Specifically Local Development Orders are

- Locally established granting automatic planning permission in a given area only **if** specific criteria are met.
- Flexible any area; can set specific or general criteria
- In use by several LPAs, to encourage development / investment and reduce 'routine' workload

LDOs are a tool which is considered to provide certainty and clarity to businesses and ensure that investors are clear about what they can do. They offer savings with no planning application fees, no supporting work for applications and no time spent on the application. Importantly they are strategic and enable proactive planning within an agreed framework; help deliver wider outcomes as part of business support package.

- LDOs can be independent of Core Strategy
- Some limitations imposed by Environmental Impact Assessment regs (e.g. re size / scale of 'permitted' development)
- LDOs cannot permit development effecting a listed building
- CIL applies (S106 does not)
- Conditions and limitations can be applied
- LDOs can have a finite life span requiring them to be renewed and if they do the planning authority negates claims for compensation if revoked or modified
- LDOs cannot permit development in a SSSI/AONB.

LDOs are deliverable within a relatively short timescale anticipated at being 4-9 months. Government have committed specific link officers for authorities that want them in order to help speed up the process.

LDOs will work as part of wider package to achieve step change and can be used to specifically target geographically defined areas whether industrial sites or areas of deprivation. They increase certainty and provide an incentive to encourage investment in property by reducing red tape, fees and time from concept to delivery.

LDOs can be used to encourage specific uses (e.g. renewable energy companies, hi tech businesses, key sectors using the Planning Act Use Classes) and allow small buildings extensions within certain approved criteria.

This report proposes that LDOs should be developed as a pilot tool to support economic growth. It is proposed to establish pilot areas in each of the three towns in Torbay with the locations proposed as

• Brixham – To be discussed with the Town Council

- Paignton The Whiterock and Devonshire Park sites
- Torquay -Edginswell

The justification for the approach is the potential for LDOs to bring new life to industrial estates and commercial buildings. A model policy will need to be developed by planning colleagues against the context of the emerging local development framework and setting out a clear design code, to provide agreed framework for permitted development;

It is expected that negative fee implications are likely to be minimal and will be offset by time saved by officers in dealing with these applications.

Localised Business Rates

Localised business rates are being considered as part of the coalition government's plans to review local government finance and a consultation has been launched on proposals for local business rate retention and tax increment finance (TIF). It is proposed to implement the changes from April 2013.

The proposals will enable collecting authorities to retain a significant proportion of the rates generated in their area. Business rate retention is designed to incentivise local authorities to take action to promote growth as this will result in increased revenue.

Central distribution of funds means that local authorities do not get a financial incentive for encouraging growth in their areas. It is suggested that the current scheme can be seen as a disadvantage as if they allow development authorities must also provide services to the new commercial properties for no financial gain.

The proposals for local business rate retention tie in with a number of other government policies including the Community Infrastructure Levy, New Homes Bonus, Enterprise Zones and Regional Growth Fund.

Government has committed that local areas will not loose out as a result of this proposal with those areas, like Torbay, which are net beneficiaries having protection within the calculation process to have its position made at least neutral.

Local retention of business rates will also remove the biggest barrier to Tax Increment Financing schemes, namely that local authorities are currently not allowed to retain any of their rates so cannot borrow against any predicted increase.

Current provision of employment land

The table below sets out allocated employment sites listed in policy E1 of the saved local plan, some of which are mixed use sites. The emerging Local Development Framework core strategy will look at allocating additional employment land. Given current advice in Planning Policy Statement 4 (sustainable economic development), it's likely that this would be as part of mixed use development rather than simply allocating large areas of land for B uses.

The table below sets out sites which have been built out, where permissions have been granted and where they remain allocated. In total the employment land allocation in the Local Plan, if developed for employment alone, would support some 12,000 jobs.

Allocated sites that have not been developed offer the potential development of around

1,000,000 square feet which would generate just under 5,000 gross new jobs however it is likely that a mix of uses would be required to make the sites viable which in turn would reduce the amount of space and number of jobs that would be created.

There are planning permissions in place for approximately 1,000,000 sq feet of space at other sites which would deliver around 4900 gross new jobs, these permissions have yet to be implemented.

Site	Ward	Site Area (acres)	Site Area (ft2)	Developable Area (ft2)	Allocated use (i.e. B1, B2 etc)	Planning Status	Potential number of jobs
Torquay							
E1.1 Kerswell Gardens	Shiphay and the Willows	5.4	235,224	122,316	B1	Allocated	567
E1.2 Rivera Way South	Shiphay and the Willows	12.1	527,076	274,079	B1	Planning permission granted	1271
E1.3 Rivera Way North	Shiphay and the Willows	4.9	213,444	110,991	B1	Built out	515
E1.4 Browns Bridge Road	Watcombe	3.5	152,460	70,131	B1, B2	Allocated	263
E1.5 Lummaton Quarry	Watcombe	4.4	191,664	88,164	B1, B2	Planning permission granted	330
E1.6 Site of MFI, Teignmouth Road	Tormohun	1.2	52,272	24,044	B1, B2	Planning permission granted	90
E1.7 Lymington Road Car Park	Tormohun	1.1	47,916	132,000	TM (O)	Planning permission granted	1022
E1.8 Site of Magistrate's Court, Union Street	Tormohun	0.3	13,068	36,000	TM (O)	Allocated	279

E1.9 Temperance Street	Tormohun	0.5	21,780	60,000	TM (Re)	Planning permission granted	465
E1.10 Site of former Royal Garage, Torwood Street	Ellacombe	1.2	52,272	28,278	TM (M)	Planning permission granted	159
E1.11 Torwood Street/Torwood Gardens	Ellacombe	0.4	17,424	48,000	TM (O)	Allocated	372
Paignton							
E1.12 Dendy Road	Roundham with Hyde	0.7	30,492	84,000	TM (O,Re)	Allocated	530
E1.13 Station Lane	Roundham with Hyde	1	43,560	120,000	TM (Re, Res)	Part built (library)	147
E1.14 North of Tor Park Road	Blatchcombe	4.1	178,596	82,154	B1, B2	Built out	307
E1.15 Tor Park Road Extension	Blatchcombe	0.7	30,492	14,025	B1, B2	Built out	53
E1.16 Yalberton Road	Blatchcombe	41	1,785,960	410,770	B1, B2 and residential.	Planning permission granted	1538
E1.17 Long Road	Blatchcombe	14.6	635,976	292,548	B1, B2	Built out	1095
E1.18 Kemmings Way	Blatchcombe	1	43,560	20,037	B1, B2	Built out	58
E1.19 Long Road South	Blatchcombe	28.3	1,232,748	641,028	B1	Allocated	2972
Brixham							
E1.20 South of Oxen Cove	Berry Head with Furzeham	1.1	47,916	22,041	B1, B2	Built out	83

Definitions

B1: Light industrial and office use

B2: Industrial use

TM: Town centre site suitable for mixed use development

(retail/employment/leisure/residential)

A2. Risk assessment of preferred option

A2.1 Outline of significant key risks

A2.1.1If this report is not approved and the recommendations are not taken forward the risks are principally associated with competition. It is likely that other areas within the Local Enterprise Partnership and elsewhere in the UK will be adopting local enterprise measures. Failure to introduce comparable measures will worsen Torbay's competitive status and make it appear to be a less attractive location for business. This would likely lead to a stagnation or worsening of the already poor economic indicators for Torbay and would limit the effectiveness of the proposed increase in inward investment marketing.

If the recommendations are approved then there are the following risks;

- That the Council cannot afford to implement the policy as a result of ongoing financial pressures
- That the incentives prove not to be attractive enough
- Existing businesses who would be outside of the eligibility criteria lose confidence in the Council's support for them
- o Business rate returns are not as high as anticipated

A2.2 Remaining risks

A2.2.1 There are no remaining risks.

A3. Other Options

A3.1 To maintain the status quo; it is clear that the increasing scarcity of public funds will place the onus for stimulating economic growth on local Councils. Maintaining the status quo is not likely to produce the benefits quickly enough to make a difference.

To consider only the establishment of simplified planning policy; this would provide some confidence and certainty but would be only a partial solution.

A4. Summary of resource implications

A4.1 There are no immediate unbudgeted resource implications arising from this report. If the recommendations result in the development of these policy tools then there will be implications regarding the use of future business rate income, a minor reduction in planning fees received however there would be additional business rates returned to the local area. Increasing the extent of local employment would have a positive impact on benefit payments and would support an overall improvement in public finances locally.

A5. What impact will there be on equalities, environmental sustainability and crime and disorder?

A5.1 The policies proposed by this report are expected to have positive impacts and provide better outcomes for Torbay residents. In particular these policies can support tackling inequalities in Torbay and how the delivery of the schemes set out here can support local supply chains and improve employment opportunities. While environment standards would be set on a project by project basis sustainability is specifically tackled in the investment plan.

A6. Consultation and Customer Focus

A6.1 The report has been based on consultation with the local business community principally through the TDA's business barometer questionnaire along with meetings of the Torbay Business Forum, FSB and others.

A7. Are there any implications for other Business Units?

A7.1 There would be implications here for Planning, Finance and TDA. All business units mentioned here would be required to contribute to the development and implementation of the policies.

There are also implications for Planning in particular with regard to the adopted Local Plan, Supplementary Planning Documents/Guidance and the emerging Local Development Framework which provide the planning policy context for the proposals

Appendices

Appendix 1 - Summary of selected regeneration funding tools available to local authorities

Appendix 2 - Summary of Employment & Business Support in the Bay

Documents available in members' rooms

None

Background Papers:

The following documents/files were used to compile this report:

- 1. Local Government Group Unlocking development: Using local resources to move economic development & regeneration forward 2011
- 2. Torbay Economic Strategy 2010 (Council report 303/2010)
- 3. Torbay Investment Plan 2010 (Council report 195/2010)
- 4. Torbay Inward Investment Strategy 2010
- 5. Torbay Local Plan

Summary of selected regeneration funding tools available to local authorities2

Business Rates Supplement

Businesses and other non-domestic occupiers of property pay non-domestic rates (also known as business rates) to contribute towards the cost of local authority services. Business rates paid by ratepayers are collected in a central account held by the Department for Communities and Local Government (CLG) and then redistributed back to local authorities as part of the local government finance settlement. The Business Rate Supplements Act 2009 enables levying authorities to levy a supplement on the business rate to support additional projects aimed at economic development of the area

Key features of Business Rate Supplements (BRS) include:

- Business Rate Supplements (BRS) are not applicable to properties with a rateable value of £50,000 or below, and authorities have discretion to increase that threshold.
- The total maximum BRS which may be levied by a levying authority is 2p per pound of rateable value.
- Discretion and flexibility. Levying authorities have the power to apply such reliefs to the BRS as they think appropriate and in such cases must include an explanation of the rules for the application of those reliefs in the final prospectus for the BRS.

The key benefits of BRS are focussed on the benefits derived from investment in the local area:

- Local businesses may benefit significantly from hard and soft measures such as transport and environmental improvements
- Borrowing may be avoided as part of the BRS scheme
- Collection and likely receipts are relatively secure and easy to calculate.

The drawbacks of a BRS scheme are focussed on the impacts on current and potential future local businesses:

- Risk that local businesses will feel the impacts
- Risk that new investors will be deterred due to higher rates.

At the time this policy was unveiled by the previous Government Torbay's business organisations were clear that they were against the implementation of such a policy locally as it would undermine Torbay's position in attracting and retaining businesses of that size.

Local business rate retention

In July 2011 Dept for Communities & Local Government announced that local authorities would be allowed to retain business rates to provide a new incentive to work with business to boost economic prosperity. It is important to caveat that presently Torbay is highly dependent on central government top up as the net amount collected in rates last financial year was £32.1m, compared to a block grant of £51.5m. This

² Significant sections of this chapter are derived from the report "Unlocking Development: Using Local Resources to Move Economic Development & Regeneration" Local Government Group & Mott Macdonald September 2011

shortfall of nearly £20m would make service provision impossible without rebalancing through top ups. Figures modeled by the Torbay Development Agency would suggest that, based on a large supermarket and a large office development, the potential value of local business rates is significant;

• Large Supermarket – Current rate is £245 sq m x the multiplier of 41.4p = £507,150 for 5000 sq m new space.

 Office development - rated as a general office with costs of £110 sq m, so that x 41.4p = £227700 for 5000 sq m of space.

This is an estimate and provides an example of what food retail and office space developments could return for Torbay. This income could be used to finance borrowing or develop a capital fund to underpin growth plans.

Community Infrastructure Levy

Overview

The Community Infrastructure Levy (CIL) is a new charge which councils will be able, (but not required) to charge on most types of new development in their area. CIL charges will be broadly proportionate to the size and character of the development paying it.

The proceeds of the levy must be spent on (development or maintenance of) local infrastructure to support the development of the area.

CIL aims to:

- Improve predictability and certainty of what developers will be asked to contribute
- Increase fairness by increasing the range of developments asked to contribute
- Allow the *cumulative* impact of small developments to be better addressed
- Enable local infrastructure to be funded.

CIL takes the form of fixed standard charges, levied as pounds per square metre of developed floorspace. The final amended CIL regulations have been in force since April 2011. Councils are able to set their own flexible payment deadlines and offer developers the option to pay by instalments. Originally payment in kind was to be limited to a £50,000 minimum threshold, but amendments now mean that charging authorities can accept a payment in kind in respect of any liability payable to them.

The Localism Bill:

- Clarifies that CIL can be spent on the ongoing costs of providing infrastructure
- Allows for regulations to set out what maintenance, operational and promotional activities may and may not be funded
- Requires charging authorities (CAs) to allocate CIL raised to other persons or bodies to spend on infrastructure
- Places limits on the binding nature of CIL examiners' reports CAs will have more discretion in setting CIL rates and provides for regulations to set out the evidence a CA must use to set a charge

• Provides for Mayoral Development Corporations to be charging authorities including transitional arrangements on set-up and dissolution.

Discretionary relief from the levy is available, as is full relief for social housing and for development that provides employment.

Tax Increment Finance

Overview

Tax Increment Financing (TIF) is a fiscal tool already in use in North America that uses future tax (business rate) gains to finance current redevelopment and infrastructure projects. The Government's proposals on local retention of business rates removes a significant barrier to TIF implementation in England. CLG's consultation on these matters closes in October 2011.

TIF rests on a straightforward premise: the redevelopment of and provision of new infrastructure within an area will both stimulate commercial activity and increase commercial property values for that area. This in turn generates increased business rates for that area – providing the tax increment. The local authority can then secure financing for the proposed development against the projected uplift in business rates.

The realised tax increment from the redevelopment is then used to repay the enabling finance.

CLG has provided guidance on things to consider regarding TIF:

- A TIF scheme only allows for borrowing for the up front financing of capital investment for a defined area to be developed, and without which the TIF would not proceed.
- The increment from the TIF area needs to be sufficient to be able to meet repayments on borrowing.
- Authorities must consider how the proposals for local retention of business rates and TIF schemes could be combined to support local growth.

TIF is not the right financing tool for every economic development scheme. For example, schemes which are socially very valuable but are not expected to raise additional business rate revenues could not be funded using TIF as the basis for repayment cannot be established.

Government still needs to decide on the criteria future schemes should meet, in consultation with local authorities and industry.

Local Asset Backed Vehicles

The Council has previously approved the development of a Local Asset Backed Vehicle (LABV) (Report 22/2011) recognising that it is a key means of financing economic development activity and levering in private sector investment. Asset leverage takes many forms, with the most common being the tried and tested LABV. These involve public: private co-investment to create a platform for development – often an infrastructure fund able to accelerate delivery of regeneration and other economic development projects.

LABV partnerships allow public sector bodies to use their land and building assets to

attract explicitly long-term cash investment from the private sector. In general they are designed to encourage parties to pool resources, such as finance, planning powers, land and expertise, in order to deliver regeneration with an acceptable balance of risk and return for all those involved.

LABVs can deliver the following benefits for local areas:

- Facilitate and bring forward major regeneration schemes in deprived areas
- Maximise opportunities to unlock value from surplus, redundant or operational council assets
- Combine public sector powers such as planning and compulsory purchase with private sector asset management, development and management skills
- Utilise private sector capital and financial expertise for community benefit
- A strategic approach to delivering a pipeline of sustainable regeneration and community projects through long term partnership
- Reduce the burden of regulatory compliance through asset transfer to the LABV.

Growing Places Fund

Government has announced the establishment of the Growing Places Fund. The £500million Growing Places Fund will be available to help boost economic growth by getting the required infrastructure built to enable the creation of new jobs and homes by getting stalled projects moving again.

The Growing Places Fund can be used to establish revolving funds to take forward a range of projects that can help facilitate economic growth, jobs and house building in the local area, providing returns which can be re-invested locally Types of projects could include:

- Early development of strategic link roads and access works to unlock major mixed-use developments, enabling the delivery of homes and commercial space – leading to the creation of jobs and securing private investment:
- Provision of flood storage capacity to enable development of homes, employment space and retail space; and
- Works to improve local connectivity and reduce congestion through interventions such as extending dual carriageways, enabling developments to be taken forward sustainably.

Ministers have published indicative allocations of the £500m Growing Places Fund to each of the 38 local enterprise partnerships, including:

£14.2 million for the Heart of the South West Local Enterprise Partnership

New Homes Bonus

This scheme will match fund the additional council tax for each new home for six years, with up to £250m a year available. The Bonus is designed to provide a powerful, simple, transparent and permanent incentive which rewards local authorities that deliver sustainable housing development.

Estimates for Torbay are that over the 5 years to 2015/16 NHB could earn £7.6m if house building recovers to 500 dwellings per annum. If completions remain at 2010 rates it is likely to be about £4.5m

Homes & Communities Agency

HCA investments include3 the National Affordable Housing Programme. Between 2008-9 and 2010-11 this programme expects to invest approximately £3m in Torbay. This will be followed by the Affordable Homes Programme 2011-15, which aims to increase the supply of new affordable homes in England. The HCA will invest £4.5bn in affordable housing through the Affordable Homes Programme and existing commitments from the previous National Affordable Housing Programme. The majority of the homes built will be made available as Affordable Rent with some for affordable home ownership, supported housing and in some circumstances, social rent.

The HCA is delivering existing commitments from the previous Housing Stimulus Programme, including Kickstart and Local Authority New Build. Kickstart has supported infrastructure and development costs plus support for affordable housing and HomeBuy Direct (HBD). Previous investments in Torbay include Torre Marine, Torquay. Barratt received £220,000 in government cash to get builders back on site building to construct 65 new homes, 10 of which will be available through Homebuy Direct.

Discussions continue with HCA in the context of the approved Torbay Investment Plan (report 195/2010)

Summary of Employment & Business Support in the Bay

Employment & Skills Agenda

- 1. The support within the Bay is wide and varied in its distribution and delivery. The TDA works with key partner agencies in an effort to influence delivery and funding support to meet local need.
- 2. By local need we mean skills gaps which have been identified as hard-to-fill either through existing vacancies or through identifying new opportunities for investors to the Bay who wish to relocate their business operations. Current formal channels for this work include:
 - The Torbay and South Devon Employment and Skills Board
 - Torbay and South Devon Workforce Development Group
 - Torbay and South Devon Apprentice, Worklessness and Skills sub-groups
 - Productive Skills for the Heart of the South West
- 3. Plus; Ongoing 1-2-1 meetings and discussions, as required and appropriate, with key individuals from the following organisations;
 - Skills Funding Agency
 - National Apprenticeship Service
 - Job Centre Plus & their formal Prime Contractors for the Work Programme
 - South Devon College
- 4. In the past 12-months their has been a significant culture change with regards to skills development, endeavouring to simplify funding, provide greater flexibilities in delivery and to allow the providers to respond to identified market needs. There is a wide-range of skills support currently being delivered across the Bay which is generally funded through the Skills Funding Agency (SFA) or the Department of Work and Pensions (DWP). Funding for skills support tends to be more focussed on the unemployed, adults lacking in basic skills and 19-24 year olds undertaking a first level 2 or 3 qualification. Apprenticeships are now very much at the heart of the system with a greater emphasis on developing these at level 3. Due to the changes in how funding is apportioned it has become increasingly important that the TDA does its utmost to influence providers to deliver the most relevant skills across sectors that are most appropriate to the future needs of the Bay businesses and residents.
- 5. Apprenticeships Employment based qualifications available to all learners aged 16 or above. Delivery of Apprenticeship frameworks tends to be through local training providers, the largest of which is South Devon College, however there are a variety of smaller locally based training providers who have a proven track record of successfully delivering apprenticeship provision within the Bay. Training is fully funded for all learners up to19-years of age, however employers are expected to contribute 50% of the training cost for all apprentices aged 20+. One locally based training provider, based on their success rates, responsiveness and flexibility to business requirements are currently in a position to not request an employer contribution) for apprentices over 19 years, however this is likely to cease by April 2012.

- 6. TDA role The TDA engages with the National Apprenticeship Service (NAS) and local training providers, including South Devon College, through the Employment and Skills Board and the Apprenticeship sub-group. The TDA has also developed excellent 1-2-1 working relationships with key individuals to ensure that the needs of local employers are matched to appropriate frameworks and delivery and that, wherever possible, these frameworks are delivered in locations which best serve all involved.
- 7. The TDA has played a large part in actively promoting apprentice opportunities across the Bay and was instrumental in introducing the Torbay Employers Apprentice Reward Scheme in 2008, which provided a £650 grant to businesses that had never previously employed an apprentice. The initial scheme ran from 2008-2011 and resulted in 206 new apprenticeship starts across this time. The TDA continues to support this scheme in 2011 and through negotiations with Devon County Council, via Productive Skills for Devon, has this year been able to secure additional funding to extend the scheme into the travel-to-work travelto-learn areas of Teignbridge and the South Hams (TQ6-TQ15 postal codes). The TDA as an organisation has led by example in this field by employing its own apprentice undertaking a level 3 qualification in Business Administration and is working closely with Torbay Council, in conjunction with the National Apprenticeship Service and South Devon College, to introduce a 'cadet model' salary entry point for new apprentice starts in order to encourage managers to seriously consider employing an apprentice for any vacancies that may arise within their departments. We believe that this may be approved within the next few weeks.
- 8. In recent months the TDA has been involved in introducing a new Lab-Technician apprenticeship framework into the Bay as a result of articulated demand from significant sector-based employers. As a result delivery of this framework has commenced this autumn.
- 9. Additionally, through ongoing partnership working Torbay Council is now looking to introduce a new rate of pay for apprentices, to bring apprentice terms and conditions more aligned to the rest of the economy and therefore presenting the Council with a more cost effective solution than in the past.
- 10. Job Centre Plus (JC+) commissioned activity for key client groups. There are a number of avenues supporting skills development delivered through Jobcentre Plus and the TDA continues to pro-actively engage with JC+ representatives through both formal and informal channels in order to influence delivery and, where possible, access funding to support delivery.
- 11. The main channels of funding and delivery are as follows, however this list is by no means exhaustive.
- 12. **The Work Programme** Mandated to Jobcentre Plus claimants who are classed as 'long-term' unemployed –claiming for 12-months plus. Delivered on a 50-50 basis by 2 prime contractors Prospects SW and Working Links and their sub-contractors through a black-box approach and based on outcome-based payment by results.
 - a. **TDA role** We have engaged with each of the Prime Contractors since the announcement of their successful appointments in order to provide

- them with the necessary background information on the economy and to engage with them to influence delivery as and where appropriate.
- b. Each of the prime contractors's has a seat on the Employment and Skills Board and the TDA continues to engage in discussions as to how to improve delivery and review the potential successes of their delivery.
- 13. In June 2012 the Prime that has been seen to deliver interventions in the most successful way will be awarded a minimum 80% of the ongoing work programme contract for the duration of the remainder of the contract, until 2016.
- 14. **Sector-based work academies** As a result of recognised skills gaps associated with specific sector vacancies this provision aims to raise skills in the relevant sector for unemployed individuals through 2-week's worth of locally delivered training, leading to work placements and guaranteed interviews.
 - a. TDA role Through the normal course of our daily work activities and investigations with employers we work closely with local employers to identify potential sector-based skills gaps and recognise opportunities which may lead to future vacancies. We also work closely with JC+ to ensure that provision is being commissioned relevant to local- identified business need.
 - b. In recent months sector-based work academies have been delivered in the Health and Social Care sector, focusing specifically on Care Home vacancies, and also Retail, with a number of previously unemployed individuals moving into employment.
 - c. We are currently working with Jobcentre Plus investigating options to deliver Sector-based work academies in Tourism, Hospitality and Leisure and Fish Production should the evidence for employment demand support them. We will continue to identify future options and influence delivery.

Other TDA Skills Development Work

- 15. Enhancing the skills of local residents for the benefit of the local economy is a key activity for the TDA and through the Employment and Skills Board and other conduits, we have been instrumental in developing a number of initiatives to assist both residents and businesses with this challenge.
- 16. In 2010 the TDA developed the Employers Guide to Skills an online document http://www.torbaydevelopmentagency.co.uk/tda-skillsandtraining.htm to assist employers in identifying opportunities to continue to develop the skills of their employed workforce, following feedback that the skills and training offer was far too complicated and often put off employers form progressing their investigations.. Work continues to improve and simplify the provision of this information.
- 17. In the past 6-months the TDA has been working with St Cuthbert Mayne School on the development of an Employability Certificate to assist young people approaching school leaving age to develop the necessary skills to be ready for

the work place. This news has been received with interest by a number of our employers.

- 18. In 2010 the TDA joined forces with and secured funding from Productive Skills for Devon to develop and deliver the South Devon Skills Awards 2011, a celebration of excellence in developing and applying skills by learners and employers across Torbay, Teignbridge and South Hams, providing the perfect opportunity to recognise and celebrate the achievements of people at every stage of their life and career. The event also recognised the support provided by employers of all sizes across every sector and the impact this has made on their businesses for the benefit of the Bay and its surrounding areas. The TDA will be delivering this event for the second year in 2012.
- 19. Attached at Appendix 1 is further information on the organisations involved in the skills agenda and at Appendix 2 a table of the formal skills development forums.

Enterprise Support

- 20.A significant amount of business support activity is delivered through the Urban Enterprise Programme using funding from Europe. The aim of this programme is to deliver start up support within the Bay's deprived areas to help generate an enterprise culture. More recently and leading from the Urban Enterprise programme the TDA has with partners established the Torbay Business Support Forum. This forum was established in order to:
 - To better understand what business support services are provided locally
 - To develop a matrix of information to clarify what services/ programmes are
 on offer, to whom, cost and eligibility. This can be used by all organisations
 to communicate internally as to what is on offer and can be used as a referral
 tool
 - To clearly understand referral process/routes to local agencies
 - Identify any joint working opportunities to promote the collection of services/programmes.
- 21. A full list of organisations involved in the forum is listed at Appendix 3
- 22. In addition to these overarching groups there are a number of specific activities undertaken by organisations:

South Devon College leading on:

- Global Entrepreneurship Week (GEW) to promote and celebrate business support. TDA is on the working group putting together the programme. TDA is currently looking into putting on 2 events for GEW
- Energy Centre was part of their Regional Growth Fund 1 bid and SDC is now looking to secure ERDF funding. This will form part of the Urban Enterprise programme.
- <u>Peter Jones Academy</u> offers courses designed to help people succeed in business. The TDA is working with SDC to ensure links are made with the Urban Enterprise Programme
- 23. Business Link is keeping the Business Support Forum abreast of the organisational changes. At a strategic level the TDA is ensuring a smooth

- transition and minimal disruption to local business support services as Business Link provided the only face-to-face business support in Torbay.
- 24. Their parent company Peninsula Enterprise is responsible for the delivery of the Social Enterprise element of the Urban Enterprise programme therefore operation links with the TDA are very close to ensure successful delivery of the project.
- 25. Peninsula Enterprise are also leading a South West wide programme for broadband demand stimulation, funded through ERDF and anticipated to begin in April 2012. The TDA are working with Peninsula to ensure this programme is delivered to Torbay businesses.
- 26. Outset Torbay is the brand for a business start-up support programme commissioned by the TDA and therefore oversees the delivery of the project and the outcomes. Through the UE Steering Group and regular meetings with the project director, TDA ensures effective delivery and linkages to other projects. Torbay Council part funds the delivery
- 27. South West Investment Group has been commissioned by TDA to deliver the micro loan (up to £7,500) element of the Urban Enterprise programme. Through the UE Steering Group and regular meetings with the project director, TDA ensures effective delivery and linkages to other projects. Torbay Council part funds the delivery.
- 28. Fredericks Foundation engaged with Outset Torbay so that those clients unsuitable for SWIG micro loan can source start up finance. Now engaged in the Business Start up Forum
- 29. Enterprise Plymouth operates outside the Bay but is skilled in securing funding for a range of projects. TDA has worked closely with EP in bringing a business start up for the over 50's event into Torbay, developing the New Enterprise Allowance project and we are currently working with them to explore opportunities through the Flexible Support Fund.
- 30. Job Centre Plus is a key referrer of clients into Outset Torbay and is the sole referrers for New Enterprise Allowance. JCP sit on the Urban Enterprise Steering Group to ensure links are maintained and new initiatives discussed. On a wider level, they are engaged with the Business Support Forum and keep the group informed of new and emerging initiatives coming out of Department for Work & Pensions for example, the flexible support fund mentioned above; TDA working with Enterprise Plymouth came out of a discussion at the Business Support Forum.
- 31. Prince's Trust is now actively working in Torbay thanks to the efforts of the TDA. They will be delivering an Enterprise Programme, Get Started Programme and Get into Programme. An initial meeting with the Prince's Trust has identified an opportunity for joint working with Outset Torbay and a meeting will be arranged shortly to explore these opportunities. Prince's Trust has been invited to attend the Business Support Forum and will be giving a presentation on their Torbay activity to the group at our next meeting in November.

- 32. Council departments such as Business Rates and the Food and Safety team play an active role in the Business Support Forum. The new rating system for food establishments presents an opportunity for closer working with the TDA and we are looking at engaging the better performing establishments into the business support network. The reason for this is that those being rated as 4 or 5 star are extremely pleased with the outcome and have gone well above the legal requirement; they may benefit from finding out about the range of business support offered locally to help them develop their business. The Food and Safety team also have an active role with the Bay's fishing industry therefore they are now being engaged with the development of the Marine Action Plan.
- 33. Banks (Lloyds TSB, RBS, HSBC, Barclays) are now engaged with the Business Support Forum. The TDA is exploring the idea of putting on an 'Access to Finance' event for the banks during Global Entrepreneurship Week to give businesses an opportunity to discuss their finance needs.
- 34. Working Links support people into employment rather than offering business support therefore there is no working relationship with TDA for business support activity. They are however a member of the Business Support Forum to ensure links are made if relevant.
- 35. Chapter One is a key delivery partner in the Rooute Centre which is due to be built alongside the Lymington Road Innovation Centre. They have only recently joined the Business Support Forum so we will explore opportunities for joint working.

Other Services

- 36. In addition to the programme listed above there are a number of other activities undertaken by officers of the TDA to support businesses in the Bay. These include:
- 37. Quarterly Business Barometer this is circulated widely and the results help inform the actions and projects developed to support businesses
- 38. Grantfinder this database allows us to undertake funding searches on behalf of businesses. The service also provides an update on funding and award opportunities which are circulated to relevant organisations and include on our Twitter site
- 39. The development of a Low Carbon Forum with the aim of encouraging smaller businesses in the Bay to work together in order that they can bid for larger contracts
- 40. The development of the Manufacturers Forum which will work in a similar way to the Hi Tech Forum by bringing businesses together to network, raise issues and identify ways of working more closely together
- 41. The Torbay Business Directory is an online directory which is available free to all businesses with the main aim of encouraging local supply chains.

Organisational Information

Skills Funding Agency (SFA) - The SFA are a partner organisation of the Department for Business, Innovation and Skills which funds and regulates adult further education and skills training in England in order to ensure people and businesses can access the skills training they need to succeed in playing their part in society and in growing England's economy, informed by the needs of businesses, communities and sector and industry bodies.

The SFA is dedicated to helping people get on through learning. They do not fund learners directly but are committed to providing more information to inform learner choice.

SFA funded delivery tends to be through formal academic further education provision or through Apprenticeships, both of which are delivered by local providers such as South Devon College, Paignton Sec Info Tech and other independent training providers.

National Apprenticeship Service (NAS) - NAS has end to end responsibility for Apprenticeships in England. The NAS has been designed to increase the number of Apprenticeship opportunities and provide a dedicated, responsive service for both employers and learners. We are simplifying the process of recruiting an Apprentice through Apprenticeship vacancies, an online web-based matching service.

Apprenticeships bring considerable value to organisations, employers, individuals and the economy. Businesses across the country are now increasingly realising the enormous benefits that Apprenticeships create, not only in terms of a highly skilled workforce but also by boosting productivity and staff retention. Research shows they are an optimal way of training, developing and skilling people for the future, helping businesses secure a supply of people with the skills and qualities they need and which were often not available on the external job market.

Key local training/delivery partners the TDA is actively engaged with

- South Devon College
- Paignton Sec Info Tech
- Westward Training Pathfinder
- DWP Work Programme primes
 - Working Links
 - o Prospects SW
- DWP Work Programme prime sub-contractors
 - Westward Training Pathfinder
 - Groundwork SW

Table of Formal Skills Development Forums

Name of Project/Forum	Organisations involved	Role
Torbay and South Devon Employment and Skills Board (ESB) – Takes place quarterly and is hosted by employer members on a rotating basis. Chaired by a private-sector employer who sits on the TDA Board and Economic sub-group. The TDA facilitates these meetings and provides administrative support.	 Torbay Development Agency Torbay, Teignbridge and South Hams Councils Careers South West Devon Education Business Partnership Federation of Small Businesses Job Centre Plus Skills Funding Agency South Devon College Local training providers A range of local businesses from different sectors including training providers, retail, manufacturing and others. 	The ESB was set-up by the TDA in April 2009 in order to bring together key organisations to help ensure that employers are ideally positioned to guide and influence the skills priorities for the area. The ESB is employer-led and employer focused, with a vision to raise the skills, aspirations and productivity of the Torbay and South Devon workforce and to support the growth of a vibrant and successful local economy.
Torbay & South Devon Workforce Development Group – Takes place every 6-months Chaired by Pippa Garrigan, Paignton Sec Info Tech Funded through Productive Skills for the Heart of the South West. The TDA facilitates these meetings and provides administrative support.	 Torbay Development Agency Torbay, Teignbridge and South Hams Council's National Apprenticeship Service Skills Funding Agency Jobcentre Plus Devon Education Business Partnership Business Link Training Provider Network Assorted local training providers 	Chaired by the TDA. Brings the main providers of training and skills development together to discuss skills issues and, where necessary, add weight to local evidence and need in order to influence the decision making processes of funding allocations from bodies such as the SFA and JC+.
Sub-groups of the ESB include	le:	
Torbay Worklessness Forum – Chaired by Joan Farleigh, Jobcentre Plus Takes place quarterly with TDA representation alternating between Skills and Enterprise support. Skills sub-group – chaired and facilitated by Shekinah Mission	 Torbay Development Agency Torbay Council – Supporting People Torbay Care Trust Jobcentre Plus Outset Torbay Shekinah Mission Torbay Development Agency 	Both groups help to join up delivery and align resources. Also crosspromotes activity to broaden delivery to wider audiences.

Name of Project/Forum	Organisations involved	Role
Takes place quarterly	 Torbay Council – Safer Communities Team Jobcentre Plus Probation Hele Hub CIC Other locally based Community Interest Companies delivering skills and training support 	
Apprentice sub-group – Takes place every 6- months Chaired and facilitated by Careers South West	 Careers South West Torbay Development Agency Torbay Council 14-19 Team National Apprenticeship Service Paignton Sec Info Tech South Devon College Job Centre Plus 	Group specifically focussed on Apprenticeship progression and developing ways to improve employer engagement with this agenda. Also, to challenge providers where necessary to deliver frameworks appropriate to identified local need.
Other Forums/Groups:		
Productive Skills for the Heart of the South West - Takes place quarterly Chair of the group (Tim Jones) is also Chair of the LEP.	 Torbay Development Agency Devon County Council Somerset County Council Jobcentre Plus North Devon ESB Somerset ESB Plymouth ESB Careers South West Devon & Cornwall Business Council Exeter College Business Link Skills Funding Agency South West Observatory (SLIM) South Devon College Training Provider Network 	This is the current formal channel for skills prioritisation, discussion and development covering the LEP area Torbay, Plymouth, Devon and Somerset. Developed from the previous Productive Skills for Devon group as a result of the changing LEP priorities.

Organisations involved in the Urban Enterprise Steering Group:

Torbay Development Agency
Outset Torbay
South West Investment Group
Peninsula Enterprise
RISE
Department of Communities and Local Govt
Job Centre Plus

Organisations involved in the Business Support Forum:

Torbay Development Agency
South Devon College
Business Link
Outset Torbay
South West Investment Group
Fredericks Foundation
Enterprise Plymouth
Job Centre Plus
Age UK
Prince's Trust
Torbay Council (Business Rates, Food and Safety)
Working Links
Enterprise Europe
Banks
Chapter One