

Post Covid Plan



DRAFT

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Executive Summary

Economic impact

- Torbay's Gross Value Added (GVA)¹ per head, how productive our economy is, is one of the lowest in the country
- Covid19 could lead to a 41% drop in Torbay GVA in worse case scenario
- Torbay could see 18,000 job losses
- Analysts expect the impact of Covid19 to be worse than the recession of 2008/9
- As a coastal economy the impact will be felt harder and take longer to recover in Torbay
- 70% (over 1000) of tourism businesses could close permanently if the summer season is lost entirely
- Fishing sector diversifying into consumer market
- Hi Tech businesses experiencing job growth
- Local and foreign business growth interest in Torbay
- Potential investment of £40m could stimulate town centre transformation in Torquay and Paignton

Planned Objectives

- To minimise the immediate economic impacts of the Covid19 crisis as far as possible
- To accelerate local economy recovery
- To bring about greater resilience in the local economy

Outcome Measures

- Universal Credit (UC) claimant count
- Total number of businesses
- Total number of social enterprises
- No of people in full-time work
- Total number of visitors (including monitoring of shoulder season)
- Total visitor spend
- Value of catch into Brixham
- Value of investment in town centres
- No of businesses committed to community wealth building
- Percentage increase in local purchasing

¹ GVA is a measure of output indicating how productive the economy is

Overview of the Torbay Economy

As the second largest urban area in Devon, with a population of over 135,750 people, Torbay faces some challenges associated with that of a larger town or city. This coupled with the coastal location compounds both the challenges and sensitivities of its economy.

Torbay has historically demonstrated a lower level of resilience to economic shocks compared with other areas across the country. Since experiencing an isolated economic shock in 2004 with the closure of Nortel, Torbay's economy has continued to experience deeper and longer-lasting contraction in economic output. The recession of 2008/ 09 saw output fall by 4.7% with weaknesses remaining in the resilience of Torbay's economy today.

GVA per head in Torbay in 2018 (latest) is £14,599, ranking it the lowest in England by NUT3 areas, slipping from the third lowest in 2017. This represents 51.2% of the UK average, with the gap widening over the last 10 years.

When comparing Torbay's output per full-time equivalent (FTE) worker, economic performance is better but continues to lag behind the UK average.

Torbay is the most deprived local authority in the Heart of the South West and ranked the 48th most deprived in England, with over 36,691 people living in the bottom 20% most deprived areas, equating to 27.4% of the population. The most deprived areas tend to be primarily concentrated around the centres of each of the three towns.

When considering income and employment measures only, Torbay ranks less favourably with it being ranked the 24th and 11th highest for income and employment deprivation respectively across all of the local authorities in England.

Closely linked with Torbay's deprivation is the high number of personal insolvencies. Torbay has the third highest rate of personal insolvencies in England and Wales, accounting for 47.3 per 10,000 adults in 2018. This may reflect low wage rates (mainly due to the economy being dominated by sectors which offer relatively low-paid, and part-time seasonal work) along with relatively high living costs. Many people in Torbay are in unstable part-time employment with relatively high debt levels. Part-time employment in Torbay is above the national and regional averages, accounting for 43.0% of the area's jobs, compared to 32.3% and 36.3% respectively – severely impacting upon people's standards of living.

Torbay lags behind the UK on many economic measures, it has experienced significantly lower levels of business growth of 13.0% compared to 30.6% nationally, employment growth of 9.0% compared to 10.4% nationally, and GVA growth of 7.5% compared to 28.8% nationally, since 2011.

The narrow business base and heavy dominance of employment in three main sectors further impacts on Torbay's economic resilience. Torbay's economy has a strong dependence on the face-to-face service sector, accounting for over 30,125 of

the 48,500 jobs in Torbay equating to around 68.4%. Those sectors which are particularly susceptible are:

- Health and social care employing 10,875 – 23.4% of the workforce
- Tourism and hospitality which generates £550m, employs 12,000 FTE and supports 1500 businesses
- Retail employing 5,500 – 11.8% of the workforce

Whilst employment in the fishing sector is not of significant enough size to feature in the above list, its importance to Brixham's economy cannot be underestimated.

Torbay's economy is fragile and the current Economic Strategy sets out a plan to address these challenges whilst building upon opportunities. Focusing on skills, business, and place, Torbay's current Economic Strategy contains projects and programmes designed to stimulate investment, support local growth and drive job creation. Some progress has been made with Torbay invited to bid for significant investment for Paignton and Torquay and other projects moving forward.

However the challenges to the area as the impact of Covid 19 becomes clear will require more action, more support and more investment to recover and reposition the economy.

Impact of Covid 19

Analysts have predicted that the economic impact of Covid 19 will be worse than the recession of 2008/9 which saw Torbay's economic output fall by 4.7% and around 3,000 people lose their jobs. The International Monetary Fund (IMF) forecasts that Covid-19 could have a greater global economic impact than the Great Depression of the 1930's.

The Office of Budget Responsibility (OBR), which provides independent analysis on public spending, forecasts that Covid-19 lockdown could see the economy shrink by up to 35.1% and unemployment rise to 2.1M – reaching 10% by the end of June.

The OBR does forecast that while the shock of lockdown on the UK economy will be sharp, it will also only be short. Assuming there is the availability of credit to temporarily sustain companies' cash flows, the OBR expects economic growth to return in the second half of the year and get back to its pre-crisis levels by the end of 2020. However, recent history and Torbay's characteristics as a coastal economy means that the bounce back is likely to take longer.²

National government has gone some way to stabilise the economy however it will take local intervention and leadership to recover and reposition Torbay's economy.

² Centre for Towns Covid19 and Towns

Using the Advanced Modelling of Regional Economies (AMORE) for Torbay we have been able to quantify the projected economic impact on the local economy, using the same assumptions within the OBR's forecast.

The modelling does not factor in the impact of govt interventions. Oxford Econometrics is currently undertaking this modelling across the South West so more accurate data will be available shortly.

Table 1: Projected Economic Impact on Torbay's Economy

	Torbay		UK	
	Number	% Change	Number	% Change
GVA	£839.4M	-41.4%	£669,921.4M	-35.1%
Jobs	18,475	-38.6%	1,200,000	-10%

Table 1 shows the projected economic impact on the local economy, in terms of loss of economic output and jobs based on the assumptions highlighted above. It compares the projected impact on Torbay compared to the UK (note this is a worst case scenario).

The model forecasts a potential fall in economic output of up to 41.4% with around 18,475 jobs lost. This compares to a drop in economic output across the UK of 35.1%, further demonstrating the impact on Torbay will be harder, partly due to its lower economic resilience and dependence on sectors such as the social care, retail and tourism.

Table 2 shows the key sectors in Torbay which will be hit the hardest. Job losses will be hardest felt in the wholesale and retail, along with accommodation and food services – accounting for almost 8,000 jobs. In terms of economic output, real estate activities and accommodation and food service providers would be hardest hit seeing a decline of 62.6% and 67.4% respectively.

Table 2: Projected Economic Impact in Key Sectors

Key Sectors	Jobs		GVA	
	Number	% Change	Number	% Change
Wholesale & retail trade	5,197	-91.82%	£161.9M	-25.76%
Accommodation & food service activities	4,780	-23.48%	£147.7M	-91.44%
Real estate activities	239	-24.38%	£141.5M	-36.95%
Construction	2,725	-85.60%	£113.0M	-85.60%
Professional, scientific & technical activities	1,612	-59.75%	£58.0M	-55.14%
Manufacturing	1,464	-66.94%	£53.1M	-66.39%

In terms of job losses, locally the retail, tourism and hospitality sector were amongst the first to announce redundancies and arguably are the hardest hit sector.

Currently, 30% of tourism businesses are not expected to survive. If the summer season is lost and businesses face '3 winters', this rises to 70%.

The fishing sector has seen a significant drop in the value of fish since the lockdown, and many overseas markets closing overnight. Support for this sector came late but has helped stabilise the sector. Some businesses diversified into the consumer market and this presents an opportunity to build resilience across the sector.

However, there are opportunities. TDA is working with businesses who despite the pandemic are growing and want to either grow in or relocate into Torbay creating high value jobs. The Hi Tech sector has not seen any reduction in employment and in fact three local companies have been recruiting. Investment of up to £40M into Torquay and Paignton Town Centres is expected through Town Deal and Future High Streets Fund. All of which will bring economic stimulus to the area and through the wealth building approach advocated here support retaining more income in Torbay.

The impacts of Covid19 in Torbay will be felt more deeply compared to cities and other areas. This is due to the nature of the dominant sectors allied with the coastal geography, resulting in Torbay's recovery being longer and slower.

Co-ordinated action is needed now from leaders across the Torbay community to prevent further economic decline, and to set about recovering and repositioning the economy. Action now will help to sustain jobs and businesses and for the Council turn around loss of car parking income, loss of rental income and loss of business rates/council tax income.

The action plan below sets out the additional action needed to recover and reposition the economy.

Action Plan

Respond	Themes	Recover (now - 6 months)	Reposition (6-24 months)
<p>1) Gather intelligence from business community:</p> <ul style="list-style-type: none"> a. Weekly intelligence report for Incident Management Team, Cabinet and HotSW b. Develop local modelling to measure impact c. Respond to national enquiries (eg DMCS call for evidence) <p>2) Support local business community:</p> <ul style="list-style-type: none"> a. Communicate support available to maximise take up/ survival b. Prioritise claims where required c. Lobby where businesses, other organisations and self-employed are not able to access support d. Gather good news stories e. Facilitate space for sectors to come together for mutual support f. Work with elected/business leaders to ensure regional and national positioning 	<p>Town Centres</p>	<p>4) Work with partners to co-ordinate the safe and efficient re-opening of town centres & other retail space:</p> <ul style="list-style-type: none"> a. Develop an action plan to safely open the high streets. b. Develop a communications and marketing plan aimed at residents and businesses. c. Business support package to help (independent) retailers open up safely and efficiently. d. Public realm measure to keep people safe and develop consumer confidence. e. Integrate town centre recovery with Community Wealth Building to build resilience as well as driving residents to the town centres. f. Implement car parking incentives to attract residents back into the town centres whilst growing car parking revenue. g. Develop new planning policies, as part of Local Plan review, to support greater diversity and resilience in town centres. <p>5) Submit Torquay Town Investment Plan.</p>	<p>24) Use new planning policies and Invest in Torbay brochure, alongside existing masterplans and funding, to attract investment for transformational projects in town centres.</p> <p>25) Begin delivery of Towns Investment Plan</p> <p>26) Deliver Future High Streets Fund programme</p> <p>27) Ensure that the great Place scheme legacy is used to improve cultural offer in town centres</p> <p>28) Ensure maximum broadband coverage & seek to be testbed for new technologies.</p>

<p>g. Align with campaigns (e.g. Creative Industries Federation #OurWorldWithout, Visit England/Visit Britain domestic campaigns)</p>		<p>6) Submit Paignton Future High Streets Fund bid.</p>	
<p>3) Emergency response funding: a. Seek and enable appropriate emergency funding for respective sectors. Bids may be led by TDA, Council or by other partners best placed to lead and/or deliver</p>	<p>Cultural Development</p>	<p>7) Support cultural sector partners and creative businesses to operate and be able to provide cultural programming and events for residents, day visitors and staying visitors.</p> <p>8) Support cultural assets (arts/heritage venues, amenities) to recover and reopen safely and efficiently and rebuild the offer to residents and visitors.</p>	<p>29) Through Torbay Culture continue to lead the cultural sector to rebuild audiences and produce quality programming during continued social distancing and beyond to generate increased footfall and drive the visitor economy season in the shoulder seasons, building resilience across the sector.</p>
	<p>Visitor Economy</p>	<p>9) Support tourism businesses to re-open safely in line with the Government's Recovery Plan.</p> <ul style="list-style-type: none"> a. Help the sector to source PPE equipment. b. Lead the wider HotSWLEP visitor economy sector with economic recovery and growth, demonstrating partnership working and our ambitions for Tourism Zone status. <p>10) Work with Council's Food and Safety team and Public Health team to share and promote the adoption of guidance/</p>	<p>30) Work with English Riviera Destination Management Group to implement the recommendations from 'Building Resilience in the Visitor Economy' research to build a more resilient, year round tourism sector and build in the English Riviera's destination aspirations into the SW Tourism Zone prospectus.</p> <p>31) Support the ERBID to implement the HotSWLEP Tourism and Visitor Economy Recovery Plan, reflecting working in partnership.</p>

		<p>practical toolkit (aligned to national guidance).</p> <p>11) As part of Place positioning, work in partnership to share and adopt key messages with businesses and the public, operating as a ‘responsible destination’, to manage expectations and encourage consumer confidence.</p> <p>12) As part of the place positioning, support businesses to adopt ERBID Co marketing messages aligned with national campaigns, encouraging visitors back to the destination.</p> <p>13) Accelerate Be the Business workshops/action learning programme across Torbay and wider LEP building resilience in the sector. Integrate the innovation and best practice that has evolved since lockdown into the programme through peer to peer learning.</p>	<p>32) Build on the Be the Business Programme (subject to initial evaluation)</p>
	<p>Wealth Building</p>	<p>14) Implement Community Wealth Building Programme:</p> <ul style="list-style-type: none"> a. anchor institutions and Torbay’s larger employers/aftercare businesses working towards spending more of their revenue in the Torbay economy. b. anchor institutions and Torbay’s larger employers/aftercare businesses to adopt good employment charter. 	<p>33) Continue to build on the Community Wealth Building model:</p> <ul style="list-style-type: none"> a. annual growth in local purchasing from anchors and local employers b. securing 20 new employers annually c. deliver meet the buyer events

		<p>c. Establish a good employment charter to set out foundation for skills progression for working age</p> <p>d. Buy Local campaign to encourage residents back to the high street (as part of the safe re-opening of the town centres)</p> <p>e. Integrate the Keep It Local initiative into the wider CWB programme</p>	<p>d. continue to evolve the Keep It Local platform</p> <p>e. 2 Buy Local Campaigns each year</p> <p>34) Support Community Development Trust to further enable local communities to build on the community cohesion evident during the lockdown</p>
<p>Growth</p>		<p>15) Work with the Fisheries sector to raise awareness of selling direct to consumers as a route to a new market, encouraging local businesses to get involved.</p> <p>16) Seek funding opportunities for Brixham fish market extension</p> <p>17) Review the business case for developing fish processing in Torbay</p> <p>18) Continue to deliver aftercare support for our strategically important businesses, including anchor cultural/visitor assets under wealth, growth, tourism headings.</p> <p>19) Build upon the relationships developed with Chambers and Forum to gather intel and support; further develop relationship with other business led organisations</p>	<p>35) Continue to support the Fisheries sector through the Fishing Intelligence Group, building resilience and market diversification whilst accelerating digital skills.</p> <p>36) Working with the careers hub to raise awareness of career opportunities and benefits working with our key sectors including the fisheries sector.</p> <p>37) Develop the electronics and photonics sectors capitalising on new opportunities:</p> <p>a. Develop and implement a sector skills and recruitment action plan including:</p> <ul style="list-style-type: none"> • skills summit including employer engagement teams and heads of photonics

		<p>20) Review and refine the Torbay Economic Growth Fund (TEGF) to support economic regeneration post covid. Support those businesses who have registered an interest in (TEGF) or those identified by TDA ec dev team</p> <p>21) Work with HotSW LEP to support Torbay's economic recovery aligning local priorities to the LEP's recovery plan</p> <p>22) Continue to manage and monitor economic data/trends to inform reports/actions and emerging trends. Invest in data systems (eg. Burning glass) to provide accurate trends and insights</p> <p>23) Continue to Lobby government for support for coastal towns to enable recovery before 'levelling up'</p>	<p>/electronics departments from UK Universities</p> <ul style="list-style-type: none"> • benchmark and develop best practice training courses in photonics • Develop Career Days using Gooch and Housego as an example • Development of a higher apprenticeship framework in photonics working with SDC <p>b. Continue to promote EPIC as a centre of excellence for the Photonics and Micro Electronics sector to attract inward investors and support local cluster growth through developing the High Potential Opportunity (HPO) designation, marketing campaigns and events</p> <p>38) Continue to seek public & private investment into Torbay esp for infrastructure investment i.e. employment space – including Yalberton Road, Edginswell gateway, Edginswell Station, Cultural assets</p> <p>39) Support local growth, helping local companies to expand and also encourage inward investment in key sectors.</p>
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40) Develop a skills and employability plan to address anticipated redundancies, new ways of working and structural changes in some sectors.

- a. Intensify both start up programme and Ready for Work to get people into employment/self-employment and recruitment projects
- b. Inform planning for sector based work academy's (construction, visitor economy, health and social care, food and drink)
- c. Identifying and building on sector specific training packages
- d. Strengthen careers, information, advance and guidance (CIAG) by supporting the Careers Hub
- e. Digital skills
- f. Marketing skills
- g. HR (recruitment and induction)
- i. Increase number of in work apprenticeships using the lessons from Apprenticeship Pilot:
 - Torbay Apprenticeships Fair
 - Development of Torbay Young Apprentice Ambassador Network

			41) Work with the HotSWLEP to ensure close alignment of Torbay's strategic needs
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Resources

The impact of Covid 19 will be felt deeper in Torbay and take longer to recover.

Resource and leadership will be needed to steer Torbay out of the economic crisis it faces.

The action needed isn't about doing more of the same but building on what works, best practice and new ideas. In developing this plan the relevant actions which are planned or succeeding locally are being retained and provide a foundation. Development and delivery of this plan will require additional resources to ensure the Torbay economy comes through this crisis and repositions for the future.

This action plan will put the control of economic growth into local hands. Community wealth building will drive local companies to develop local supply chains, encourage residents to buy locally and employers to employ local people – this has the added advantage of reducing road miles leading to a cleaner and greener local economy.

A new skills and employment plan will be developed to ensure those at risk of losing their jobs can retrain, lessons from the apprenticeship pilot help develop a new approach to skills progression throughout working ages so that our businesses can benefit from new skills adapt and innovate to emerging opportunities. Our town centres will be transformed attracting our residents, visitor and future investment. Our bedrock sectors will be supported to grow back better and be more resilient and our growth sectors will flourish. Investing in Torbay's economy not only secures its future but also drives income to Torbay Council as it will lead to increased car parking income, rental income and business rates income.

Core staffing – 5.5

Additional Staffing requirement – 2 FTE

Estimated additional revenue costs (per year) for plan delivery

2020/21	2021/22	2022/23
£388,000	£460,000	£460,000

Risk Assessment

	Probability	Impact	Risk	Mitigation
Insufficient capacity or structure in Torbay i.e. partners and community	3	4	Medium	Work with partners to encourage collaboration
Insufficient capacity in TDA	4	4	High	Work to secure additional resource to complement core
Public Investment (Town Deal, FHSF etc) is not secured	3	5	High	Continue to work with local, regional and national partners to make the case for Torbay
Disproportionate economic impact of Covid on female residents i.e. female entrepreneurs closing businesses to seek "safe" employment	3	4	Medium	To be determined
Disproportionate economic impact on most disadvantaged areas of Torbay	4	4	High	Work with partners to understand community impacts. Adopt community wealth building approach
Torbay fails to resolve "place identity" hampering efforts to attract private sector investment	3	4	Medium	Encourage debate across Torbay to ensure that local assets & opportunities are well understood and promoted.