



**TORBAY**  
DEVELOPMENT AGENCY

Towards Torbay's New Economy:  
Economic Regeneration Framework -Summary  
of the Economic Conditions

## INTRODUCTION TO TORBAY AND STATISTICAL REVIEW

### 1.1 General Introduction

Torbay has an outstanding environment and setting, including 22 miles of coastline, which have shaped its economic and social development over time. The three major towns in Torbay are all located on the coast and the local economy has historically focused on tourism, fishing and some manufacturing activities. Tourism is the dominant sector in Torbay and is closely related to the other major sectors in Torbay such as retail. Tourism also benefits from fishing activities in Brixham, which attract visitors to Torbay, as well as providing employment and adding value within the local economy.

However these key industrial sectors have experienced increased pressure and declining fortunes in recent years:

- The tourism industry is facing increased competition from low cost overseas holidays, causing visitor numbers and tourist nights to fall
- The fishing industry has experienced a gradual decline over time in line with national trends and as a result of pressures from European legislation
- The manufacturing sector experienced significant growth in the 1980s and 1990s with the advent of the opto-electronics industry. This growth was driven by Nortel, which established a site in Paignton and quickly became a major employer in the local economy. According to Annual Business Inquiry (ABI) data, employment in the electronic engineering sector (defined as manufacture of electronic, radio, television and communications equipment, and manufacture of medical, precision and optical instruments) peaked in 2000 with more than 4,750 employees and it appeared that the Torbay economy had managed to achieve diversification and reduce the reliance of the local economy on the tourism industry. However the effective closure of Nortel activities in Torbay in 2001, in addition to job losses at other employers in the sector including Sifam/JDS Uniphase, inevitably had a huge impact on the local economy and employment in the sector fell to less than 1,300 by 2003. This figure is likely to have fallen even further following recent job losses at Bookham Technology.

An economic regeneration strategy for Torbay represents an opportunity to set out local priorities, based on local competitive strengths and locational advantages. It is important that the strategy finds ways of capitalising on Torbay's environment and location in such a way that will enable it to compete in the modern economy.

### 1.2 Population and Demographics

Torbay is situated on the South Devon coast and comprises the towns of Torquay, Paignton and Brixham, with a combined population of approximately 130,000, making Torbay the 2<sup>nd</sup> largest conurbation to the South West of Bristol. This population increases to 200,000 in the summer season, with the large

influx of tourists. Table 2.1 presents the structure of the Torbay population and shows the relatively high proportion of elderly people.

**Table 1.1: Population Age Structure, 2001**

Age Group	Torbay	South West	England and Wales
0-14	16.8%	17.8%	18.9%
15-64	60.6%	63.5%	65.1%
65-79	15.3%	13.4%	11.8%
80+	7.3%	5.2%	4.2%

Source: *Census Statistics, 2001, ONS*

Torbay has a significantly lower proportion of people aged below 65 and higher proportion of people aged 65 and above, than the regional and national averages. A significant difference between Torbay and the national average exists for young adults between the ages of 20 and 45. This age group accounts for only 29% of the Torbay population, six percentage points below the national average of 35%. Torbay has an outflow of young people leaving to go to university (something Torbay does not possess), who do not return because of a lack of appropriate employment prospects, and this helps to explain the disparities with the national picture. Torbay then has a large inflow of elderly people, who view the area as an attractive place for retirement, and this is the other significant difference between the Torbay and national populations. 35% of Torbay's population is aged 55 and over, which is 8 percentage points higher than the national average of 27%.

Table 2.2 presents the population structures in terms of social grade. The data shows that Torbay has a significantly lower proportion of ABs (higher and intermediate managers, administrators and professionals) than the regional and national averages but does have a higher proportion of C1s (supervisory, clerical junior level managers, administrators and professionals).

The proportion of C2s (skilled manual workers) in Torbay is slightly lower than the regional average but higher than the national average. Torbay has a higher proportion of Ds (semi-skilled and unskilled manual workers) and Es (lowest grade workers, unemployed and those on benefits).

**Table 1.2: Social Grade Structure, 2001**

Age Group	Torbay	South West	England and Wales
AB - Higher and intermediate managerial/administrative/professional	15.7%	21.2%	22.0%
C1 - Supervisory clerical junior managerial/administrative/professional	33.0%	31.4%	29.7%
C2 - Skilled manual workers	15.8%	16.2%	15.1%
D - Semi-skilled and unskilled manual workers	18.5%	16.0%	17.2%
E - On state benefit unemployed lowest grade workers	17.1%	15.2%	16.1%

Source: *Census Statistics, 2001, ONS*

### 1.3 Labour Market

Table 2.3 presents a summary of key labour market statistics. Claimant count unemployment outperforms the national average but remains higher than the regional average. Unemployment varies across the major towns in Torbay, from 1.4% of the working age population in Brixham, to 1.9% in Paignton and 2.3% in Torquay. The significant dependence upon the tourism sector inevitably leads to seasonal unemployment trends, adding approximately 500 claimants to the JSA register during the winter months. Claimant levels in August 2005 for Torbay were at the lowest level for a year, at 2% of the resident working age population, as one might expect during the peak summer month of such a seasonal local economy.

Torbay has relatively high levels of self-employment, at 12.6% of the economically active population. This is a result of the relatively large economic base of small businesses in Torbay, and exceeds both regional and national averages.

**Table 1.3: Summary of Labour Market Statistics, 2003**

	Torbay	South West	GB
Unemployment: Claimant count as % of working age population	2.0%	1.4%	2.4%
Self employment as % of economically active population	12.6%	11.0%	9.0%
Employment growth (1998-2003)	3.5%	12.0%	6.5%
Full-time employment	55.4%	63.4%	68.1%
Part-time employment	44.6%	36.6%	31.9%
<b>Employment by occupation</b>			
Managers/Senior officials	13.2%	14.3%	14.6%
Professional	9.1%	11.7%	12.1%
Associate Professional & Technical	12.4%	13.7%	13.8%
Admin & Secretarial	11.9%	12.5%	13.0%
Skilled Trades	12.6%	12.5%	11.4%
Personal Services	10.8%	8.0%	7.5%
Sales & Customer Service	8.0%	8.0%	8.0%
Process Plant & Machine Operatives	7.1%	6.8%	7.7%
Elementary Occupations	14.9%	12.2%	11.8%

Source: ONS/NOMIS, 2003

There are a number of concerns regarding the local labour market, where Torbay underperforms against the regional and national averages:

- ABI data suggests that employment in Torbay has increased by just 3.5% between 1998 and 2003, underperforming regional and national averages. This is only half the national average (6.5% growth), and is significantly lower than the regional average of 12% growth.
- The part-time nature of many jobs in Torbay, particularly in the significant tourism, retail and health and social work sectors, is reflected in the employment data, which suggests that 45% of Torbay employees are employed on a part-time basis, compared to 37% in the South West region, and a national average of just 32%. This has implications for wage levels in Torbay, which are discussed in more detail below.

- Torbay has a relatively low proportion of managerial, professional, technical, admin and secretarial occupations, and a relatively high proportion of skilled trades, personal services and elementary occupations.
- Table 2.4 presents data on qualification attainment levels. Torbay has a higher proportion of people with unknown or no qualifications (39% of the population) compared to regional and national averages. Less than 14% of the population are qualified to degree level or above, significantly lower than the regional average of 19% and the national average of 20%. This is again likely to relate to the lack of higher education institutions in Torbay and the fact that young people leave Torbay to go to university and do not return until much later in life. Differences between the three towns show that the Brixham population has the largest variation, with the highest proportion of unqualified people but also has the highest proportion of people qualified to degree level or above. Paignton has the lowest proportion of people with higher level qualifications.

**Table 1.4: Qualification Attainment Level, 2001**

Qualification Attainment Level	Brixham	Paignton	Torquay	Torbay	South West	GB
No qualifications or unknown	41.3%	40.1%	37.5%	39.1%	33.4%	36.0%
Lower level qualifications	44.0%	48.0%	48.3%	47.4%	47.8%	44.2%
Higher level qualifications	14.7%	12.0%	14.2%	13.5%	18.8%	19.8%

Source: *Census Statistics, 2001, ONS*

In addition to having a relatively aging population, Torbay also has a high proportion of benefits claimants as presented in table 2.5 below. The data show that the Torbay working age population has the highest proportion of benefits claimants of all county and unitary authorities in the South West, and a significantly higher proportion than the regional and national averages.

**Table 1.5: Benefit Claimants, May 2005**

	All Benefits	
	Number of claimants	% of working age population
Great Britain	4,790,900	17.2%
South West	312,400	12.9%
Torbay	11,600	21.5%
Plymouth	22,500	19.6%
Bristol	36,700	19.0%
Bournemouth	12,500	18.1%
Cornwall and Isles of Scilly	38,600	16.3%
Poole	7,800	12.8%
Devon	41,000	12.6%
North Somerset	11,500	12.2%
Swindon	12,600	12.1%
Somerset	28,300	11.5%
Gloucestershire	30,800	10.8%
Dorset	19,400	10.4%
Bath and North East Somerset	8,700	9.8%
Wiltshire	19,100	8.6%
South Gloucestershire	11,300	8.6%

Source: *Department for Work and Pensions, 2005*

#### **1.4 Deprivation**

Torbay has relatively high levels of multiple deprivation. The ODPM Revised Indices of Deprivation 2004 identify seven out of Torbay's 12 wards in the 20% most deprived wards in England. Two of these wards (Tormohun and Torwood) are just outside the 10% most deprived wards in England. Analysing at even more detailed level suggests that 4.6% of Torbay's population live in an area that is within the top 10% most deprived in England and 14% live in an area that is within the top 20% most deprived. Torbay is ranked as the 94<sup>th</sup> most deprived local authority in England, out of a total of 354.

#### **1.5 Wages, Incomes and Output**

Torbay suffers from relatively low levels of wages, incomes and output. Mean annual gross earnings in Torbay are just 72.5% of the 2005 national average according to the ONS Annual Survey of Hours and Earnings. The mean annual gross pay was £16,963 in Torbay, compared to the national average of £23,400. This measure ranks Torbay as the 29th lowest earning local authority in the UK, from the total of 448 authorities.

Gross value added in Torbay grew by 21% between 1995 and 2003, significantly more slowly than regional (58%) and national (54%) rates of growth. In fact Torbay has the 6th slowest rate of GVA growth of the 167 county and unitary authorities in the UK over the period 1995 to 2003.

Torbay's GVA per head figure was £10,208 in 2003, which has fallen to 63% of the national average. This ratio has fallen in each of the last seven years. Torbay has the lowest GVA per head figure of all county and unitary authorities in the South West, having been surpassed by Cornwall and the Isles of Scilly in the latest data. Torbay now has the 9th lowest GVA per head figure of all county and unitary authorities in the UK.

This is a concern for the local economy, particularly as the situation is becoming worse over time. GVA per head has increased by 15.1% between 1995 and 2003, the slowest rate of growth of all county and unitary authorities in the UK.

The Office of the Deputy Prime Minister conducted a National General User Satisfaction Survey in 2003. The same questions were asked of the Torbay Resident Research Panel, ViewPoint, including the question "Thinking about your local area, which things, if any, do you think most need improving?" The most common response was "wage levels and the local cost of living", and was mentioned by 60% of Torbay residents compared to just 50% in the national survey.

#### **1.6 Structure of the Economy**

Torbay's economy has historically been, and remains, heavily dependent upon the tourism sector. The size of the tourism industry is notoriously difficult to quantify because of the interrelations with other industries, as mentioned above. ABI data suggest that 15.1% of Torbay employees are employed in the hotels and catering sector, approximately double the regional (8.1%) and national

averages (6.8%). The tourism industry as a whole is larger than this, including a proportion of the retail, leisure and other sectors supported by visitor spending, and the Torbay Tourism Strategy 2005-2015 suggests that tourism directly and indirectly accounts for approximately one third of Torbay's wealth and jobs, generating expenditure of £442 million per annum.

The Torbay economy is geared heavily towards services, with more than 86% of the workforce employed in service sectors, significantly higher than the regional and national averages. This high proportion of service sector employees is due to local concentrations in distribution, hotels and restaurants, and in the public sector. Almost one third of Torbay's workforce is employed in public administration, education and health, and all three sub-sectors are of significant importance to the local economy. More than two-thirds of Torbay's employees work in either distribution, hotels and restaurants, or public administration, education and health. This compares to regional and national averages of approximately half.

Torbay also has a slight relative strength in construction employment but has a relatively small proportion of manufacturing employees, accounting for just 8% of the local economy, compared to regional and national averages of approximately 12.5%. The low proportion of manufacturing employees has fallen from a peak of nearly 14% in 2001, which was in line with regional and national averages at the time. The decline is due to the closure of Nortel activities in Torbay, and job losses at Sifam/JDS Uniphase, as discussed above.

**Table .6: Employment by Main Industries, Torbay, 2003**

Industrial Sector	Torbay	South West	GB
Manufacturing	8.0%	12.5%	12.6%
Construction	5.0%	4.4%	4.4%
Services	86.3%	81.1%	81.4%
Distribution, hotels & restaurants	35.8%	27.4%	24.7%
Transport & communications	2.4%	4.7%	6.0%
Finance, IT & other business services	11.1%	17.3%	19.8%
Public administration, education & health	32.3%	27.2%	25.8%
Other services	4.7%	4.6%	5.2%

Source: *Annual Business Inquiry, NOMIS, 2003*

## 1.7 Entrepreneurship

There are different sources of business start-up data in the UK. These datasets appear to present conflicting evidence for Torbay, although this is likely to be due to the different methods of calculation and can be explained to give a collective summary of entrepreneurship in Torbay.

The Barclays Small Business Survey provides estimates of the number of mainstream business start-ups by using their own account opening data. These figures are then extrapolated, using estimates of Barclays' market share, to estimate the total number of business start-ups. The data include all sizes of all firms, provided they are full time, sole occupation, business start-ups.

The Barclays data show that Torbay has consistently achieved one of the highest rates of business start-ups over the past three years. In 2002 Torbay recorded the highest rate of start-ups per 1,000 people of working age, out of all 173 English and Welsh county and unitary authorities. Torbay's ranking fell to 2<sup>nd</sup> in 2003 and 9<sup>th</sup> in 2004 but remains inside the top ten county and unitary authorities in England and Wales and suggests that business formation rates are particularly strong in Torbay.

Another source of data is the Small Business Service, which uses VAT registrations and deregistrations to estimate business start-ups and closures. Clearly this data does not cover VAT exempt sectors and businesses operating below the threshold for VAT registration, which was set at an annual turnover of £56,000 in 2004. This data is presented in table 2.7 and suggests that Torbay has low levels of entrepreneurship. Torbay has a relatively small number of VAT registered businesses, and low rates of new VAT registrations compared to regional and national averages. Torbay has 81% of the number of registered businesses per 10,000 of the UK adult population and only 74% of the regional figure. Torbay also only has approximately 80% of the regional and national new VAT registrations per 10,000 of the adult population.

**Table 1.7: VAT Registered Businesses, Torbay, 2004**

	Torbay	South West	UK
VAT registered businesses per 10,000 adult population, January 2005	307	416	378
New VAT registrations per 10,000 adult population, 2004	30.2	37.3	37.6

*Source: Small Business Service, VAT Statistics*

Neither data source can claim to provide the true extent of entrepreneurship because the Barclays data is based on estimates and a relatively small sample, whereas the VAT registration data excludes smaller and VAT exempt businesses.

Assuming both datasets provide reliable statistics, and then applying an understanding of the local Torbay economy, it is possible to make sense of these apparent contradictions. Barclays record data for all business sizes, whereas smaller businesses are excluded from the VAT registrations, and the Barclays data suggest that the overall number of business start-ups in Torbay is relatively high. This is what one might expect given the fact that the local economy is geared towards smaller employers, due to the high significance of tourism, retail, and small manufacturing activities in Torbay.

Taking the VAT data into consideration suggests that a relatively small proportion of these business start-ups are successful and grow to sufficient size to become VAT registered. Although the VAT data under-record the true levels of entrepreneurship, the fact that Torbay has relatively low numbers of VAT registered businesses and business start-ups is a major concern.

Together, the datasets suggest that Torbay appears to generate healthy numbers of business start-ups but has a poor track record in growing these into successful and significant-sized businesses. The problem is linked to low rates of productivity and GVA per head which keeps many businesses below the VAT

threshold. Improving general economic conditions, tackling deprivation and stimulating growth across the economy would help to enhance the conditions for business survival and growth. However, given the apparently high numbers of failing or underachieving start-ups, enhanced business support may also have a role to play in enhancing business survival and growth rates.

## 2 KEY CHALLENGES AND CROSS CUTTING ISSUES

### 2.1 Dependence on a few, low value economic sectors - some in decline

The Torbay economy has a relatively narrow focus and is dependent on a few key sectors. These major sectors are relatively low value, low wage industries, including tourism, retail, and social care. The traditional core industries of tourism and fishing have also suffered declines in recent years.

Tourism in Torbay is in decline as a result of falling visitor numbers and bed nights. South West Tourism data suggest that the number of visitors has declined by 13% between 2001 and 2003, falling to 1.5 million per year. The data also suggest the number of bed nights has fallen by a similar amount (12%) to 6.2 million in 2003. This data is based on the UK Tourism Survey, International Passenger Survey and UK Day Visitor Survey and uses the Cambridge Model to calculate estimates at a county or district level.

Devon County Council also publishes data on tourism trends, based on a survey of local tourism businesses. The data contradict the South West Tourism data and suggest the number of bed nights in Torbay has remained relatively stable since 2000 and actually increased by 1.7% between 2001 and 2003, to 8.5 million. However this growth remains significantly below the Devon County average (a 5.8% increase between 2001 and 2003) and longer term trends show that bed nights in Torbay have fallen by 6.5% in the 10 years to 2003. In fact Torbay is the only district in Devon to have experienced a decline in bed nights during the last decade, according to Tourism Trends in Devon. The Torbay Tourism Strategy 2005-2015 states that there are growing concerns that any further decline will affect the viability of many tourism businesses within Torbay.

Table 3.1 presents data showing the changing profile of visitors to Torbay in terms of age and sociodemographic grouping. The over 55 age group accounted for just over one-third (35%) of Torbay visitors in 1996 but this figure had increased to almost two-thirds (63%) by 2003. Over the same period the proportion of AB visitors has fallen from more than a quarter of all visitors to just 7%, and has been replaced by a relative increase in the proportion of C1 and DE visitors.

**Table 2.1: Torbay Visitor Profile**

	1996	2003
<b>Age</b>		
16-24	5%	2%
25-34	18%	9%
35-44	20%	10%
45-54	23%	16%
55-64	19%	24%
65+	16%	39%
<b>Sociodemographic</b>		
AB	26%	7%
C1	12%	29%
C2	39%	22%
DE	18%	37%

Source: English Riviera Tourist Board

The data clearly show the increasingly ageing and less wealthy profile of Torbay visitors, which is likely to have negative implications in terms of future visitor numbers and visitor expenditure, although Sidmouth provides a local example of a relatively successful resort with an ageing visitor base. Whichever visitor groups Torbay decides to target, the Torbay Tourism Strategy identifies the need for a clear, consistent agenda for tourism, based around the targeting of higher spending visitors, short breaks, etc. to increase value added. However there was some concern amongst consultees about the potential conflict of proposed harbourside uses in Torquay, including targeting youth culture (clubs and bars), high spending visitors (marina, quality restaurants and café culture), and the established market for aging visitors. Consultations with local representatives of the tourism industry in Torbay highlighted the importance of spatial planning considerations to ensure the success of the harbourside developments.

Consultees also suggested that the tourism market is becoming increasingly demanding and visitors want higher quality hotels and restaurants. Some consultees suggested Torbay is disadvantaged by the lack of a branded hotel in the local area, while others suggested a system for benchmarking quality standards of existing accommodation, building on the English Riviera Quality Awards and Crystal Palm Awards schemes, could be a constructive way of raising standards in the local tourism industry and thereby assist the targeting of more affluent visitors. The Awards schemes mentioned above have been established, by TDA and Enterprise South Devon respectively, to celebrate successes and encourage improvements in the quality, standards and skills base of the tourism industry in Torbay.

Consultees in the tourism industry have also suggested that Torbay's track record in engaging the private sector in the development and implementation of tourism strategies needs to be improved, compared to Cornwall, which has been relatively successful at turning around its own tourism fortunes with changes driven by the private sector. In conclusion, the Torbay Tourism Strategy identifies that the local tourism product needs updating and enhancing, whilst targeted marketing is needed to exploit new, higher value, growth opportunities.

The South West Tourism Strategy "Towards 2015" states that the single most important driver for visitors is the landscape, coastline, natural environment, which links to consultee suggestions that the Bay itself is underutilised. The draft Torbay Harbour Marine Strategy lists a key aim as maximising income generation to deliver a wider range of services and support a variety of maritime events.

The fishing industry remains important to the area, particularly in Brixham, which is the largest fishing port in England and Wales in terms of volume and value, according to the 2004 fisheries statistics from Defra. There are 375 full-time fishermen and an estimated total of 2,500 jobs which are dependent upon the fishing industry in Torbay, according to Torbay Council. The fishing industry has experienced a gradual decline over time in line with national trends and as a result of pressures from European legislation. The industry is also under threat because the fish market in Brixham is in critical need of investment.

However a report by the Sea Fish Industry Authority (Seafish) states that the sea fishing industry is positive about the future of Brixham and does not foresee any significant changes to fleet numbers or the volume of landings. The report

suggests that fleet numbers could increase if the proposed improvements to Brixham port go ahead, as this could attract new vessels to the port.

The fishing industry is significant, not only in terms of the direct value it adds to the local economy, but because of strong cultural heritage and links with tourism. Tourists are attracted to Brixham because of the local fishing activities. A new fish market has been proposed as part of the plans to regenerate Brixham, and also promotes the links between these two major, local industries by providing improved access for visitors.

## **2.2 High seasonal and part-time employment**

The significant dependence upon the tourism sector inevitably leads to seasonal unemployment trends, adding approximately 500 claimants to the JSA register during the winter months.

The part-time nature of many jobs in the tourism and health/social work sectors is reflected in the employment data, which suggests that 45% of Torbay employees are employed on a part-time basis, compared to 37% in the South West region, and a national average of just 32%.

The high seasonal and part-time employment are significant contributory factors to the low wage, low GVA per head situation in Torbay.

## **2.3 Poor track record in diversifying economy and in developing/retaining higher value activities**

Torbay needs to encourage and attract new businesses with an orientation towards high value added. However, previous successes in attracting and developing higher value activities to Torbay have been limited. A significant example is the arrival and then subsequent closure of telecommunications firm, Nortel, in 2001. Bookham Technology also announced in December 2005 that they will end manufacturing at their plant in Paignton and transfer production to China. Up to 150 jobs will be lost of the 350 employed at the Paignton site. Although Bookham Technology have lost manufacturing operations to the lower wage, Far East economy, they have retained their higher value jobs in research, development and managerial areas.

The limited examples of successes include Astra Zeneca, which provides high value activities. There are also several businesses that have developed since the effective closure of Nortel, including AVX, Syntech Technologies and Sifam.

Knowledge-based industries have potential to fit well with Torbay and are desirable, since, as well as offering opportunities to raise value added and international competitiveness, they are likely to be less disadvantaged by the logistical issues inherent in Torbay's location, and to benefit from quality of life advantages which are likely to be highly valued by knowledge-based employees.

However every area wants to attract high value-added industries, and there will be significant competition with other areas. Why should a high value business locate in Torbay rather than anywhere else? What can Torbay do to attract these businesses? The lack of a knowledge base is a significant constraint to attracting knowledge based activity, although Astra Zeneca, the high technology electronics sector and South Devon College may offer some opportunities to develop knowledge based activities.

## **2.4 Few sectors with competitive advantage and growth prospects**

The accompanying sectoral analysis paper identifies very few sectors in which Torbay possesses both a local competitive advantage and strong growth prospects. The analysis suggests that Torbay should encourage business growth across the economy as a whole, building on sectors in which Torbay already has a small presence.

## **2.5 Low economic growth and proximity to better performing economies**

Gross value added in Torbay has increased by 4.3% pa between 1998 and 2003, compared to 5.3% and 5.3% at the national and regional levels respectively. Employment in Torbay has increased by just 0.7% pa over the same period, which is lower than the national figure of 1.1% pa and is significantly lower than the regional total of 2% growth. In contrast, Torbay's neighbouring districts have outperformed the regional and national averages and have achieved growth in excess of double that in Torbay.

## **2.6 Low levels of successful entrepreneurship**

The local problem of low rates of successful entrepreneurship is discussed in section 2.7 above. The majority of entrepreneurial activity takes place in tourism and retail sectors and is generally felt to lack the innovation necessary to make an impact on the local economy. It is important to increase levels of entrepreneurship outside of these core sectors, to diversify the local economy, and encourage higher value activities to locate in Torbay.

Business support was reported, through consultations with key stakeholders, to have been poor in Torbay due to fragmented and poor delivery. Improvements have been achieved as a result of Torbay Development Agency (TDA) intervention, although there is still potential for further improvements in local access to business support. The establishment of the Torbay Business Bureau has brought business support agencies including Business Link, Enterprise South Devon, etc. under a single umbrella, which is felt to have improved the service offer by integrating the efforts of the individual agencies and establishing a structured delivery mechanism.

The Torbay Business Bureau will also deliver business support to the managed workspace programme, to encourage business start-ups. Key stakeholder interviews also suggested there is a significant local need for incubation facilities, to assist entrepreneurship in Torbay, particularly in connection with South Devon College.

## **2.7 Shortage of sites and premises**

Torbay's current industrial base is generally oriented towards industrial workshop premises, and the TDA have identified a shortage of suitable premises (confirmed through consultations with key local stakeholders), which is undermining the growth potential of local industries. In addition, the provision of specialist employment space oriented towards professionals is also in relatively short supply. However if Torbay is to attract knowledge-based businesses, it must be able to provide appropriate sites and premises of high quality.

The type of employment land provision is therefore of critical importance to the industrial development potential of Torbay. The lack of knowledge-based institutions, as described above, is likely to limit the potential for these types of development. It is therefore important to achieve an acceptable balance

between the provision of employment land appropriate for high value knowledge-based industries, and the provision of employment land appropriate for existing office and industrial workshop premises, to avoid restricting the growth potential of existing businesses in Torbay.

## **2.8 Low GVA per head**

The major sectors of tourism, retail and health/social care in Torbay are traditionally low-wage employment sectors, employing relatively high proportions of women, part-time, seasonal and self-employed workers. These are all contributing factors for Torbay's low value added. As discussed above, the latest Nomis data indicate that Torbay is one of the poorest areas in the UK, and has the lowest GVA per head figures of all districts in the South West, with trends suggesting the situation is becoming relatively worse over time due to a failure to achieve acceptable levels of economic growth.

## **2.9 High levels of economic inactivity**

Torbay has relatively low participation rates:

- Only 75.4% of the Torbay working age population are classed as economically active, compared to 82% in the South West region, and a national average of 79%, according to the ONS Labour Force Survey, May 2005
- Torbay has the highest unemployment in the South West, in terms of the claimant count given as a proportion of the resident working age population, (December 2005 data)
- Worklessness is a key issue in Torbay, due to the relatively high proportion of retired people and benefits claimants. The economic situation in Torbay could be improved by finding ways to re-engage these individuals.

## **2.10 High levels of deprivation**

Significant deprivation exists within the Torbay community

- More than half (7 out of 12) of Torbay's wards are in the top 20% most deprived wards in England
- Two of these wards (Tormohun and Torwood) are just outside the 10% most deprived wards in England.

## **2.11 Image issues**

Torbay faces a number of issues concerning its image and the Torbay Tourism Strategy 2005-2015 suggests that some visitors perceive Torbay as being old-fashioned, run down, and down market. This is likely to be a major reason for the increasingly aging and less wealthy profile of visitors. Key local stakeholders consulted during this study suggested that there are also issues regarding Torbay's image amongst the business community, many of whom perceive Torbay as having poor opportunities for business because of the poor transport links, low economic growth and low skills levels.

## **2.12 Skills issues – higher level qualifications**

Torbay loses out to Plymouth, Exeter and other university locations by not having a centre for intellectual capital. This causes a significant net export of young people who tend not to return due to a lack of appropriate employment prospects, which in turn causes a relative shortage of people with higher level qualifications in Torbay.

### **2.13 Transport issues**

Torbay suffers from its peripheral location combined with severe traffic congestion throughout the year, and particularly during the peak summer months. Furthermore, although Torbay is linked to the national rail network, it is disadvantaged by not being located on the main line link to the rest of the country. These transport and access issues are creating barriers to new businesses considering Torbay as a location for business.

The growth potential of Torbay's tourism industry is reliant upon good quality connections and these transport and access issues will severely undermine Torbay's potential to target and attract visitors for shorter breaks. Inaccessibility will have much greater impact on tourists visiting Torbay for shorter and weekend breaks.

The Kingskerswell Bypass is seen as a necessary solution to this problem, and although this would not solve Torbay's traffic problems altogether, this would facilitate access to the A38 and therefore access to the rest of the country. The significant investment required for the bypass is in excess of £100m but the annual transport infrastructure budget for the region is only £80m. This clearly indicates the difficulties in securing the necessary investment for the bypass to go ahead.

The Bypass is a difficult call for regional priorities and there are concerns that the development of the Kingskerswell Bypass will simply make it easier to Torbay residents to commute to Exeter and Newton Abbot without providing any real benefit to the Torbay economy.

### **2.14 Shortage of obvious opportunities to build on**

The sectoral analysis paper suggests that there is a shortage of strong opportunities or easy wins for Torbay to prioritise, beyond the core sectors. Torbay should therefore encourage business growth across the economy as a whole. One of the main issues is the lack of a flagship manufacturing sector. Electronics was fulfilled this role when Nortel was operational within Torbay but the subsequent Nortel closure resulted in Torbay losing its flagship manufacturing sector, and with it some of the confidence in Torbay as a location for manufacturing operations.

Torbay still retains some high technology, electronics activity through Bookham Technology, AVX and Syntech Technologies and also has a local concentration in the manufacture of plastic products but neither could be considered a flagship manufacturing sector in their current state. These manufacturing sectors do have some potential to build upon, as does the environmental marine science sector, based around the activities of Astra Zeneca.

### **3 SWOT ANALYSIS**

#### **3.1 Strengths and Competitive Advantages**

##### **3.1.1 *Place, environment, quality of life and leisure opportunities***

Torbay's coastal location and proximity to Dartmoor provide a pleasant living and working environment and outstanding opportunities for recreation, offering potential to attract visitors and lifestyle orientated businesses and employees.

##### **3.1.2 *South Devon College – First class technical college***

Although Torbay does not possess a higher education institution, South Devon College has successfully increased and improved further education provision within Torbay. Further development opportunities exist following the relocation of the college to a new, 'state of the art' campus and the provision of foundation degree courses in association with the University of Plymouth.

##### **3.1.3 *Some underexploited high value skills***

The closure of Nortel has left underexploited high-technology skills in the local area. Some of these skills have been successfully exploited by other high technology businesses in Torbay, including Bookham Technology, Syntech Technologies and AVX. There is potential for further development of this high technology cluster and to fully utilise the high technology skills in the local workforce.

##### **3.1.4 *The diversity of Torbay and surrounding area***

The diverse nature of the three major towns of Brixham, Paignton and Torquay is a key attractor for visitors to Torbay. Each town has differing strengths and attractions which will appeal to different visitors. Brixham is the traditional fishing port, Paignton a base for family beach holidays, and Torquay the main focus for retail, bars and restaurants and other night-time entertainment. This is a very simplistic representation of course, and there are common themes and strengths for each town, with hotels, retail opportunities, restaurants, tourist attractions, etc. located in each of the three towns.

##### **3.1.5 *Sectoral strengths (Tourism and fishing – Economically significant but declining)***

Torbay has competitive advantages and sectoral strengths, particularly in the tourism, fishing, retail, health and social care and education sectors.

#### **3.2 Weaknesses and Competitive Disadvantages**

##### **3.2.1 *Dependence on few key, declining and low value industries***

The Torbay economy has a relatively narrow focus and is concentrated on a few key sectors. These major sectors are relatively low value operations, including tourism, retail, and social care. The traditional core industries in Torbay of tourism and fishing have also suffered declines in recent years.

##### **3.2.2 *Poor growth performance***

The Torbay economy has experienced poor growth compared to regional, national trends and relative to neighbouring authorities. This is partly due to the performance of Torbay's key sectors, and partly due to the lack of presence in growth markets. The growth of existing businesses in Torbay has also been restricted by a lack of available and appropriate sites and premises.

**3.2.3 *Lack of presence in growth markets***

Torbay lacks any real presence in key growth markets such as computing services, finance and is under-represented in knowledge based industries.

**3.2.4 *Low GVA per head***

Not only is GVA per head the lowest in the South West, but the situation is becoming relatively worse over time.

**3.2.5 *Outdated tourism product / lack of innovation, compared to South West***

The tourism product in Torbay is outdated and lacks the innovation necessary to attract new, higher value visitor groups. These issues tend to be specific to Torbay and have not been experienced by the regional tourist industry.

**3.2.6 *Lack of knowledge base***

No particular centre of intellectual capital.

**3.2.7 *Lack of entrepreneurship despite small business focus***

The Torbay economy has lower levels of entrepreneurship than regional and national averages despite the relatively large proportion of small businesses in Torbay. This reflects an employee culture and relatively low levels of aspiration and confidence.

**3.2.8 *Location, peripherality and transport links***

Torbay is generally perceived to be remote from the UK's main economic centres and difficult to get to. Transport is an over-riding concern of local companies, particularly the traffic congestion and slow rail links.

**3.2.9 *Aging population, lack of vibrancy and difficulty of retaining talent***

The UK has an aging population and this trend is exaggerated locally by the large number of retired people choosing to relocate to Torbay. This has reduced participation in the local workforce, increased the burden on local health and public sector resources, and has reduced the vibrancy of the local area. The aging population can also be unresponsive to change which can create a barrier to future development. The loss of young people leaving Torbay to go to university also exacerbates the aging structure of the population.

**3.2.10 *Low overall skill levels (particularly a lack of higher level skills)***

Torbay lacks a higher education institution and exports much of its intellectual capital as young people leave Torbay to go to university but do not return because of the limited employment prospects. This tends to leave Torbay with a relatively low proportion of the population with higher level skills.

**3.2.11 *Image***

Torbay has problems regarding its image to prospective visitors and businesses. It is perceived as having poor opportunities for business, due to skills, transport, supply chain issues, etc. Visitors perceive the Torbay tourism product as being old-fashioned, run down, and down market – hence the increasingly aging and low-value visitor profile.

### **3.2.12 *Widespread deprivation***

Deprivation is substantial and widespread, reflecting the limited opportunities open to many people, and in turn providing a barrier to their ability to access new opportunities.

### **3.2.13 *Some lack of quality in the urban environment***

The urban environment in Torbay is let down by a lack of quality in places and a need for refurbishment and redevelopment to make the most of Torbay's natural setting.

### **3.2.14 *Inward focused economy***

Torbay currently has a limited ability to export/earn money from outside as a result of the relatively high proportion of public sector jobs. The exceptions to this rule are the tourism, fishing and high technology sectors.

## **3.3 Opportunities**

### **3.3.1 *Reposition, modernise and update tourism to take account of growth opportunities***

Growth opportunities exist in developing the well established tourism sector and increasing the quality/breadth of Torbay's tourism offer in order to attract higher spenders and extend the tourism 'season' to reduce the effects of seasonality, whilst maintaining the existing core business.

### **3.3.2 *Add value to key sectors***

Many of Torbay's key sectors are closely related to the tourism industry and will benefit from increased value generated by increasing the quality of the tourism offer and attracting new, and higher value visitor groups. These include opportunities to add value to fishing through improved branding and marketing of Brixham fish, and the proposed plans to develop the Brixham fish market as part of the Brixham Regeneration scheme. These opportunities have the potential to increase the recognition of the 'Brixham fish' brand, whilst building on the heritage of the area and developing closer links with tourism.

### **3.3.3 *Build on existing pockets of high value/knowledge-based activity***

Torbay already possesses a small number of high value, high technology businesses, set up during or since the Nortel era, suggesting a local competitive advantage and opportunities for further development in this sector. Syntech Technologies is one of these businesses and is currently developing a technology partnership scheme to help entrepreneurs in the region. The proposed scheme is aimed at small companies and individuals who have ideas for high technology products but lack the ability or resources to develop their designs into a manufacturing opportunity. This has potential to have a significant impact on entrepreneurial activity within the high technology sector

and provides an example of the type of initiative that is possible to encourage business start-ups and business growth within Torbay.

There is an opportunity to develop marine/environmental science activity, based on the activities of Astra Zeneca and (to a lesser extent) Paignton Zoo, and linked to the development of a wider regional marine science cluster.

The healthcare sector is reported to be the most professionally qualified sector in Torbay. The sector has links with the Peninsular Medical School and there are currently research activities taking place at the South Devon Healthcare Trust, the hospital and the primary care trust which have opportunities for further development.

#### **3.3.4 *Build on strengths of South Devon College to support business growth and skills development***

There is an opportunity for South Devon College to raise the aspirations of individuals and to develop the skills which will encourage entrepreneurship and business growth. Furthermore, in the absence of a higher education institution, South Devon College has the opportunity to enable the Torbay population to access higher education provision within the local area.

#### **3.3.5 *Benefit from increased leisure spending***

Torbay has the opportunity through its location to benefit from increased leisure spending of visitors and local residents, particularly through marine and outdoor leisure.

#### **3.3.6 *Attract businesses / individuals motivated by quality of life, environment, leisure opportunities***

Torbay can overcome locational disadvantages by marketing its locational strengths, such as quality of life, environment and leisure opportunities as attractors to likeminded businesses and individuals.

#### **3.3.7 *Increase collaboration with adjacent districts***

Torbay could benefit by developing closer links with its neighbours (South Hams, Teignbridge, and also Exeter). All of these neighbouring districts have significantly outperformed Torbay in economic terms in recent years, and there is scope for Torbay to benefit from this growth and to collaborate in local development initiatives.

The three South Devon districts also have potential to increase their regional significance and influence and would enhance funding opportunities if they could collaborate and present a more holistic attitude and approach to regional agencies.

Furthermore Torbay is well located as a base from which to visit other distinctive local towns in South Devon such as the creative towns of Totnes and Dartington, the high quality retail, food and drink town of Dartmouth and the busy market town of Newton Abbot. Torbay should not be trying to compete against these other local towns but should instead work in collaboration with these towns to deliver a greater and united product offering to visitors. Torbay's coastal location and high number of hotels would make it an obvious location from which visitors can use as a base to visit within and outside Torbay.

**3.3.8 *Attract growing businesses from adjacent districts by offering suitable sites and premises***

Further to section 4.3.7 above, the strong demand for sites and premises in the growing neighbouring districts of Teignbridge and South Hams is currently exceeding supply, which provides an opportunity for Torbay to benefit by attracting these growing businesses to locate in Torbay.

**3.3.9 *Further enhance quality of life opportunities by providing higher quality housing and leisure facilities and improving the local environment***

The provision of higher quality housing and leisure facilities and improvements to the local environment, as well as improving the quality of life for local people, will help to attract more affluent (and entrepreneurial) people to relocate in Torbay. There are also opportunities for Torbay to benefit from refurbishing and redeveloping the built environment to make the most of Torbay's natural setting.

**3.3.10 *Use of ICT to overcome locational disadvantages***

ICT can be used effectively to overcome locational disadvantages and attract lifestyle businesses and individuals to Torbay.

**3.3.11 *Make better use of Torbay's aging population***

People will be retiring later and will have an increasing role to play in the labour market. They also provide a growing market for Torbay's products and services, particularly if the area is able to attract affluent pensioners.

**3.4 Threats**

**3.4.1 *Further declines in key sectors***

Torbay has a very narrow economy, based on a few key sectors. Some of these sectors have been declining in recent years and the strength of the local economy and growth prospects will depend upon being able to prevent further declines to these core sectors.

**3.4.2 *Further employment loss through increased global competition***

There is concern that Torbay might lose further employment to lower cost overseas locations, as has happened with Nortel and more recently with Bookham Technology if Torbay fails to strengthen its competitive advantage through skills and knowledge development. This also refers to the tourism industry which is facing increasing competition from low cost overseas tourist destinations.

**3.4.3 *Inability to diversify / failure to position economy to exploit growth markets***

The exploitation of growth markets will depend upon Torbay's ability to diversify, something which Torbay has historically found it difficult to do.

**3.4.4 *Failure to develop skills required to exploit key opportunities***

The ability of Torbay to exploit key growth opportunities is dependent upon the development of appropriate skills and knowledge in the local workforce.

**3.4.5 *Loss of funding for economic development (e.g. Objective 2, SRB)***

The economic regeneration of Torbay could be threatened by the loss of funding opportunities.

**3.4.6 *Further stagnation caused by an aging / inactive population***

This is a threat if Torbay:

- continues to attract a large number of retired people relocating to the area;
- whilst failing to increase participation in the workforce and reduce benefit claimants;
- and fails to provide the appropriate learning and employment opportunities necessary to reduce the export of young intellectual capital from Torbay to other areas.

**3.4.7 *Inability to improve transport infrastructure***

Torbay could face increased peripherality if a failure to improve transport links is accompanied by improvements elsewhere, which will impact on the Torbay's ability to attract new businesses, employees and visitors.

**3.4.8 *Inability to take forward key schemes***

While a number of development initiatives have been identified and are expected to lead to improvements in the local economy, their success depends on effective local delivery.

**3.4.9 *Fragmentation of initiatives / failure to develop an holistic, integrated approach***

It is important to understand the differences and needs of the individual towns within Torbay but the success of the overall strategy is dependent upon having an holistic, joined-up and integrated approach for Torbay as a whole.

## **4 KEY ECONOMIC PRIORITIES**

### **4.1 Improve economic performance of key sectors (especially tourism)**

The key sectors in Torbay are of such significance to the local economy that adding value and achieving growth in these sectors needs to be central to the strategy, particularly in the short term. Torbay must build on and improve the economic performance of these core sectors, which include:

- Tourism
- Manufacturing
- Fishing

### **4.2 Diversify the economic base by identifying and developing new growth opportunities**

In the longer term Torbay needs to diversify its economic base and reduce the current over-reliance on low-value sectors. Diversification of the local economy needs to be encouraged by facilitating the development of a variety of manufacturing and service activities, through:

- the provision of sites and premises of appropriate size, type and location
- developing appropriate skills in the local workforce
- improving access to Torbay
- attracting appropriate and sustainable inward investment.

It is important to stimulate the creation and development of businesses offering improved job opportunities, particularly full-time, sustainable and high value jobs to help overcome the problems associated with the core sectors.

Sectoral analysis suggests there are few strong opportunities or easy wins and Torbay should encourage business growth across the economy as a whole. However there are opportunities to build on sectors in which Torbay already has a small presence because these sectors have shown an ability to survive with the peripherality, transport and other issues that exist in Torbay. There are also opportunities to benefit from existing supply chains and skills in the local workforce. Sectors with the potential for diversification in which Torbay already has a presence include high technology electronics, environmental sciences, marine industries and the manufacture of plastic products.

There are also opportunities to strengthen links and increase co-operation with adjacent local economies. Teignbridge and South Hams are stronger economies in terms of economic growth but share many similarities with the Torbay economy. There is potential to exploit these synergies and individual competitive advantages to maximise the opportunities and benefits to each economy by working more closely.

#### **4.3 Raise GVA per head by encouraging economic growth, especially in higher value activities**

The poor performance of Torbay in terms of GVA per head highlights the need to increase the value of employment through the creation of higher value jobs and the encouragement of economic growth.

Torbay needs to raise the level of GVA per head across all sectors as well as seeking to exploit higher value and knowledge based opportunities. There are some opportunities to encourage higher value added activity in Torbay through the exploitation of high value opportunities where they arise, for example:

- the potential to develop environmental marine science activity, building on the presence of Astra Zeneca and linked to the development of a wider regional cluster
- the potential to build upon the local high technology electronics base and develop links with similar activities within the region

#### **4.4 Encourage entrepreneurship and innovation**

Entrepreneurship is relatively low in Torbay, in part due to the high dependency on public sector employment, but is a greater concern given the small business focus of the private sector.

New business formation and growth need to be supported by appropriate business support, skills development and targeted investment in communications, sites and premises, including managed workspace and incubation facilities. Business support measures and organisations should help to stimulate a more entrepreneurial culture, whilst facilitating the creation of new businesses and the high growth of appropriate existing businesses.

The lack of entrepreneurial activity is likely to be linked to the low incomes and deprivation in the local economy. One of the means of increasing entrepreneurship may be by encouraging entrepreneurial individuals and businesses to relocate to the area, attracted by the quality of life Torbay can offer.

Entrepreneurial activity is also likely to be being restricted by Torbay's low skill levels and inability to retain intellectual capital. Entrepreneurial activity could therefore be encouraged through the development of working relationships between South Devon College, schools and the business community in order to enhance the perceived opportunities for young people in the Torbay area, and increase the retention of young intellectual capital.

#### **4.5 Ensure population as a whole benefits**

It is important to promote economic inclusion to ensure that opportunities are available to all Torbay residents. The provision of flexible and pro-active support to community groups will enable them to play a positive part in the regeneration of Torbay.

Torbay suffers from widespread deprivation and social enterprise and social inclusion should be encouraged to ensure that the benefits of economic regeneration are experienced by the whole Torbay population and that these benefits help to overcome issues of deprivation.

## SUMMARY OF THE SECTORAL ANALYSIS

The development of strategic objectives and priorities requires a thorough, evidence-based understanding of the economy of Torbay, including current sectoral performance and the identification of potential growth sectors, competitive advantages, and key cross-cutting issues. It is this understanding of the current performance, strengths and weaknesses that provides the platform upon which to build for the future.

This strategy identifies a series of priority sectors of particular economic importance and opportunity, which gain competitive advantages from being located in Torbay. A variety of criteria were used to identify priority sectors, examining the existing strength of these sectors in Torbay, their growth potential, and their fit with local strategic priorities. The following criteria were used to identify and prioritise sectors in Torbay:

- **Size and critical mass.** The largest industries, in absolute terms, are likely to be of greatest importance to the local economy and priority sectors are likely to have a certain critical mass.
- **Local concentrations.** Location quotients can be used to identify industries that are concentrated in the Torbay economy. High LQs imply local competitive advantage
- **Recent growth.** Growth rates will help to identify sectors that are performing well locally, and offer scope for future growth. By comparing local and national growth rates, it can be ascertained whether growth reflects wider trends or specific local conditions.
- **Growth opportunities.** Future growth prospects are also important – and may point to opportunities in sectors that are yet to emerge as locally important.
- **Wages, skills and career opportunities.** The extent to which sectors are able to offer secure employment opportunities, with decent wages, and to promote skills development.
- **Fit with regional priority sectors.** There are clear benefits in identifying Torbay's scope to contribute to the development of regional priority sectors, and to benefit from regional sector development initiatives.
- **Fit with local strategies and initiatives.** The ability of sector development to complement and add value to existing strategies is important.
- **Scope for entrepreneurship.** Opportunities for sector development to enhance entrepreneurship by increasing new business formation and survival rates are important.
- **Ability of Torbay Economic Regeneration Framework to add value.** There is clearly only merit in prioritising sectors for which there is some scope for economic development efforts to add value and influence future development.

The full, detailed sector analysis of the Torbay economy is presented in a separate report, Torbay Economic Regeneration Framework: Evidence Base. The analysis

suggests the importance of devoting energy to improving the fortunes of major existing sectors (especially tourism and leisure). Opportunities to diversify the economy by developing new, knowledge based and high value added activities are relatively small in scale and few in number, but should nevertheless be pursued where they do exist. With no easy wins and few easily identified growth opportunities, it is suggested that diversification of the economy will depend on broad-based efforts to enhance business activity more than the exploitation of sectoral opportunities.

An analysis scoring a long list of potential priority sectors against the key criteria is presented in Table A2.1. Based on this analysis, eight priority sectors were identified for development in Torbay:

- Tourism and leisure;
- Retail;
- Advanced engineering;
- Fishing;
- Marine;
- Environmental/Marine Science;
- Health and Social Care;
- Other Value Added Manufacturing.

This strategy has scope to influence the overall development of the majority of these priority sectors. There is more limited scope with the health and social care sector because most of the activities are driven by national policies and budgets. However the strategy does have some scope to influence the development of the higher-value research and development opportunities that exist in this sector.

It is important to note that the scale of opportunity varies widely between these different sectors, as does the scale of response that is appropriate. For example:

- Tourism is a major sector of the economy. Adding value to the sector and improving its fortunes is a major challenge but could have significant impacts on the local economy. Retail is another major sector, strongly linked to tourism.
- Fishing is much less significant than tourism in economic terms, and has limited growth prospects, but is locally significant in Brixham, culturally important, and offers some opportunities to add value and strengthen links with the tourism sector.
- Marine/environmental science, medical science and to some extent electronics/advanced engineering are likely to offer relatively small scale (but high value) opportunities.

The following sections profile the eight priority sectors. They are based on the findings of the sector analysis and consultations with public and private sector representatives of each of the eight sectors.

**Table A2.1: Matrix Scoring Sectors against Key Criteria**

	Size/ critical mass	Existing concentration	Recent growth	Future growth prospects	Wages & career opportunities	Fit with RES	Fit with local strategy	Scope for entrepre- neurship	Ability of strategy to influence sector development	*Total Score	Notes
Tourism and Leisure	**	**	*	*		**	**	**	**	<b>14</b>	Low wages but the dominant sector in Torbay and fit most criteria, including local/regional strategies. Future depends on the successful exploitation of new visitor markets.
Fishing		**		*	*	*	**	**	**	<b>11</b>	Although a local concentration, the sector has been declining. Fits with strategies and links well with tourism, particularly in Brixham.
Marine		*	*	*	*	**	**	**	**	<b>12</b>	Fits with strategies, links well with tourism and potential for growth.
Retail	**	**	*	*		*	**	**	**	<b>13</b>	Another dominant and locally concentrated sector in Torbay. Low wages but fits well with most criteria.
Real Estate	**	*	**	*	*		*	**		<b>10</b>	Top sector in Torbay in terms of GVA. Growing strongly but strategy unable to influence sector development
Health and Social Care	**	**	**	**	**	*	**	*		<b>14</b>	Top ranking sector and scores well against most criteria. However the strategy is less able to influence the development of this sector compared to others.
Construction	*	*	*	*	*	*	*	**	*	<b>10</b>	Consistent performance against criteria and good opportunities for entrepreneurship but not a top performing sector in other criteria.
Education	**	*	*	*	**		*			<b>8</b>	A major employer in Torbay despite limited higher education provision, with relatively high wages. Let down by low fit with RES and low entrepreneurship opportunities.
Other Value Added Manufacturing	*	**	*	*	*	*	*	*	**	<b>11</b>	A local concentration in manufacture of plastics and some food and drink sub-sectors, but mixed growth prospects.
Advanced Engineering	*	*		**	**	**	**	*	**	<b>13</b>	Has suffered declines since the closure of Nortel and the recent announcement of job losses at Bookham Technology. However performs well against other criteria.
Finance and Other Business Services			*	*	**			**	*	<b>7</b>	Relatively small and underdeveloped in Torbay with good wages, growth prospects and entrepreneurial opportunities.
Environmental/ Marine Science			*?	**	**	**	**	*	**	<b>12</b>	Relatively small and underdeveloped in Torbay but fits well with all other criteria.

## **A2.1 Tourism and Leisure**

### **Overview**

The tourism and leisure sector comprises a variety of activities that provide services to visitors and locals, including hotels and other accommodation providers, restaurants, transport services, retailers, visitor attractions and entertainments. Some of these sub-sectors (e.g. hotels) are entirely tourism focused, while others (e.g. restaurants, shops, leisure facilities and entertainment) cater for locals and visitors alike.

Torbay's economy has historically been, and remains, heavily dependent upon the tourism sector. The size of the tourism industry is notoriously difficult to quantify because of the interrelations with other industries. ABI data suggest that 15.1% of Torbay employees are employed in the hotels and catering sector, approximately double the regional (8.1%) and national averages (6.8%). The tourism industry as a whole is larger than this, including a proportion of the retail, leisure and other sectors supported by visitor spending. South West Tourism estimates that tourism expenditure in Torbay totalled £398m in 2003 and employed 13,388 people, supporting 25% of employment in Torbay. Tourism is the dominant sector and Torbay has a relative concentration of all tourism related activities including accommodation providers, bars, restaurants, attractions and leisure activities.

Tourism supports a large number of businesses of varying sizes, including hotels, guesthouses, restaurants, shops, visitor attractions, marine leisure services and transport operators. Key tourist attractions in Torbay are Paignton Zoo, Living Coasts, Quay West, etc.

### **Reasons for Prioritisation**

Tourism is the dominant sector in Torbay but has suffered declining visitor numbers and bed nights in recent years. In fact Torbay is the only district in Devon to have experienced a decline in bed nights during the last decade, according to Tourism Trends in Devon. The Torbay Tourism Strategy 2005-2015 states that there are growing concerns that any further decline will affect the viability of many tourism businesses within Torbay.

This decline now appears to have stabilised but Torbay's core customer base has an increasingly aging and less wealthy profile, and this lack of higher expenditure has stifled investment. The English Riviera Tourist Board reports that the over 55 age group accounted for just over one-third (35%) of Torbay visitors in 1996 but this figure had increased to almost two-thirds (63%) by 2003. Over the same period the proportion of AB visitors has fallen from more than a quarter of all visitors to just 7%, and has been replaced by a relative increase in the proportion of C1 and DE visitors.

Despite the maturity of the tourism industry in Torbay there is significant underexploited potential, particularly regarding opportunities in the marine leisure sector. Torbay needs to maximise opportunities to build new markets with real volume and value potential for the future as the tourism market in

Devon and Cornwall continues to grow, and Torbay has the potential to benefit from this growth.

Since the tourism and leisure industry supports large numbers of small businesses, has relatively low barriers to entry, and therefore offers opportunities for new business formation and growth. Tourism is also identified as a priority sector in the Regional Economic Strategy.

### ***Trends and Prospects***

Tourism is growing in economic importance in Devon and Cornwall. Recent performance in Torbay has been mixed with declining employment in hotels and amusement parks but employment growth in bars, restaurants and leisure and recreation activities. There was a 3% reduction in employment in hotels in Torbay between 1998 and 2003, a 52% reduction in fairs and amusement parks, a 20% reduction in other entertainment activities, but a 7% increase in employment in botanical and zoological gardens, 17% in bars, 20% in other recreational activities, 31% in restaurants.

Further growth is forecast in the sub-regional (Exeter and Torbay) tourism market, with employment in hotels and catering expected to increase by 11% between 2004 and 2026, and GVA expected to increase by 53%.

### ***Competitive Advantages***

Torbay has many competitive advantages as a centre for tourism and leisure, including it's:

- High quality environment and natural setting – coastline, beaches, palm trees, parks and countryside;
- Excellent location from which to visit Dartmoor, other areas of natural beauty and attractions of Devon and Cornwall;
- High national awareness of English Riviera brand and of Torbay as a visitor destination;
- The diversity and distinctiveness of the three towns in Torbay;
- Significant maritime heritage;
- Substantial holiday accommodation resource;
- Potential as a major centre for marine leisure – yachting, diving and other watersports;
- Large population – offering potential to develop leisure and entertainment services that serve both the local population and the visitor market.

### ***Key Issues and Challenges***

There is a strong feeling among representatives of the local tourism and leisure industry that Torbay is failing to make the most of its potential as a visitor destination. Key issues are:

- The image of Torbay – and some negative visitor perceptions of Torbay being old-fashioned, run down, and down market;
- The outdated nature and lack of quality of much of the accommodation stock and visitor facilities in Torbay and lack of a branded hotel;
- The need to engage the private sector in the development and implementation of tourism strategies;
- The aging and less wealthy profile of visitors;
- Lack of new and innovative tourism businesses;
- Transport issues – especially the congestion on the A380, the major link road between Torbay and the A38 at Newton Abbot (the lack of a South Devon Link Road), but also poor rail links and also some concerns regarding car parking within Torbay;
- Increasing competition from other resorts and destinations both within the UK and overseas.

## **A2.2 Retail**

### **Overview**

The retail sector is a significant sector in Torbay and is closely linked to the tourism industry. The sector includes retail of new and second hand goods in a variety of stores. Retail activities employ more than 7,000 people in Torbay. Most of these jobs are in other retail sale of new goods in specialised stores (3,300) and retail sale in non-specialised stores (3,200).

The majority of jobs within this sector are low skilled and low wage. As many as 70% of the workforce are part-time workers and the sector is very seasonal with peaks around Christmas and in the summer.

Retail sectors in which Torbay has a relative concentration of activity compared to the national average include: retail sale of fish, crustaceans and molluscs; retail sale of medical and orthopaedic goods; retail sale of fruit and vegetables; retail sale of bread, cakes, flour confectionery and sugar confectionery; other retail sale in specialised stores; retail sale of clothing; retail sale of second-hand goods in stores; other retail sale in non-specialised stores; retail sale of cosmetic and toilet articles; retail sale in non-specialised stores with food, beverages or tobacco predominating; retail sale of books, newspapers and stationery; retail sale of footwear and leather goods; retail sale of alcoholic and other beverages; other non-store retail sale; retail sale of electrical household appliances and radio and television goods; other retail sale of food, beverages and tobacco in specialised stores; retail sale of

tobacco products; retail sale of meat and meat products; and retail sale of furniture, lighting equipment and household articles.

Key companies include many major multiple retailers, but the smaller, independent retailers are of equal importance.

### ***Reasons for Prioritisation***

The retail sector is growing and is of considerable importance to Torbay's economy. The retail sector is not amongst the RES priority sectors, but is an LSC priority sector and does fit with other local strategies and is intrinsically linked to the tourism sector. The LSC reports that the sector is increasingly looking to employ older workers, who are prevalent in Torbay and could provide a good fit.

Retail also supports large numbers of small businesses, has relatively low barriers to entry, and therefore offers opportunities for new business formation and growth. This is reflected in VAT data, which shows the retail sector has the largest number of businesses of all sectors in Torbay and the highest number of new VAT registrations.

The Brixham Regeneration programme offers an opportunity to develop and improve the quality of the retail offer in Brixham. More generally, there are opportunities to develop the sector and attract new retailers to Torbay in line with plans to increase the quality of the tourism product in Torbay.

### ***Trends and Prospects***

Overall employment in retail has been growing and growth has been driven by clothing, cosmetics, medical and food and drink retail sub-sectors. Strong growth in the retail sector is forecast at similar rates both regionally and sub-regionally.

### ***Competitive Advantages***

Torbay has a relatively high concentration of smaller, independent retailers. Its local competitive advantage exists, particularly in the retail of fish, medical products, other food and drink, and clothing. Strong links with tourism also give Torbay an additional competitive advantage.

### ***Key Issues and Challenges***

Key issues in the retail sector are:

- Competition from the shopping developments at Princess Hay in Exeter and Drake Circus in Plymouth, which are regional destination shopping sites and provide a major threat to Torbay's ability to attract shoppers. Furthermore, agents working on behalf of the major retailers view Torbay as a sub-regional shopping centre and not a primary retail area such as Plymouth or Exeter.
- Torbay's location and existing developments can't meet the size requirements of major retailers. These retailers are looking for sites of

15-20,000 sq ft but Torbay has a very limited number of sites of this size and the standard retail unit in Torbay is just 2-2,500 sq ft, highlighting the need for the development of larger units. Transportation issues add an additional barrier to major retailers locating in Torbay.

- The local demographics can also stand in the way of some retailers coming to Torbay. Although stores such as Primark fit well with the local demographic they do not help Torbay in their bid to attract more affluent visitors to the area.
- It can be difficult to get major retailers to come to Torbay because of negative preconceptions of tourist resorts and the seasonal impacts on the retail industry. Seasonality is a threat to the retail industry in Torbay and footfalls fluctuate widely from summer to winter.
- Visitor numbers are down which has a negative impact on retail in Torbay.
- Torquay has a weakness in not having a town centre focal point, as Plymouth, Exeter and most other locations have. Torquay is disadvantaged by having a very linear shape and no focal point.
- Parking in the town centres is a problem. It is too expensive, there are not enough parking spaces and Torbay does not offer a park and ride option.

### ***A2.3 Advanced Engineering***

#### ***Overview***

The advanced engineering sector comprises a variety of high value-added enterprises involved in mechanical, precision, electrical, electronic and communications engineering, serving diverse markets. Key industries in the South West region include aerospace, automotive, electronics, measuring instruments and medical devices. There are significant overlaps with the marine and medical sectors.

The sector has been dominated by the electronics sub-sector in Torbay and currently has a concentration of activity in a range of engineering manufacturing based activities, including TV and radio transmitters, electronic valves, instruments and appliances for measuring, checking, testing, navigating and other purposes, electricity distribution and control apparatus, and medical and surgical equipment and orthopaedic appliances.

According to Annual Business Inquiry (ABI) data, employment in the electronic engineering sector (defined as manufacture of electronic, radio, television and communications equipment, and manufacture of medical, precision and optical instruments) peaked in 2000 with more than 4,750 employees and it appeared that the Torbay economy had managed to

achieve diversification and reduce the reliance of the local economy on the tourism industry. However the effective closure of Nortel activities in Torbay in 2001, in addition to job losses at other employers in the sector including Sifam/JDS Uniphase, inevitably had a huge impact on the local economy and employment in the sector fell to less than 1,300 by 2003. This figure is likely to have fallen even further following recent job losses at Bookham Technology.

A few operations could be described as advanced engineering. These include Bookham Technology, Syntech Technologies, Sifam and AVX.

### ***Reasons for Prioritisation***

Despite the closure of Nortel and job losses elsewhere in the sector, Torbay has developed a concentration of engineering-based manufacturing operations of considerable economic importance to the local economy. Though evidence of collaboration is limited, companies receive joint benefits through the development of a skilled workforce. Employers in the sector offer relatively high wages and good career opportunities. Given the vulnerability of mainstream manufacturing operations to international competition and potential relocation, development of a knowledge-based cluster holds the key to the future of the sector. Advanced engineering is a regional priority sector, so there is scope for Torbay to contribute to and benefit from regional sector development initiatives and clustering opportunities.

### ***Trends and Prospects***

As mentioned above, employment in this sector has fallen significantly following the closure of Nortel. However strong employment growth rates have been experienced in the manufacture of electric motors, generators, transformers, computers and other information processing equipment, television and radio receivers, but these are very small sub-sectors. Many of the larger sub-sectors have been declining from 1998 to 2003 for the reasons given above, although the manufacture of electricity distribution and control apparatus has experienced growth.

Future prospects in the Exeter and Torbay sub-region are for growth in employment and particularly strong growth in output, as productivity continues to grow. Prospects are good for enhanced incomes and higher value employment opportunities, as well as job creation. However, while some companies expect to grow, there is also a risk of further job losses as companies move operations to lower cost locations overseas.

### ***Competitive Advantages***

Torbay already possesses a small number of high value, advanced engineering businesses, set up during or since the Nortel era, suggesting a local competitive advantage and opportunities for further development in this sector. The sector has a pool of skilled labour following the redundancies at Nortel and Bookham, which is available for exploitation by existing and new businesses.

Syntech Technologies is one of the businesses to have developed since the closure of Nortel and is currently developing a technology partnership scheme to help entrepreneurs in the region. The proposed scheme is aimed at small companies and individuals who have ideas for high technology products but lack the ability or resources to develop their designs into a manufacturing opportunity. This has potential to have a significant impact on entrepreneurial activity within the high technology sector and provides an example of the type of initiative that is possible to encourage business start-ups and business growth within Torbay.

### ***Key Issues and Challenges***

Key issues facing the sector include:

- Its sensitivity to variations in the global economy, which have a major impact on the decisions of multi-national companies;
- Low cost competition from Asia Pacific and Eastern Europe, causing some firms to consider relocating manufacturing operations;
- Transport links and the peripherality of Torbay as a business location – travel times by customers and parent company managers are a concern, as are the costs of transporting components and finished goods;
- Relatively weak relationships between businesses and under-developed supply chains.

## ***A2.4 Fishing***

### ***Overview***

The fishing sector comprises industries connected with fishing and fish processing. There are some overlaps with tourism, wholesale and retail sectors. Torbay has concentrations of activity in fishing, the wholesale of fish, and the retail sale of fish.

The fishing industry remains important to the area, particularly in Brixham, which is the largest fishing port in England and Wales in terms of volume and value, according to the 2004 fisheries statistics from Defra. There are 375 full-time fishermen and an estimated total of 2,500 jobs which are dependent upon the fishing industry in Torbay, according to Torbay Council. There are a large number of small companies involved in a variety of fishing and related activities.

However a report by the Sea Fish Industry Authority (Seafish) states that the sea fishing industry is positive about the future of Brixham and does not foresee any significant changes to fleet numbers or the volume of landings. The report suggests that fleet numbers could increase if the proposed improvements to Brixham port go ahead, as this could attract new vessels to the port.

### ***Reasons for Prioritisation***

Fishing is not a regional priority sector in itself but is part of the food and drink sector, which is a regional priority sector and also fits with regional and local strategies because it is a traditional industry that helps to define the culture and identity of the area, an exporting industry and is closely linked to tourism in Torbay

While commercial fishing itself offers little prospects for new businesses, there may be opportunities for new businesses involved in processing, marketing and catering activities, and in strengthening links with the tourism sector.

### ***Trends and Prospects***

Employment in fish processing has remained stable between 1998 and 2003. However the sector has experienced declines in fishing, wholesale of fish, and retail of fish over this period.

Fishing is becoming increasingly important in Torbay relative to ports fishing North Sea stocks because of the restricted quotas on white fish found in the North Sea. However, the general decline in the size of the fishing fleet is expected to continue. Processing, marketing and catering activities adding value to local fish offer stronger prospects, given that Brixham fish is arguably underdeveloped as a brand. Recreational fishing also offers growth prospects.

### ***Competitive Advantages***

The fishing industry is significant, not only in terms of the direct value it adds to the local economy, but because of strong cultural heritage and links with tourism. Tourists are attracted to Brixham because of the local fishing activities. A new fish market has been proposed as part of the plans to regenerate Brixham, and also promotes the links between these two major, local industries by providing improved access for visitors.

### ***Key Issues and Challenges***

The fishing industry has experienced a gradual decline over time in line with national trends and as a result of pressures from European legislation. The industry is also under threat because the fish market in Brixham is in critical need of investment.

The sector requires traditional fishing skills. The declining image of the fishing sector raises concerns about long-term employment opportunities and may also be a barrier to recruitment.

## ***A2.5 Marine Industries***

### ***Overview***

The marine industries comprise a variety of industries connected with the sea, including ship and boat building/repair; marine engineering; marine construction; ship management; agency and freight forwarding; port

operations and administration; and marine leisure. There are some overlaps with environmental/marine science, advanced engineering and with tourism sector through marine leisure.

The sector comprises a number of smaller companies involved in a variety of activities – ship and boat building, manufacture and supply of equipment, port activities, water transport etc. It is difficult to establish the size of marine industries in Torbay because activities span a number of different sectors.

A marine sector skills report produced by Plymouth University in 2003 suggests that Torbay possesses one of seven identified marine and maritime clusters in the South West region. The cluster in Torbay is estimated to employ approximately 665 people in 125 marine businesses, with very few businesses employing more than 10 people. The Torbay cluster is smaller than those in Plymouth, Poole, Bristol, Falmouth/Penryn and South Hams, but is larger than the cluster in Penzance/Newlyn.

### ***Reasons for Prioritisation***

The marine sector is a priority sector because it is under-developed in Torbay considering Torbay's coastal location, the quality of the marine environment, and the strong maritime heritage. This suggests potential growth prospects, particularly linked to growth in marine leisure and provision of waterside premises.

The variety of activities involved, many of which involve smaller companies, and the potential to further develop, offer opportunities for new business creation. The Plymouth University report suggests a high level of start-ups in the region between 2001 and 2003, of which 75% are in retail and leisure related businesses, such as marinas, surf equipment and clothing manufacturers and retail outlets, yachting and boating equipment manufacturers and suppliers, retail outlets and services.

Many of these new start ups are also directly related to the provision of leisure experience, including providers of extreme sports and marine related tourism and pursuits. Many of those interviewed as part of the study by Plymouth University described their businesses as 'booming', which was in contrast to some interviewees in the design and construction sub-sector associated with ship and boat-building, who reported their businesses as struggling to survive.

There is an opportunity to attract Olympic classes in build up to the 2012 Olympics. It will be important to have the infrastructure in place (slipways, clubs, centre of excellence, etc) in preparation for potential surge in interest following 2012 games - particularly if GB win lots of water-activity medals.

### ***Trends and Prospects***

The marine sector has experienced small employment growth in the building and repairing of ships and boats, and in renting of water transport equipment between 1998 and 2003. Stronger employment growth was achieved in other

water transport activities but employment in the sea and coastal water transport has fallen significantly.

The sector is under-developed in Torbay considering the local natural resources, suggesting potential growth prospects linked to growth in marine leisure and provision of waterside premises.

### ***Competitive Advantages***

Torbay has a number of competitive advantages, principally including its coastal position, the quality of the marine environment, and the strong maritime heritage.

The Brixham Regeneration programme will provide sites and premises, which could provide suitable accommodation for new or existing marine-related businesses.

There are opportunities to establish links with the South West marine Centre of Vocational Excellence (CoVE) to provide marine leisure and marine engineering training in Torbay.

More specific competitive advantages include the fact that jet-skis are welcomed in Torbay but banned in most other ports, providing opportunities to develop this sector, by setting up a local club, provision of course layouts (e.g. slalom), etc.

### ***Key Issues and Challenges***

The marine leisure opportunity in Torbay faces competition from the growing marine leisure sector in South Hams, Plymouth and Weymouth (the chosen location of the 2012 Olympic Games water events).

Torbay has limited marine engineering provision and the development of the sector will be restricted by the conflicting land use with the tourism industry.

## ***A2.6 Environmental/Marine Science***

### ***Overview***

The South West has a significant concentration of marine science activity, including Plymouth Marine Laboratory, the Marine Biological Association, Plymouth University, SAHFOS, the Met Office and a small number of commercial companies that have spun out of these organisations. In Torbay, the key player is Astra Zeneca, which investigates the effects of products and wastes in air, water and soil environments.

The research and experimental development on natural sciences and engineering sub-sector (which is presumably dominated by AZ) employs 119 people and is currently under-represented in Torbay relative to the national average.

Astra Zeneca is the key company in this sector and is a significant, relatively large employer in Torbay, employing approximately 100 people in Brixham.

### ***Reasons for Prioritisation***

The environmental industries and the marine sector are both identified as priority sectors in the Regional Economic Strategy. More generally knowledge-based industries fit well with regional and local strategies.

This is a high wage sector with significant career opportunities and the potential to develop links with South Devon College to address skills gaps and shortages (e.g. technicians).

There is an opportunity to develop marine/environmental science activity, based on the activities of Astra Zeneca and (to a lesser extent) Paignton Zoo, and linked to the development of a wider regional marine science cluster. The benefits for Astra Zeneca in forming links with the South Devon cluster of marine science activities are: the sharing of technology and equipment (broadening of capability without additional purchase costs); cross-fertilisation of ideas; a nucleus of science-based business assists recruitment from outside the area.

The provision of employment land adjacent to Astra Zeneca, as part of the Brixham Regeneration programme, has the potential to provide the facilities and conditions to encourage spin-offs, relocations and start-ups of businesses in the sector. The proposed premises for Brixham are expected to have sea water supply (essential to the work of Astra Zeneca) which will facilitate the location of similar businesses in these premises. Astra Zeneca believe a niche gap exists for suppliers of certain types of chemical analysis to relocate or start-up in Torbay, which currently have to be sourced from much further afield.

### ***Trends and Prospects***

Employment in research and experimental development of natural sciences and engineering has increased by more than fourfold between 1998 and 2003.

The environmental science sector is expected to experience continued long-term growth in terms of GVA and employment. There are potential growth opportunities through participation in the development of a wider regional marine science cluster, involving Plymouth and Exeter universities, the marine science organisations in Plymouth, Met Office in Exeter, Environment Agency at Starcross, proposed marine science park in Plymouth and potential commercialisation of these activities.

### ***Competitive Advantages***

Torbay's strengths in marine environmental science are largely due to the activities of Astra Zeneca, which is located in Torbay because of the access to good quality sea water.

The high quality of life in Torbay is likely to appeal to knowledge-based businesses specialising in research and development for which transport links and peripherality are less of a concern.

### ***Key Issues and Challenges***

Opportunities to develop new businesses in this area are likely to be small in scale and few in number. The lack of a knowledge base (except for Astra Zeneca) and the current unavailability of relevant courses at South Devon College are likely to provide barriers to the development of this sector in Torbay. The concentration of clustered activity elsewhere in South Devon, particularly in Plymouth, will provide significant competition to Torbay in attracting relocating or new businesses.

## ***A2.7 Health and Social Care***

### ***Overview***

The health and social care sector includes a range of activities, mainly in the public sector, including hospital activities; medical, dental and veterinary practices; other health activities and social work activities (e.g. nursing homes). Together these activities employ some 9,000 people in Torbay – approximately 20% of all employees. Most of these jobs are in public health activities, especially hospitals (4,200) and social work activities (3,200), with limited private sector involvement.

A variety of medical and health related activities are concentrated and relatively more important in Torbay than in the national economy, including medical practice activities, dental practice activities, social work activities and hospital activities. Key employers are Torbay Hospital, NHS Care Trust, and South Devon Healthcare Trust. There is also a high concentration of retirement and residential homes in the area.

### ***Reasons for Prioritisation***

The health and social care sector is growing and is of considerable importance to Torbay's economy. Torbay has a relatively high concentration of health and social care institutions as a result of its aged and aging local population, with high health and social care demands.

The sector offers a range of jobs with varying wages and skill levels. Earnings are relatively high for medical scientists, health professionals, and skilled staff; above average for nurses and midwives; and relatively low for medical secretaries, assistant nurses and auxiliaries, dental nurses, care assistants, nursery nurses and hospital porters. The scale of the sector, variety of skill levels and range of new developments mean that there is a wide range of career opportunities. Links to the Peninsula Medical School are beginning to provide highly skilled graduates to the sector which could provide some development opportunities. There are opportunities to develop knowledge-based research and development activities, particularly associated with the hospital.

The health and social care sector is not amongst the RES priority sectors, but is an LSC priority sector and does fit with other local strategies.

### ***Trends and Prospects***

The health and social care sector has experienced strong GVA and employment growth between 1998 and 2003 of 5.4% and 2.6% per annum respectively. Employment growth has been driven by human health activities, which grew by 3.9% per annum over the same period, while social work activities grew by 0.5% per annum

Future prospects are positive as strong growth is forecast regionally and sub-regionally in the health and social care sector. Employment in the sub-regional (Exeter and Torbay) health and social care sector is expected to increase by 18% between 2004 and 2026, and GVA expected to increase by 84%.

### ***Competitive Advantages***

Torbay has a high concentration of established health and social care institutions as a result of its aged and aging local population. Torbay has a pool of highly skilled, qualified labour, which is expected to increase with links to the Peninsula Medical School.

### ***Key Issues and Challenges***

Public sector health services are dependent to a large extent on health policy and there is limited scope for this Framework to influence the sector's development. However the strategy does have some scope to influence the development of the higher-value research and development opportunities that exist in this sector.

## ***A2.8 Other Value Added Manufacturing***

### ***Overview***

In Torbay this sector comprises concentrations in the manufacture of plastic products and food and drink.

The manufacture of plastic products includes the manufacture of plastic plates, sheets, tubes, packing materials, builders ware of plastic, and some other plastic products. Together these activities employ some 750 people in Torbay and more than three-quarters of these jobs are in the manufacture of builders ware of plastics, or more specifically in the manufacture of UPVC windows, doors, conservatories, etc.

The food and drink sector is currently dominated by meat and meat products and bread and biscuits although the composition of the sub-sectors can vary from year to year and dairy products were the largest sub-sector in 2003. This sector currently employs more than 700 people in Torbay, a similar number to those employed in the manufacture of plastic products.

Both sectors are a similar size in terms of output and together they account for almost one third of total manufacturing output in Torbay. They are the second and third largest manufacturing sectors in Torbay, behind electrical engineering.

The major plastics manufacturing employer in Torbay is the Epwin Group, parent company of Europlas. There are also a number of smaller employers, including Framework Windows, and also a high concentration of businesses located in close proximity to Torbay, particularly in Newton Abbot.

### ***Reasons for Prioritisation***

Food and drink is a regional priority sector, identified as a sector needing assistance to meet the challenge of change. The manufacture of plastic products and other lower value manufacturing sectors are not regional priority sectors. However the lack of local manufacturing activity in Torbay might suggest the local concentration in this sector should be developed further.

There are opportunities to create high-value added services within the food and drink sector including high quality retail food, and specific marketing activities to encourage local sourcing of produce, including Brixham fish, and continue to develop links with 'green tourism'.

Manufacturing wages in Torbay are relatively high, although wages in this sector are likely to be lower than the high technology sector discussed above. A relatively high proportion of manufacturing employers report skills gaps, particularly for technical staff, and there is an increasing need for improved basic skills and literacy at operator level in all manufacturing sub-sectors, suggesting there is scope for this Framework to add value to the sector.

There may be some opportunities for entrepreneurship given the existing supply chains and skills in the local workforce due to the relatively high local concentration in this sector.

### ***Trends and Prospects***

The manufacture of plastic products is a well established sector in Torbay, experiencing GVA growth of 3.6% per annum in the ten years to 2004. Food and Drink is slightly smaller in terms of GVA but continues to grow steadily over time, experiencing GVA growth of 9.2% per annum between 1994 and 2004.

Employment in the manufacture of plastic products grew by 6.5% per annum in Torbay between 1998 and 2003, while employment in food and drink manufacturing grew by 1.8% per annum. The future prospects of this sector are unclear, although the manufacture of rubber and plastics is expected to decline in terms of GVA and employment in Exeter and Torbay between 2004 and 2026.

### ***Competitive Advantages***

Torbay, and the surrounding area, has a relatively high concentration of plastics manufacturers, and some food and drink sub-sectors, and a workforce with relevant skills for this sector. The local concentration suggests that Torbay's locational disadvantages are less significant in this sector. The strength of the local tourism and retail sectors provide an opportunity to develop food and drink in Torbay.

### ***Key Issues and Challenges***

The key issues facing the sector include: skills gaps in manufacturing activities in Torbay, particularly for technical staff, and basic skills needs at operator level; the increased peripherality and poor transport access of Torbay, relative to Newton Abbot (an alternative location with a concentration of businesses within this sector), provides a threat to Torbay's ability to attract and retain businesses within this sector.

Another issue, specific to food and drink, is that although growth of the food and drink sector as a whole has been stable and strong over time, the performance of individual sub-sectors has been very unstable and can vary greatly from year to year.

## **REVIEW OF THE CURRENT LOCAL & REGIONAL STRATEGIC FRAMEWORK**

### ***Torbay Community Plan***

The Torbay Community Plan has been developed by the Torbay Strategic Partnership, on behalf of the people living and working in Torbay, and aims *'to improve the overall quality of life for the people of Torbay'* by creating *'a healthy, prosperous community, living, learning and relaxing in a safe and beautiful bay'*. This is an 'overarching' Community Plan adopted by all agencies and partners in Torbay. Key themes relevant to this Framework include: improving access to good-quality affordable homes; placing learning at the heart of the community; developing Torbay's culture; creating sustainable communities; and improving Torbay's economy by:

- creating more and better jobs;
- regenerating Torbay's towns and communities;
- making Torbay a high-quality year-round destination for visitors;
- improving access to Torbay.

However the Torbay Community Plan is now being revisited, following the appointments of the first elected mayor for Torbay and a new chief executive for Torbay Council, and a revised version is due to be published later in 2006. The Torbay Strategic Partnership has already begun re-ordering themes for Torbay and 'improving Torbay's economy' has been promoted to the top priority. This Framework will therefore help to inform the revised Torbay Community Plan.

### ***Adopted Torbay Local Plan and Torbay Local Development Framework***

The Adopted Torbay Local Plan (1995-2011) was adopted with modifications in April 2004 and provides a framework for the sustainable development of Torbay up to 2011. However changes introduced by the Planning and Compensation Act in September 2004 mean the Local Plan has been superseded by the emerging Torbay Local Development Framework, which will provide and deliver the spatial planning strategy for Torbay for the period 2005 to 2016 and provide the mechanism for delivering the aspects of the Community Plan that involve the development and use

of land. The LDF will comprise a portfolio of Development Plan Documents (DPDs) and Supplementary Planning Documents (SPDs). The core strategy is one of the first documents to be prepared but was not available at the time of this study.

The key aims of the Adopted Local Plan, which are relevant to this Framework, are to: improve economic prosperity, quality of life and levels of service; provide a safe and convenient transport system; meet Torbay's housing needs; whilst conserving the environment. The significant objectives in terms of links to this Framework include encouraging economic diversification from an over-reliance of tourism by providing office and commercial development, new technology businesses and appropriately sited business parks, in addition to sites for light industry. In terms of the local tourism infrastructure, the plan recommends sustaining the essential base of tourism infrastructure, but allow for the loss of tourism accommodation in premises which are no longer viable or practicable for continued tourism use, or are inappropriately located, and to support appropriate changes of use of such accommodation. The plan also intends to sustain and enhance the three town centres as the dominant shopping and commercial centres of Torbay, to support the needs of the fishing industry, to secure satisfactory infrastructure and good road access to serve existing and proposed employment sites, and to recognise the contribution that the natural environment makes to the local economy.

### ***Torbay Tourism Strategy***

The Torbay Tourism Strategy 2005-2015 has been developed by the English Riviera Tourist Board (ERTB), which is now part of the TDA. The strategy aims *'to realise the potential of the English Riviera as a tourism destination of national and international importance'* and was developed following consultations with local and regional stakeholders. Tourism and, more generally, the visitor economy are a significant focus for this Framework and it links closely with the Tourism Strategy and supports the core principles of:

- ensuring Torbay and the English Riviera brand is recognised as a leading resort with a sustainable future;
- being mindful of the changes in the market place and competition from domestic and international destinations;
- working strategically and in partnership to respond positively to customer perception and expectation in terms of service quality and delivery, and product offer in general – ensuring the tourism product and associated marketing is developed to meet the needs of market segments that will provide a sustainable future for the resort.

### ***Torbay Marine Strategy***

Catching The Wave – Tor Bay Harbour Maritime Strategy is currently being developed to ensure that the harbour operates effectively, maximising opportunities and making proper use of all water and harbour side facilities. The marine sector is another area of focus for this Framework, having been identified as a priority sector in addition to the strength of the marine leisure opportunity in Torbay, and there are likely to be clear links with the final Maritime Strategy. This Framework is supportive of the key objectives of the draft maritime strategy, with the following aims of

particular relevance to this Framework: ensuring income is derived from a broad range of activity including fishing, retail, estate management, marinas, mooring provision, marine leisure facilities, etc; supporting a variety of maritime events; exploring all opportunities to develop the enclosed harbours of Brixham, Paignton and Torquay; raising the profile of the importance of the local fishing industry and the quality of the catch, the importance of the sailing conditions and access for a range of recreational boating, and the unique mix of maritime activity combined with an excellent safety record; proactively invigorate the harbours, widen their catchment and appeal, through sponsorship packages, performance and music, harbour dressing and branding.

### ***Chill Out: It's Your Life - Torbay Culture Strategy***

The Torbay Culture Strategy aims *'to create a more vibrant and diverse mix of cultural activities in Torbay's outstanding location which are recognised, valued and taken up by local people and visitors alike'*. The strategy reports a strong local commitment to cultural activity, through a large number of local music, dance and drama groups, sports and leisure clubs, heritage and history societies, etc. The key priorities of the culture strategy are: to meet the cultural needs of Torbay; to give culture a higher profile; and to celebrate Torbay's cultural successes. These priorities link closely with some of the objectives of this Framework through proposed developments in sports and leisure activities, leisure marine activities in particular, whilst also supporting the diversification of the local economy, and exploiting advances in technology and electronic media.

### ***Regional Economic Strategy***

This Framework links closely with the Regional Economic Strategy (RES), which defines the overall economic development agenda for South West England. The RES is currently under review and a Final Draft of the RES Update was published in February 2006. The RES vision for the region underpins the aspiration to achieve sustainable economic progress, which can be secured within environmental limits - *"The South West of England will have an economy where the aspirations and skills of our people combine with the quality of our physical environment to provide a high quality of life and sustainable prosperity for everyone."* The continued development of the South West will be achieved through the application of three economic drivers to improve delivery of the strategy and ensure the priorities are delivered to maximise their impact on regional economic prosperity. These economic drivers are: *innovation* – encouraging a culture of innovation, creativity and enterprise throughout the region's businesses and organisations; *skills* – create high level skills and an adaptable approach to learning and working; *environment* – to gain economic benefit from the locational strengths present in the South West.

This RES vision will be realised through the following three strategic objectives:

- *successful and competitive businesses* – to raise business create the conditions that enable the region's businesses to be more successful by increasing their productivity;

- *strong and inclusive communities* – to ensure that more people and communities have the skills, capacity and aspiration to participate in, and benefit from, the growing economy;
- *an effective and confident region* – to ensure that the South West is working well as a region, with a more sustainable communications infrastructure that supports the needs of the economy, and will protect and enhance what makes the region so distinctive. It will also work better together in identifying key priorities and promoting the region's assets.

The creation of conditions that will enable businesses to be more successful by increasing their productivity is dependent on a number of factors identified as the Treasury's 'five drivers of productivity'. These include:

- increasing investment in capital and labour;
- encouraging entrepreneurial activity and a culture of entrepreneurship whilst supporting new enterprises with high growth potential;
- increasing skills levels and providing a better match between employer demand and the supply of skills and training;
- increasing exposure to competitive markets by encouraging inter-regional and international trade, promoting foreign and domestic investment in the region, and improving access to major competitive centres in the UK;
- encouraging innovation to enable businesses to identify and fill new market opportunities, invest in research and development, and develop new approaches in the delivery of products and services.

The RES places significant emphasis on the development of priority sectors and it is clearly important that this Framework considers the wider regional context in identifying priority sectors for development. In supporting business productivity, the RES identifies eight priority sectors for specific RDA intervention: Advanced Engineering; ICT; Marine; Food and Drink; Tourism; Creative Industries; Environmental Technologies; Bio-medical. These sectors have significant representation in this Framework and offer favourable conditions for contributing to growth in these activities.

### ***Regional Spatial Strategy***

The Regional Spatial Strategy (RSS) is also currently under review and the final draft was due to be submitted to Government at the end of March 2006. The RSS recognises the diverse needs and potential for change throughout the region and aims to plan development to meet the needs and realise the potential of individual communities. The principle aim of '*delivering more sustainable communities and a more sustainable region*' will involve significant change at 23 Strategically Significant Cities and Towns (of which Torbay is one) to support their economic and service role and regeneration, and smaller change outside of those places to

achieve more self-contained, balanced communities within a better local environment.

More specifically the RSS highlights needs for Torbay that link closely with the strategic objectives of this Framework, such as the need to regenerate and rejuvenate its physical fabric, communications and perceived image. Particular objectives for Torbay include:

- *providing a range of employment opportunities, services and facilities to facilitate greater investment in the physical fabric of the urban area, delivering a greater quantity of affordable housing and improving the retail performance, to deliver a step change in performance at Torbay;*
- *stimulating economic development in Torbay through the provision of about 11,700 jobs in the Torbay/ Totnes area and the provision of an average of about 500 dwellings per annum in Torbay over the plan period.*

The RSS states that development in Torbay should focus on intensifying the existing urban area through the reuse of previously developed land and buildings, including urban renewal, to maximise densities whilst seeking high quality design standards. Where capacity constraints restrict the ability to deliver the required housing and employment provision within the urban area, urban extensions should be proposed for locations immediately adjoining the Torbay urban area. The RSS also notes that investment will be made in key infrastructure to enable the achievement of the proposed development.

### ***Devon Structure Plan***

The Devon Structure Plan 2001 to 2016 was adopted in October 2004. The plan's overall vision for Devon is *"a future for Devon that meets the needs of residents for a safe and healthy environment, a vibrant community life and a dynamic and prosperous economy"*. The Adopted Devon Structure Plan has informed the Adopted Torbay Local Plan and Local Development Framework and has similar principal aims being: a dynamic and healthy economy; with self-sufficient communities; a sustainable transport network; to meet housing needs; whilst conserving and enhancing the environment.

In discussing Torbay specifically, the Devon Structure Plan highlights the pressures facing Torbay in terms of strong residential growth, which has not always been matched by economic investment, combined with relatively low wage and seasonal employment and increasing pressures on the existing infrastructure in Torbay. These factors have generated a need to promote greater economic diversification and to improve the quality of employment opportunities, which links closely with the objectives of this Framework. The Devon Structure Plan states that priority should be given to:

- promoting greater self-sufficiency, particularly in terms of the balance between the provision of homes and jobs while conserving the area's environmental quality;

- developing and diversifying the economy through economic restructuring, regeneration in the town centres, investment in new strategic facilities for the tourism industry and offering a range of economic investment opportunities;
- Providing additional housing at a level sufficient to meet local needs and supporting growth and regeneration;
- Improving the road, rail and public transport networks and links to the wider hinterland;
- Enhancing the strategic transport routes to other parts of Devon, the Region, the rest of the UK and Europe, taking advantage of the opportunities resulting from the proposed South Devon Link Road.

As well as supporting the South Devon Link Road, the Devon Structure Plan also identifies a number of other infrastructure and investment priorities for Torbay to encourage sustainable transport systems that will support interregional movement to aid economic growth and regeneration and reduce peripherality. The schemes identified and supported in Torbay include: improvements to the Tweenaway Junction of the Ring Road; provision of new park and ride facilities for Torquay, sited at Barton; improved bus/rail interchanges at Torquay and Paignton, and an improved regional bus/coach station interchange in Torbay. In terms of rail infrastructure, the plan supports rail network investment on the Newton Abbot to Paignton line, the development of a new station at Edginswell, Torquay, and consideration of re-opening the station at Kingskerswell.

The Structure Plan states that in meeting the above objectives, Torbay should act as a primary focus for development, economic investment and regeneration in South Devon, and recommends the provision of a strategic employment site at the 12 hectare site at Long Road South, proposing a high quality strategic business park which could accommodate a mix of office and research and development uses and provide scope for inward investment. Torbay should also enhance its role as the main commercial and tourist centre in South Devon, providing a wide range of services and specialist facilities necessary to meet the needs of the area.

### ***Learning and Skills Council (LSC) Strategic Area Review***

The LSC Strategic Area Review Sector Report for Devon and Torbay reports low levels of skills in Torbay (lower than other Devon local authorities except for Plymouth), with many in semi-skilled jobs. Torbay experiences high staff turnover in low paid and seasonal sectors, which makes employers reluctant to train and makes it difficult to attract and retain skilled workers. In these sectors the main challenge is not necessarily skills but the nature of the employment offered, which then has future implications for skills gaps and shortages.

The LSC suggest there is a need to design a career path into better quality employment to make people appreciate the benefits of joining a low skilled, low wage sector where training is provided that will enable them to progress in future. There is evidence that some success has been achieved in the case of the care sector, where people might start out in private care homes but then move on to working in hospitals after receiving training.

The LSC has identified sectors where there needs to be a focus on improving skills and the operation of an efficient labour market. The identification of LSC priority sectors is based on: *sector size* – which translates into demand for skills; *government agenda for increasing the proportion of the adult population with an NVQ Level 2 (or equivalent qualification) to 100%* – focusing on sectors where the majority of employees have a level 1 (or lower) qualification.

LSC priority sectors for Torbay match some of the priority sectors of this Framework:

- Tourism;
- Retail;
- Health & social care.

LSC priority sectors for Devon and Cornwall (include tourism, retail and health and social care):

- Land-based/agriculture, including fishing;
- Manufacturing;
- Construction.

### ***Strategies for Other Local Authorities in South Devon***

It is important that this Framework is closely aligned with the strategies of nearby authorities and the neighbouring districts of Teignbridge and South Hams in particular. Teignbridge District is a member of the sub-regional Exeter and the Heart of Devon (EHOD) Economic Partnership, which has recently published an economic development strategy for 2005 to 2008. The strategy groups priorities under SWRDA's three regional strategic objectives of: raising business productivity, increasing economic inclusion, and improving regional communications and partnership. The vision of the EHOD strategy is to *'create a sustainable economic base which is founded on the sub-region's diversity and its unrivalled high quality of life. The sub-region will provide a highly significant contribution to the growing economic prosperity of the South West. This will be facilitated by an integrated and cohesive partnership approach which maximises the economic potential and benefits arising from the inter-dependency between Exeter as the principal commercial and regional centre west of Bristol and the urban, rural and coastal areas of the sub-region.*

Key priorities of the strategy relating to business productivity include targeting many of the priority sectors identified in the RES, particularly focusing on knowledge-based service and research based activities. Skills development also plays an important role in the strategy, through a joint workforce development strategy and delivery framework, which is well integrated with sector, development and business support initiatives, while productivity will be raised by encouraging employer investment in training. Other key priorities include the identification and realisation of new employment land and premises opportunities, and the utilisation of Exeter University to act as a regional catalyst for knowledge and technology transfer in supporting the development of target sectors and in delivering research based business support.

The major priorities to increase economic inclusion include efforts to diversify the portfolio of jobs and increase average income levels and reduce wage disparities, using skills training opportunities to improve prospects for higher incomes – particularly for those excluded from employment and those from the most deprived or rural communities. The strategy aims to encourage partners to adopt common planning policies and use mechanisms to increase the supply of affordable housing. Priority is also given to raising the aspirations of young people, particularly those resident in the most disadvantaged communities.

South Hams District Council is at submission stage of preparing the Core Strategy of their Local Development Framework, which presents the Council's latest thinking in terms of strategic objectives. The delivery of affordable housing is a particular priority as housing in South Hams is amongst the most unaffordable in the country, with an average house price of £261,600 and an average annual wage of South Ham workplace based employees of £13,800 in June 2004.

The South Hams economy is more diverse and has been more successful in attracting lifestyle and knowledge-based businesses than Torbay. However over-dependence on low income employment sectors is also an issue, although the situation is less acute than it is in Torbay. The strategy reports a lack of suitable sites and premises and a shortage of employment land development opportunities, particularly given the fact that much of the land in the South Hams District is in coastal locations, the Dart Valley, Dartmoor and other areas of natural beauty and development is restricted. Key economic priorities in the South Hams include: providing for business growth and development, supporting indigenous growth, growth sectors, and providing year round sustainable, well-paid employment; securing high quality, locally distinctive, sustainable economic development, including urban and rural regeneration and diversification.

The other themes of the strategy are 'access to local services' and 'conserving and enhancing the environment'. Geographical isolation is a particular issue in parts of South Hams, and priority is given to the reduction of rural isolation, while development that generates a high number of trips must be located where it is accessible to sustainable transport.