

Meeting: Cabinet **Date:** 10 January 2022

Wards affected: All wards

Report Title: Torbay Economic Growth Strategy - Action Plan

When does the decision need to be implemented? January 2022

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1. Purpose of Report

- 1.1 This report introduces the Economic Growth Strategy Action Plan (see appendix 1) that sets out the key actions needed to deliver the priorities within the Economic Growth Strategy 2030 (see appendix 2).
- 1.2 Economic growth is the strategic priority for the Council in the coming years given the risk that a failing economy presents for education, health and other outcomes. Ensuring that there are resources to deliver the action plan, at a time of spending restrictions on Councils, will be difficult notwithstanding the significant capital funding that has been secured in the past two years and which will catalyse town centre change.
- 1.3 The Economic Growth Strategy Action Plan will directly contribute to Council objectives such as Turning the Tide on Poverty and being a Premier Resort as well as key strategies such as the Housing Strategy and the Local Plan.
- 1.4 The assumed annual minimum budget for delivering economic development activities, principally this action plan and including support for the Destination Management Plan is £614,000. This is made up of strategic economic grant (index linked) and an 'in principle' minimum commitment of £250,000 per annum contribution from Torbay Economic Development Company Ltd (TDA). The latter requires formal approval from TDA Board. This budget allows for 7.3 FTE staff, some match funding for Town Deal revenue projects to enable delivery across Paignton and Brixham, and for service contributions (Careers Hub), subscriptions (Grantfinder, Town and Place AI) and memberships (i.e. Business Forum and Chambers of Commerce).

- 1.5 UK Shared Prosperity Fund (UKSPF) and Multiply funding allows for the commissioning of several actions that are set out in the Action Plan (those within priority iii will not commence until 2024/25). A percentage of this funding is allocated to administration and delivering the projects. This income has been factored into the budget for 2023/24 and 2024/25 and will cover the staff costs required to manage the programmes. TDA is recruiting a contract manager to oversee the delivery of these programmes.
- 1.6 Torbay received £2.37M from UKSPF; by comparison Cornwall received £130M at a significantly increased allocation of funding per head compared to Torbay and the wider Heart of the South (Devon and Somerset) area. This disparity makes economic growth and the levelling up of Torbay's underperforming economy more difficult. The interventions set out in the UKSPF and Multiply Investment Plans have been integrated into the Economic Growth Strategy Action Plan.
- 1.7 In May 2022 the Council submitted a second round bid to the Government's Levelling Up Fund. If successful it will support the delivery of the objectives in the Economic Growth Strategy particularly in respect of fisheries and hi tech sectors. A decision is expected end of January 2023.
- 1.8 Additional funding could enable work to develop business case for employment or regeneration sites through the Levelling Up Fund Capacity funding (approx. £50,000).
- 1.9 Progress towards the objectives of the Economic Growth Strategy is inevitably linked to the resources that are allocated to it. As a non-statutory service economic growth and regeneration funding is expected to face further pressures in the short to medium term with statutory services costs under pressure from inflation and other factors. If the Council had confidence over the longer term local government funding position and was in a position to increase the budget available for activity this would accelerate progress. The current budget does not allow for any further or deeper commissioning of services nor capacity funding to seed fund projects nor accelerate delivery over and above what is set out in 1.4 - 1.6. If additional resources could be committed to the Economic Growth strategy activities that could be extended or introduced include:
- Incubator and accelerator support for electronics & photonics or high growth sectors. This would include pre start and post start up intensive assistance and mentoring and could include grant/loan/equity investment to increase employment and value within these sectors.
 - Growth support through a Torbay focused cohort using an existing business growth provision such as Setsquared or Goldman Sachs as examples or provision of subsidised consultancy for an identified number of businesses.
 - Provision of export advice to growth businesses in Torbay.
 - Support for businesses to accelerate their progress towards resource efficiency and net zero.

- Support for town centre management
- Provide enabling funding for development of the health and medical technology cluster and the digital creative cluster that could support development of new skills programme, independent research to inform future business cases, support for the colocation of researchers in Torbay, develop bespoke business support programmes accelerating growth.
- Maximise the likelihood of bringing forward more employment sites by developing the business case so they are 'bid ready' to ensure Torbay retains its growing businesses and continues to attract inward investment.
- Financial support to increase the use of degree apprenticeships by potential higher growth businesses in Torbay.
- Financial support to address employability challenges for those outside of the labour market.
- Enhance the resource available for Community Wealth Building and offer financial resource to dedicate more time to the project and to better understand and support the social economy.
- Undertake targeted inward investment marketing campaigns to drive occupancy at EPIC and further grow the electronics and photonics cluster.
- Many of the actions in the economic growth strategy are scalable so increased resources into business support programmes and skills programme will enable scale up and help the most vulnerable into work.

1.10 The action plan identifies relevant key performance indicators. Appropriate targets will be established and form part of a monitoring and evaluation plan that will be used to report on progress.

2. Reason for Proposal and its benefits

- 2.1 We want Torbay and its residents to thrive.
- 2.2 We want Torbay to be a place where we have turned the tide on poverty and tackled inequalities; where our children and older people will have high aspirations and where there are quality jobs, good pay and affordable housing for our residents.
- 2.3 We want Torbay to be the premier resort in the UK, with a vibrant arts and cultural offer for our residents and visitors to enjoy; where our built and natural environment is celebrated and where we play our part in addressing the climate change emergency.
- 2.4 The Economic Growth Strategy action plan is fundamental to delivery of the thriving economy theme of the Community Plan. The action plan will contribute towards the Council's place shaping ambitions recognising that economic success is a key determinant of other outcomes by enabling the conditions for job creation; helping people develop skills to find work or better work and the activities through the strategy will support turning the tide on poverty and improve health and wellbeing; in creating a positive environment for businesses to grow or relocate and deliver regeneration schemes enabling investment and reinvestment that increases the value of the local economy which in turn will help sustain or grow Council incomes. Successful delivery and a sustained focus on the Economic Strategy will drive the economic health of Torbay.
- 2.5 A monitoring & evaluation plan is being developed with key performance indicators to enable effective delivering of the strategy.

3. Recommendation(s) / Proposed Decision

- 3.1 That the Torbay Economic Growth Strategy action plan be approved.

Appendices

Appendix 1: Torbay Economic Growth Strategy Action Plan

Appendix 2: Torbay Economic Growth Strategy

Supporting Information

1. Introduction

Background

1.1 In January 2022, TDA issued a commissioning brief for the development of a new Torbay Economic Strategy 2022-2030 and Action Plan. We received five proposals which were reviewed for quality, price, and deliverability as set out in the brief. Deyton Bell Limited were appointed to support with this work.

1.1 Deyton Bell Ltd have been commissioned to deliver the following:

- An Economic Strategy and Action Plan
- A Monitoring and Evaluation Plan
- A plan on a page

1.2 Deyton Bell have delivered this work in 5 key phases:

Phase 1 - Contract mobilisation

Phase 2 – Review of data/information

Phase 3 – Stakeholder engagement

Phase 4 – Draft Economic Strategy

Phase 5 – Final Economic Strategy

Evidence Base

1.3 To support the development of the Economic Strategy, TDA has developed a supporting Evidence Base (see appendix 1). The Evidence Base will help shape, inform the Strategy, and provide an update on the local economic picture, highlighting emerging issues and opportunities, and secure a better understanding of Torbay's economic performance and drivers of growth. A few notable points to highlight:

- Torbay is home to circa 136,218 people, nearly half of which (49.4%) are aged 50 or over. The lowest representation comes from ages 16 to 24, accounting for around 8%.
- Torbay's workforce has decreased 2.1% from 2015 to 2020.

- Torbay deprivation is worsening with 27.4% of the population living in the country's most deprived areas.
- Torbay continues to have high level of part time work in comparison to regional and national averages.
- 9% of residents have no qualifications, 29.4% are classified as graduates but this figure is notably lower than regional and national averages. Torbay now falls behind regional and national average across all NVQ levels.
- Photonics and microelectronics sector continues to grow, creating high skilled jobs for local people. GVA in this sector is twice the Torbay average.
- Torbay's fishing industry remains important, landing circa £31M value of fish, supporting 499 jobs.
- Superfast broadband is available across 95.3% of the area.
- In 2021 the unemployment rate was 2.3% the lowest it has been for five years. Long term unemployed and youth unemployment figures are falling.
- Vacancy rates are at the highest level for 5 years and significantly exceed the number of people looking for work.
- There is a mismatch between the skills employers need and the skills employees offer.
- Collective performance of Torbay's schools has improved since 2019 however the attainment gap between disadvantaged and non-disadvantaged pupils has grown.

Consultation

1.4 Deyton Bell set out a consultation process with key stakeholders covering; key business, economic and political stakeholders, and those identified by TDA, including:

- Local Authority members and officers
- Jobs, skills, education and skills contacts including Department for Work and Pensions
- Industry/commerce contacts including representatives from key infrastructure projects
- Business representative networks/membership groups, Destination Management Organisation
- Business support organisations (HM Government agencies, Enterprise agencies, BIDS)
- County Council and Local Enterprise Partnership colleagues/partners

A contact list was compiled for a combination of survey, phone, video and face to face interactions that along with the content and form of all stakeholder communications was agreed with TDA on behalf the Council.

An on-line survey of all stakeholders was sent to a list of agreed key stakeholders. Deyton Bell conducted meetings on a 1-2-1 or 1-2-many basis as appropriate/needed and

attended pre-arranged meetings where stakeholders had already planned to come together.

- 1.5 The consultation survey was sent to 105 key stakeholders, and we received over 50 responses. This included representatives of sector and business groups to cascade to their members (e.g., chambers, business forum, hi tech cluster, tourism bid levy payers). Deyton Bell also attended meetings of the place group, with Torbay aftercare companies and the Torbay hi tech cluster. 1-2-1 meetings with over 20 key contacts were also undertaken.

Public consultation findings

- 1.6 The public consultation ran from w/c 18th July through to October 2nd has provided the following:

There were over 1,100 visits to the consultation on Engagement HQ

Of these visits, 814 visited at least one page on the Economic Growth Strategy consultation pages, 310 visited more than one page.

468 visitors took the next step and became more 'informed'.

- 310 visited multiple pages
- 210 downloaded a document
- 164 took part in the survey – to note, there were 173 submissions by 164 contributors
- 11 visitors viewed the key dates 19 times

353 downloads of a document were made by 210 visitors:

- the draft strategy was downloaded 189 times
- the draft action plan 113 times
- the evidence base 51 times

- 1.7 Several free form comments were made in the public consultation. These include

- Strengthening the commitment to net zero and carbon reduction
- The need for more affordable housing
- Key area of challenge has been around the sectors with only 54% of respondents agreed with them.
 - There was challenge around the importance and need to support both the fishing and tourism sectors, with a number of views suggesting we shouldn't be supporting these sectors.
 - Comments were also received on the need to strengthen opportunities around health.

- Research undertaken by University of Exeter into the Creative Industries indicates there is an opportunity here to be further explored citing sector opportunities in coastal areas

1.8 Comments from Overview and Scrutiny committee were as follows:

- That the Strategy includes SMART (Specific, Measurable, Aspirational, Realistic and Timely) targets with achievable milestones to enable Members to clearly monitor the progress made in delivering the key objectives of the Strategy.
- To include reference to the risks associated with Freeports and that this has been consciously considered.
- To include clearer signposting references to other key Council policies and strategies and to ensure that all strategies are cross referenced and complement each other (e.g., Housing Strategy, Local Plan, Parking Strategy etc).; and
- That the continued relationships and partnership working with the three Chambers of Trade and Commerce and Torbay Business Forum be highlighted within the Strategy.

1.9 Following the consultation, the Economic Growth Strategy was finalised and agreed by Cabinet in November 2022. A draft Economic Growth Strategy Action Plan outlining the key actions needed to deliver against the strategy's priorities has been developed.

2. Options under consideration

2.1 Approve the draft Economic Growth Strategy Action Plan

3. Financial Opportunities and Implications

3.1 It is expected that there will be both opportunities and implications. The Economic Growth Strategy and Action Plan will inform the Council's bidding priorities to funding programmes. The UKSPF is a key government fund that will enable delivery of primarily revenue elements of the Economic Growth Strategy. The Action Plan reflects the UKSPF interventions selected by Torbay that are contained within the UKSPF Investment Plan. Torbay has been allocated £2.378M from UKSPF. £1.764M has been allocated to core UKSPF and £0.614M has been allocated to Multiply to support adult numeracy.

3.2 The extent of the issues facing the local economy and delivery of the subsequent Action Plan will require a commitment of existing resources such as the Strategic Economic Grant and will require additional resources over and above that currently available for delivery. Where possible, other funding sources will be sought.

- 3.3 However the budget available to deliver the Action Plan could be affected should TDA be liable for costs of developing Lymington Road Phase 2 and/or business defaults on any Torbay Growth Fund loans having to be settled by local budgets.
- 3.3 There are severe implications of a continued or even more pronounced economic failure. The level of skills and ageing workforce risk relocation of higher value businesses, the ageing visitor demographic threatens the prominence of the visitor economy and the direct and indirect income that brings. The level of skills and level of employment has impacts on deprivation along with education, health and other outcomes that ultimately will present back to the authority and the wider public sector as costs. If we experience reduced business rates, fewer visitors, worsening health outcomes and a narrower tax base, then the issues we currently have will be exacerbated.

4. Legal Implications

- 4.1 There are no legal implications with this proposal.

5. Engagement and Consultation

- 5.1 The development of the Economic Growth Strategy involved engagement with key stakeholders and businesses across Torbay using a variety of methods including; online meetings, pre-arranged group meetings, one-to-one meetings and a survey to shape the strategy development.
- 5.2 The Council held a public consultation that ran from 13th July 2022 to 2nd October 2022. Key findings are set out earlier in the report. The relevant findings have informed the draft Economic Growth Strategy and will inform the subsequent Action Plan.

6. Purchasing or Hiring of Goods and/or Services

- 6.1 We developed a brief, set a budget and sought proposals from six suppliers to support with the strategy development work. We received five proposals.
- 6.2 We reviewed each proposal against the brief, including value for money.
- 6.3 We appointed a supplier to support the development and drafting of the strategy.

7. Tackling Climate Change

- 7.1 We have engaged with Torbay Council's Climate Emergency Officer who has provided input into the development of this Strategy.

7.2 The Economic Growth Strategy Action Plan has tackling climate change as a cross cutting theme. The UKSPF Investment Plan has specific interventions to help support businesses become more resource efficient.

8. Associated Risks

8.1 The adoption of the Action Plan will enable delivery of the Torbay Economic Growth Strategy 2022 – 2030 which is fundamental in ensuring the Council can set the framework for developing Torbay’s economy.

8.2 The evidence base is indicating that Torbay is facing new challenges and the current repositioning plan is not addressing these issues. Moreover, the extent of the challenges suggests that there is a compelling argument for economic growth to be the strategic priority for the Council in the coming years given the risk that a failing economy presents for education, health and other outcomes.

9. Equality Impacts - Identify the potential positive and negative impacts on specific groups

	Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
Older or younger people	There will be skills focus within the strategy setting out how we can best support the aspirations of our younger people.		
People with caring Responsibilities			No differential impact.
People with a disability			No differential impact.
Women or men			No differential impact.
People who are Black or from a minority ethnic background (BME) (Please note Gypsies / Roma are within this community)	A report has been commissioned to provide a high summary of the issues that face Black and minority ethnic owned businesses and people from those communities who		

	aspire to start their own businesses. This will inform the strategy development.		
Religion or belief (including lack of belief)			No differential impact.
People who are lesbian, gay or bisexual			No differential impact.
People who are transgender			No differential impact.
People who are in a marriage or civil partnership			No differential impact.
Women who are pregnant / on maternity leave			No differential impact.
Socio-economic impacts (Including impact on child poverty issues and deprivation)	The plan will seek to create new job opportunities for residents that will improve the quality of life for them and their families.		
Public Health impacts (How will your proposal impact on the general health of the population of Torbay)	Providing increased employment opportunities can take households from 'workless' to working. This can provide additional income for families to support a healthier lifestyle.		

10. Cumulative Council Impact

10.1 None.

11. Cumulative Community Impacts

11.1 None.