



**Meeting: Council**

**Date: 18<sup>th</sup> July 2013**

**Wards Affected: All**

**Report Title: Torbay Economic Strategy**

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## **1. Purpose and Introduction**

- 1.1 The Torbay Economic Strategy is a plan to deliver jobs and sustainable economic growth in Torbay. It reflects the key changes that have taken place locally and nationally since 2010.
- 1.2 The strategy will provide the Council and its various departments with a framework for shaping other policies and services which impact upon the local economy.
- 1.3 There have been improvements to the economic regeneration of Torbay in recent years which the strategy takes account of, most notably the beginning of construction of the South Devon Link Road. However, the strategy also reflects the scale of the challenge and the need to build on existing sectoral strengths and explore new opportunities for growth. Securing the necessary funding to deliver the action plans set out within the strategy will be essential to its success.

## **2. Proposed Decision**

- 2.1 It is recommended that Council approves adoption of the Torbay Economic Strategy 2013-18 and its core objective:

***To create more full time and sustainable employment by encouraging the growth of existing businesses and the creation of new businesses and social enterprises.***

- 2.2 It is recommended that Council endorses delivery of this objective through the four key priorities of the strategy and their associated action plans. These priorities are:
  - Driving business growth
  - Sustaining the core economy
  - Raising skill levels and promoting opportunities for all
  - Nurturing the knowledge economy
- 2.3 It is recommended that the Council supports delivery of the strategy through the delivery of its corporate plan and the use of relevant powers, the work of the Torbay Development Agency and by identifying and securing investment.

2.4 It is recommended that the strategy is reviewed annually by the Council through the Overview and Scrutiny committee.

### **3. Reason for Decision**

3.1 The Economic Strategy provides a framework for delivery of the Council's economic growth objectives for Torbay. It supports the local plan but sits outside of the local plan process as it is not statutory document and is not intended to be a definitive or exclusive list of interventions that will support local economic growth. Rather it exists to provide the framework for making wider decisions on the key economic priorities and more importantly as a tool to identify and justify where the public sector at local, national or European level might intervene.

3.2 The economic strategy promotes the opportunities and priorities of Torbay. In an increasingly competitive landscape for public resources it is important that Torbay has a robust and clear strategy articulating how the Council and its partners will support plans to create jobs and support economic growth benefiting businesses, the community, the Local Enterprise Partnership and Government. Development of the new economic strategy, in line with the Local and Neighbourhood Plans, will provide this.

3.3 The strategy is based on a good understanding of the local economy and needs of businesses and the community. The evidence base has been developed through existing information, research commissioned by the Council, the TDA and the Local Enterprise Partnership, the emerging Local and Neighbourhood Plans and information from the TDA's Business Barometer survey.

3.4 This evidence shows the Torbay economy faces a number of challenges which the strategy seeks to address including low productivity levels (Gross Value Added), below average wages, high unemployment and lack of full time job opportunities. The continued reduction in public sector funding is a particular challenge given the large proportion of the Torbay workforce currently employed in education, healthcare and public administration.

However, there are also a number of opportunities for growth which the strategy seeks to develop including:

- High start up rates
- Strength and reputation as a tourism destination
- Hi Tech cluster
- Potential to become a market leader in the healthcare sector
- The marine economy

3.5 The evidence suggests that in the short term the priority must be to create jobs if the economy is to grow and the core objective is centred on this with complementary activity seeking to nurture growing sectors that may in the longer term add significant value to the local economy.

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## Supporting Information

### 4. Position

- 4.1 Since the 2010 general election a number of changes have taken place nationally which have had a notable impact on economic development. These include a reduction in public sector spending and the introduction, and growing importance of Local Enterprise Partnerships and City Deals. Torbay is now playing a key role in the Heart of the South West LEP and is a signatory to the Plymouth City Deal, both developments which will be important across the lifetime of the new economic strategy.
- 4.2 Over the last two years within Torbay a number of projects and investments have come forward which are projected to create up to 800 jobs, including:
- The beginning of construction works on the South Devon Link Road
  - Securing £1.4m from the Coastal Communities Fund to create 350 jobs
  - Developments at South Devon College such as the Studio School and Energy Centre
  - Further investment at Torre Abbey.
  - Increased inward investment offer and work with businesses such as Sutton Seeds to encourage their continued development in the Bay
  - Securing Arts Council funding of £1.5m
  - Investment in Leisure at Clennon Valley and ambitious plans for the future
  - Private sector investment in hotel sites such as Oldway and Palm Court, with more in the pipeline

These projects are examples of Torbay's desire and potential to create jobs and create a momentum which will be continued through the economic strategy.

- 4.3 The new Local Plan 'A Landscape for Success' is also under development and will be closely linked to delivering the objective of job creation set out in section 2 above. The strategy reflects many of the priorities set out in the emerging Local Plan including more vibrant town centres, creation of employment space and work to develop the existing tourism offer. The strategy also develops new opportunities linked to key sectors such as marine. The Local Plan identifies the top class research and development facilities available within the hi tech industry in Torbay, something the strategy seeks to build on.
- 4.4 To secure the investment needed to deliver the strategy, and new jobs in the Bay, there will be a need to ensure – over the next 10 years – a careful balance between investment, infrastructure improvements, new job creation and new homes. That balance is even more important in an area of such environmental quality, which itself is one of the Bay's economic drivers. There is already, and will continue to be, consistency on these issues between the Economic Strategy and the Local Plan and robust annual / 5 yearly monitoring will ensure a careful balance of new development is achieved.

- 4.5 Alongside the Local Plan the Neighbourhood Planning process in Brixham, Paignton and Torquay is ongoing. The importance of these documents has been recognised and the work completed so far by the Neighbourhood Forums reviewed to ensure relevant priority projects are reflected in the strategy. The priorities vary across the three towns and this is reflected in the plans, but importance is placed on town centre regeneration and employment space in keeping with each area and its key industries, both of which are priority actions within the strategy.
- 4.6 The economic structure of the Torbay economy has not altered significantly in recent years and remains characterised by a heavy reliance on the service (including the public sector) and tourism sectors. There are below average levels of employment in knowledge intensive and manufacturing industries and the amount of full time employment is also below average which impacts on spending power.
- 4.7 In the short term the evidence means that there is a priority to stimulate business creation and growth which will in turn drive the need for more employment.

### **Key Activities**

- 4.9 The strategy will prioritise the following activities:
- Town centre regeneration
    - Market led masterplanning, dovetailing with Local and Neighbourhood Plans, to identify appropriate town centre regeneration projects for Torquay Town Centre development by the end of 2013
    - Market led masterplanning, dovetailing with Local and Neighbourhood Plans, to identify appropriate town centre regeneration projects for Paignton Town Centre development by the end of 2014
  - Ensuring that the right land, buildings and infrastructure are in place to support business growth.
    - Implement local development orders for White Rock, Torquay Gateway and a town centre site to be confirmed
    - To bring forward new and revitalised employment space in the Torquay Gateway
    - Bring forward the Claylands site in Paignton for an employment scheme
    - Supporting delivery of the marine economy action plan for Torbay including seeking support for harbour infrastructure improvements in Brixham and Torquay and improved infrastructure for the fish processing sector
    - To work with the Heart of the SW Partnership and partners to increase investment in economic infrastructure in Torbay
  - Growth in and retention of small and medium sized businesses in Torbay
    - Secure funding for the White Rock Innovation Centre
    - Seek to identify funding in support of small business grants in Torbay

- Support the tourism sector through continuing to seek to extend the tourism season, increase the number of events and identify the potential for a new all weather attraction
- Support home based businesses through the creation of Workhub facilities
- Develop and deliver with partners a growth programme for businesses and social enterprises including start up support, innovation and export

4.10 Delivery of the strategy objective and the associated key activities will be through four priorities, each with an action plan setting out individual projects. These priorities reflect the need to create more jobs in the short term by **driving business growth, sustaining the core economy** and **raising skill levels/promoting opportunities for all**, but also to **nurture the knowledge economy** and other sectors which will increase Gross Value Added and wage levels in the medium to longer term. Each priority has a detailed action plan setting out how it will be achieved.

### **Driving Business Growth**

4.11 This priority seeks to expand the existing business base through start ups and increase entrepreneurial activity in Torbay. Both of these are widely acknowledged as being important drivers of economic prosperity.

4.12 By driving business growth the strategy will support the creation and growth of new businesses and the jobs which come with these, building on the existing business support pathway. Funding for activities such as support to start new businesses and social enterprises, enabling access to finance and to support the growing sectors of the local economy will remain vital over the strategy lifetime because of the continued challenges that the local economy faces. This priority will ensure that an effective range of business support services and facilities are in place which will increase the rate of business start-ups, support business growth and help to create a climate of entrepreneurship.

4.13 Key activities under this priority include:

- Development of Torbay Enterprise Areas – setting up Local Development Orders and utilising the Torbay Growth Fund
- Opening up the Claylands site for development
- A business support programme including access to finance and start up support

### **Sustaining the Core Economy**

4.14 The core sectors of the Torbay economy are largely service driven and include fisheries, tourism, retail and healthcare. The economy is heavily reliant on these core sectors meaning development and diversification of them is crucial to improving Torbay's economic performance.

- 4.15 This priority seeks to increase the attractiveness of Torbay as an inward investment destination within the core economy through improved infrastructure and a distinctive offer to promote the area. The actions promote appropriate uses of sites and premises, and facilitate their development through agreeing planning frameworks and working with developers, linked to priority sectors.
- 4.16 There are also actions designed to improve the tourism offer and support the fishing industry to enable Torbay to continue to compete in these sectors.
- 4.17 Key activities under this priority include:
- Town centre regeneration
  - Identification of a new visitor attraction
  - Supporting implementation of the marine economy action plan for Torbay, including harbour infrastructure and infrastructure for the fishing sector (such as a fish processing development)

### **Raising Skill Levels and Promoting Opportunities for All**

- 4.18 Low skill levels and worklessness are closely linked, and this priority seeks to address the barriers to employment faced by some groups within Torbay. Based around the Work and Skills Plan the aim is to create a coordinated approach to addressing worklessness and improving skill levels. This work will be supported by the activity of the emerging Community Development Trust with its aim to promote economic and social regeneration.
- 4.19 In addition to supporting those with low skill levels the evidence suggests that Torbay struggles to retain graduates and those with higher level skills. Actions within this priority seek to address the perceived lack of graduate roles locally, particularly within core industries, and to encourage businesses and education providers to work together to ensure a suitably trained workforce is available within Torbay to allow sectors such as electronics and photonics to grow.
- 4.20 Key activities under this priority include:
- Strengthening links between local education and training providers and businesses
  - Development of a 'Torbay Works' programme – an encompassing brand under which all back to work support and provision is promoted
  - Development and delivery of a key sector workforce development programme – assessing demand for technical skills and stimulating development of a knowledge intensive workforce
  - Supporting Social Enterprise Development – Social Enterprise can help support some of the most disadvantaged in our communities back into employment. Through development of the Torbay Social Enterprise Network

this project will facilitate opportunities for social enterprise and encourage collaborative working.

## **Nurturing the Knowledge Economy**

- 4.21 As set out above the core Torbay economy is underpinned by the public, service and tourism sectors. If we are to increase Gross Value Added and wage levels in the longer term there is a need to develop the more productive and better paid knowledge economy.
- 4.22 Manufacturing and hi tech related businesses are important components of the local economy and offer the opportunity for future growth if supported in the correct way.
- 4.23 Linked to improving skills levels and retaining graduates the actions in this priority will improve the provision of support for firms within the creative, professional services, medical and healthcare technology, electronics and engineering sectors. In addition it will raise awareness of the opportunities within these sectors for graduates and trainees.
- 4.24 Key activities under this priority include:
- Development of the medical and healthcare technology sector
  - Raising awareness of opportunities to young people and graduates by working with local businesses and education providers
  - Development of a virtual electronics and photonics innovation centre

## **Investment**

- 4.25 The actions set out in the strategy will require significant investment to be successful. The investment will need to be secured from various sources locally, nationally and at European level. The strategy gives indicative costs for projects where they can be identified and also indicates where funding could potentially be sought. Work is already being done to secure investment through the Local Enterprise Partnership, 2014-20 European funding and development of the Plymouth City Deal. The Council and its partners will need to ensure that Torbay is well placed to influence regional partners and national government. The Council will also need, in the face of challenging budget pressures, to use its financial and non financial powers and resources to support the delivery of the strategy.

## **Outcomes**

- 4.26 As set out above the key focus of the strategy is job creation and this is one of the main factors by which success will be measured. However, in line with the longer term goal to promote a more diverse and productive economy if the action plans within the strategy are implemented we would anticipate the following outcomes:
- Create 1900 gross new jobs by 2015

- Develop Torbay as a vibrant economy with its Gross Value Added increasing faster than the regional average by 2020
- Raise residents wage rates to 90% of the South West average by 2020
- Sustain improvements in the skills attainment of local people
- Secure investment to support delivery of the strategy and its action plan

Other relevant indicators will include:

- An increase in exports/export ready businesses
- A reduction in the number of individuals Not in Employment Education or Training/18-24 year old unemployed
- An increase in business productivity as measured by GVA
- Businesses assisted
- Improved business rate level for Torbay Council

4.27 In order for the outcomes to remain relevant it is important that the strategy is a live document. As such it is recommended that at a minimum the actions plans are reviewed annually through either the Overview and Scrutiny process or a policy development group.

## **5. Possibilities and Options**

5.1 The political landscape has altered significantly at both national and regional levels since the previous economic strategy was produced. There is a clear need for the new economic strategy which articulates Torbay's current priorities to Government and other partners in the public and private sectors.

5.2 The way in which Government funding is allocated is changing, with more being devolved to Local Enterprise Partnerships. By continuing to use the existing strategy Torbay risks being less able to influence development of a LEP wide strategy reflecting our current priorities.

5.3 Local Authorities are increasingly being expected to have projects developed which can be implemented quickly once funding is awarded. Without the new strategy there will be no coordination of these projects meaning Torbay is likely to miss out on funding if it becomes available.

5.4 In order to secure the investment needed to promote growth Torbay must have a clear, well supported strategy in place. Adoption of the Torbay Economic Strategy 2013-18 will ensure this is the case and that Torbay is best placed to communicate its priorities to local and national bodies.

## **6. Equal Opportunities**

6.1 An Equality Impact Assessment has been undertaken on the Economic Strategy. No major change is required and no significant negative impacts identified.



- 6.2 The economic strategy has four priorities through which we are seeking to deliver the main objective. These are designed to ensure the economic growth generated by the strategy will benefit all groups in Torbay, creating new jobs at a range of skill levels.
- 6.3 The projects set out in the strategy action plans will be required to adhere to equal opportunities recruitment policies in both the tender process and for the jobs created through them. Each project set out in the economic strategy will be required to promote equalities and the impact of the proposals will be monitored on an individual project basis.

## **7. Public Services (Social Value) Act 2012**

- 7.1 Adoption of the strategy itself will not require any direct procurement, however, delivery of the actions plans set out within it will require the procurement of a number of services. This will include delivery of capital projects as well as revenue spend for projects such as business support.
- 7.2 Given the key aim of the strategy is to encourage economic growth and job creation in Torbay projects brought forward by the strategy will encourage the use of local businesses wherever possible. One project within the strategy includes maximising the benefits of local procurement, focussing particularly on increasing the awareness of local businesses of public procurement opportunities.
- 7.3 The TDA and Council are also working to adopt the Client Based Approach to construction which should increase the volume and quality of employment and skills outcomes through construction procurement. The strategy will look to support this approach.

## **8. Consultation**

- 8.1 Development of the strategy has involved consultation with various groups across the Bay including businesses, social enterprise and elected members. While the strategy seeks to address many of the issues raised by businesses it does not specifically reference all of them for instance business rate levels. It is acknowledged that these issues are a challenge, particularly in the town centres, however it is felt that the economic strategy is not the appropriate vehicle through which to address them.
- 8.2 Businesses – there has been engagement with the business community in development of the evidence base for the strategy through the Business Barometer survey, individual company visits and through the English Riviera Tourism Company. The Torbay Business Forum have set out their support for the strategy.
- 8.3 Elected members – the strategy has been presented to elected members through group briefings and refined further through the overview and scrutiny process. . At its

meetings in September 2012 and April 2013 the scrutiny Board highlighted the following points, which have since been addressed<sup>1</sup>:

- *There is a continued need to move away from a low-wage economy within Torbay to a mid- to high-wage economy.* – While there is a clear need to create jobs within Torbay the strategy also recognizes the need to improve productivity levels by nurturing the knowledge economy and improving skill levels. The links between businesses and education have been expanded and the provision of HE looked at in more detail.
- *There should be recognition that the South Devon Link Road will provide an opportunity for inward and outward migration and that everything possible should be done to ensure that skills can be maintained and enhanced within Torbay.* – Feedback from business suggests that a lack of suitable sites and premises within Torbay is impeding growth. The strategy seeks to address this by ensuring that land, buildings and infrastructure are in place to enable businesses to remain in and relocate to Torbay rather than moving elsewhere once the SDLR is open.
- *The Strategy should include targets and milestones against which success can be measured* – There are a number of milestones against which the strategy will be measured and for the proposed actions. A recommendation that the strategy is a live document reviewed annually has been incorporated.
- *The Strategy needs clear prioritisation in order to show a clear focus on what the Council (through Torbay Development Agency) can achieve. This is especially important which the increased competition for funds.* – The strategy action plans list some ambitious projects which will be challenging to fund. However, in the current economic climate there is a need to ensure projects are well developed in order to take advantage of any funding streams which become available. As such the strategy priorities a number of activities including supporting business growth, town centre regeneration and infrastructure, but does not prioritise the activities beneath these to allow flexibility.
- *The need that has previously been highlighted by the Overview and Scrutiny Board to develop and work with the voluntary and community sectors should be highlighted within the Strategy. The current work on this issue should have a clear linkage with the Economic Strategy. In particular, work to encourage social enterprise should be mainstreamed.* – The revised strategy contains a greater emphasis on social enterprise and also recognises the creation of the Community Development Trust. Torbay Social Enterprise Network have been consulted on the strategy and their comments incorporated.
- *The Council should work, through the Local Government Association, with similar coastal resort authorities to gain maximum advantage from capital funding to address broad structural issues.* – By approving the economic strategy the Council will be setting out its priorities, making it easier to identify other coastal areas with similar issues.

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<sup>1</sup> <http://www.torbay.gov.uk/DemocraticServices/mgAi.aspx?ID=9378>

8.5 Voluntary Sector – Torbay Social Enterprise Network had the opportunity to comment on the draft and their comments have been incorporated.

## **9. Risks**

9.1 If the strategy is not adopted Torbay will not have a clear plan for economic growth. This will make the area less competitive and there will be a high risk of not securing competitive public funds or creating jobs. Failure to improve the economic status of the area is also likely to lead to increased pressure on Council services and therefore higher costs for the Council.

9.2 Delivery of the strategy faces a number of potential risks from external sources and policy changes. A significant change in the way funding is allocated for example, or cuts to services such fire and rescue could provide challenges to growth in Torbay.

9.3 There is a risk that if the strategy is adopted but not sufficiently funded that it will not deliver the outcomes set out above.

## **Appendices**

Appendix 1 Torbay Economic Strategy 2013-18

Appendix 2 Economic Evidence Base

Appendix 3 Equality Impact Assessment

## **Additional Information**