

**DRAFT**

February 2009

An aerial photograph of the Torbay coastline in Devon, England, showing a large bay with a sandy beach, green fields, and residential areas. The image is overlaid with several semi-transparent blue wavy shapes that create a sense of movement and depth. The text is overlaid on the right side of the image.

# Getting Torbay's economic environment right

Transformation Programme Phase 2

**Developing the  
Economic Development Company**



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# EXECUTIVE SUMMARY

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1. Torbay's economy significantly lags behind the South West region and other coastal areas. It faces a number of acute economic challenges which include: the highest level of unemployment and lowest Gross Value Added per head in the South West.
2. Notwithstanding notable successes since 2004, when the Torbay Development Agency (TDA) was formed, more can be done to ensure that Torbay is best placed to take full advantage of the funding opportunities that will arise in the difficult years to come.
3. Current and future business plans will set out strategies to raise skill levels, create job opportunities and establish Torbay as a competitive business location. To bring about economic prosperity, however, it is critical that Torbay has the right regeneration delivery vehicle in place.
4. This report, which has evaluated the options, concludes that the establishment of an Economic Development Company (EDC) is the most effective strategy for delivering economic prosperity within South Devon and Torbay in particular.
5. An EDC is usually a not for profit company managed by a Board of Directors drawn from both the private and public sector. The Directors are accountable to the shareholders. Typical shareholders include the Local Authority and other partner agencies, such as the Homes and Communities Agency and the SW Regional Development Agency who will provide a significant funding contribution. Typically the Chairperson will be appointed from the private sector and the Board will have an equal balance of private and public sector Directors (12 on average).
6. EDC's elsewhere operate independently from direct local authority control, across boundaries, holding assets and liabilities and directly employing staff.
7. The primary benefits (documented within this report) of the EDC approach include:
  - Formal company structures rather than partnerships are the most effective delivery vehicle when it comes to economic regeneration. Company structures are understood and welcomed by the private sector in particular.
  - Long term focus is crucial if we are to capture the full economic benefits outlined in Torbay's Economic Strategy and Torbay's Mayoral Vision. The company structure provides increased certainty and reduces the impact of short term local political decisions which may lead to confusion and/or delay.
  - Elsewhere the establishment of EDC's has significantly reduced the

bureaucratic constraints upon the regeneration vehicle and simplified reporting, procurement, appraisal and investment decisions.

- Recognising that economies do not conform to an administrative boundary and are not dominated by the local authority, EDC's are able to work across economic areas. This is in line with the Government's Sub National Review of Economic Development & Regeneration.
  - Government agencies such as the SW Regional Development Agency and the new Homes & Communities Agency are more likely to increase funding to a company structure and have welcomed the formation of EDC's in other locations.
  - EDC's typically provide capacity and flexibility in dealing with economic development challenges whilst reducing core funding from the public sector and over time work towards financial independence.
8. Other authorities and agencies who have established EDC's have seen significant benefits, for example in places like Sheffield and Liverpool and many other authorities including Cornwall, Croydon, Blackburn and Reading are now establishing them.
  9. Hull Forward is considered to be a strong example of the merits of an EDC approach and there are a growing number across the UK<sup>2</sup>. The creation of an EDC in Torbay would enable delivery of projects not currently being delivered and help build cross border capacity and understanding.
  10. It is also recommended within this report that the Council establishes a new strategic body, the Strategic Economic Partnership (SEP) to commission the EDC to deliver economic development services and articulate its stakeholders' objectives. The EDC would work alongside other companies and agencies, such as the Business Improvement District Company. Torbay would then have a consistent approach with other SW council's to strategic economic development.
  11. As with other EDC's it is envisaged that Torbay Council will have reserved rights over a number of key decisions relating to the EDC such as the Regional Economic Strategy, the EDC Business Plan and Budget, and any recommendations to create joint venture agreements or other subsidiary companies. The Council may also wish to review the EDC performance through the Overview & Scrutiny process. Such arrangements will need to be set out during the implementation stage.
  12. Further advice is required on the legal structure. While the Company Limited by Guarantee structure is most common for an EDC, a number of issues such

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2. See appendix 4 for list of EDC and similar models

as taxation need further consideration and an emerging alternative could be a not for profit Community Interest Company. The company structure will also need to allow for a clearly defined exit route, to be set out in the business plan, for the public and private sector partners if required.

13. Improved outcomes of the EDC approach include:
  - Greater private sector participation in delivery and funding of key projects
  - Enhanced prospects for regeneration funding and support from the public sector
  - Increased growth rate in wealth per head
  - Increased number of jobs created
  - Greater emphasis on place shaping and higher value employment
  - Increased supply of employment land to support inward investment
  - Increased business productivity through more effective targeting of resources
  - An increase in housing supply to support economic growth
14. If approved there will need to be further consultation on the detailed proposals with partners, members and employees. Subject to this consultation it is envisaged that a shadow EDC structure could be established in April 2009.
15. The seven key steps to delivery are
  - Approval of principles for the Economic Development Company
  - Confirmation of the powers of the Company
  - Staff Consultation
  - Formation of the company
  - Development of the business plan
  - Recruitment of the Company Chair and Board members
  - Implementation and delivery for Torbay

# KEY RECOMMENDATIONS

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Best practice demonstrates that the ability to deliver lasting economic improvements and economic objectives hinges on strong linkages between the public and private sectors and clarity of purpose<sup>3</sup>. Recommendations therefore include:

1. In principle approval of the establishment of a comprehensive Economic Development Company subject to clarification of partner funding, legal, taxation and other governance issues.
2. That further investigations be carried out to confirm whether the Torbay Development Agency Ltd (TDAL) can be maintained as a corporate body so that staff can be employed by it or seconded to it and that name is retained for use by the EDC<sup>4</sup>.
3. That South West Regional Development Agency<sup>5</sup> and Homes & Communities Agency be formally invited to become founding members of the new company alongside Torbay Council.
4. That the EDC shall be responsible for ensuring holistic economic development focusing on physical project delivery, enterprise creation and working with partners to ensure all communities have access to jobs and skills.
5. In recognition of its role in economic development delivery that the current TDAL board be asked to assume immediate responsibility for the strategic economic partnership function pending a review of its composition. That a sub group of the Strategic Economic Partnership be elected to act as the transition board from the current arrangements and identify appropriate individuals for the board of the new EDC.
6. That the EDC shall be accountable to its founding partners and the Strategic Economic Partnership through an agreed business plan and performance framework.
7. That the strategic responsibility for Torbay's asset development shall sit with the Economic Development Company. In due course it is envisaged that the Council will be asked to consider a report recommending that certain assets currently managed by the TDA be vested within the EDC to support the delivery of its core objectives and reduce its dependence upon revenue funding from its founding partners.
8. The EDC will be responsible for providing advice on the strategic development of the key indigenous economic sectors, such as marine and the tourism industry to the Council and other public sector partners. It should also facilitate training and infrastructure in support of the sector. It will not be responsible for delivery of tourism or marine services.

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3. The International Economic Development Council recognises that approaches which either lever in or otherwise enable private sector investment are the most effective for economic development.

4. Pending confirmation of the most appropriate legal structure and the ability of the existing memorandum & articles of association to be revised.

5. It is acknowledged that the RDA might not wish to be a member of the company because of the legislative requirements that such a move would trigger.

## KEY RECOMMENDATIONS

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9. That the EDC shall include a Special Planning Unit to be line managed by the EDC working exclusively on economic development projects. The unit will typically work with the Council's Planning Department and developers to provide a single point of contact for all inward investment. They may also be required to prepare development briefs, influence land use planning and work with the business community providing consistent pre planning application advice.

That the affordable housing delivery team be integrated within the Special Planning Unit so that our housing growth and economic growth is complementary.

10. The statutory responsibility for the Council's planning functions will remain solely with Torbay Council. Planning Officers employed by the EDC may be commissioned by the Local Planning Authority to perform certain services. However, any recommendations or reports will be considered and formally approved by LPA officers of the 'client authority' prior to any decision being made by the Development Control Committee. These arrangements may be revoked on reasonable notice. Similar arrangements exist elsewhere within the UK.

# INTRODUCTION

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1. As part of the Torbay Council transformation programme a commitment was made to review the current economic development structure within Torbay. This is because Torbay's economy continues to face acute pressures and without significant public and private investment it is unlikely that those pressures will be removed in the next ten years. Although the Torbay Development Agency & Torbay Development Agency Limited has been a success, delivering schemes such as Phase 3 of the Torquay Waterfront and Brixham Regeneration as well as the Torbay Innovation Centres programme, it can be argued that the success was despite the system not because of it. As a response to issues raised through the Grant Thornton Phase 1 report, the concerns raised by stakeholders, the continued weakness of the local economy and the need to respond to new Government policy<sup>6</sup> on economic development it is right to review the delivery and partnership structure.
2. It is increasingly clear that Government has higher expectations of how local government will use powers, such as the power of well being, and other flexibilities to ensure that the public sector helps to create an environment for our businesses to excel. It is also important that economic development generates new opportunities for our communities to benefit. A clear risk of not making use of these powers and flexibilities and the direction of travel set out in the Sub National Review of Economic Development is that Government focus and funding will be with those areas that have taken advantage to the detriment of those who have not.
3. With regard to this report there has been engagement with key stakeholders, including Councillors, regional partners, the Torbay Development Agency Ltd and other members of the local business community, throughout the project. There has also been contact with other areas, including Hull and Plymouth, and we have joined the national economic development company network in order to learn from the experiences elsewhere and to understand Government's thinking on economic development delivery. The lessons learnt from this include the need to look outside the immediate locality for key individuals who can contribute to the EDC, that those areas taking advantage of the flexibilities offered by Government are going to be well placed to deliver economic development, the need for a clear purpose for the company with strong performance management and the need to engage the private sector better.
4. Initial stakeholder consultation helped to inform the need that this project must respond and has been set out in the executive summary to this report. The consultation also specifically considered a number of different economic development delivery model. The responses from stakeholders suggested that with regard to the

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6. These include the Sub National Review of Economic Development & Regeneration which proposes the creation of an investment programme approach to funding from Regional Development Agencies to local areas. The SNR has also proposed a statutory economic assessment duty for local authorities.

Other policies include the Communities & Local Government proposals set out in "Transforming places; changing lives – a framework for regeneration"

- a. Economic Development function within the Council – Responses from stakeholders suggest that this would not be supported by local partners with the private sector and public sector both questioning the ability of in house provision to respond to the issues that affect the local economy. This is not in line with current Government policy as set out in the Sub National Review and it follows that in house provision would limit the ability to increase delivery capacity which would be inconsistent with the growth and economic development agendas.
  - b. Renewing the mandate for the status quo – There was some support for this option from stakeholders in the local business community testament to the success of the current arrangements. Public sector partners however raised specific concerns over the partnership and governance approaches which do not compare well to others in the region and in light of the Sub National Review’s recommendations would not support the current arrangements.
  - c. Economic Development Company outside of the Council – Supported strongly by the range of stakeholders recognising its ability to deliver an integrated approach to economic development locally. There are concerns over the democratic accountability of such a structure however EDCs and their predecessors have been proven elsewhere and strong evidence of the success of the EDC approach is available nationally.
5. It is apparent that there is a wish to see the public sector support economic development by working in genuine partnership with a democratically accountable organisation invested with the devolved responsibility and resources to deliver a prosperous Torbay. It is equally apparent that Torbay’s economy requires sustained focus to address its structural weaknesses therefore it is recommended that

Torbay Development Agency becomes a formal Economic Development Company. There will be with some immediate changes being made to the functions that support economic development with a further review over the next 6 months enabling an economic development company to be set up in April 2009 initially as a shadow company while legal and financial issues are addressed.

6. The activities of the new Economic Development Company will make a significant contribution to the Council’s economic goals as set out in the Corporate Plan. They will also contribute directly to the Community Plan’s objectives in relation to the New Economy and to the delivery of our partner’s plans such as the Regional Economic Strategy.

7. The EDC will draw together activity to increase the impact of interventions in the economy. Crucially it will achieve the confidence of its customers, investors and other businesses as it is vital that the private sector has confidence in the structures it must deal with and structures which enable private sector investment are recognised as being the most effective in economic development.

# THE PROPOSED TORBAY EDC

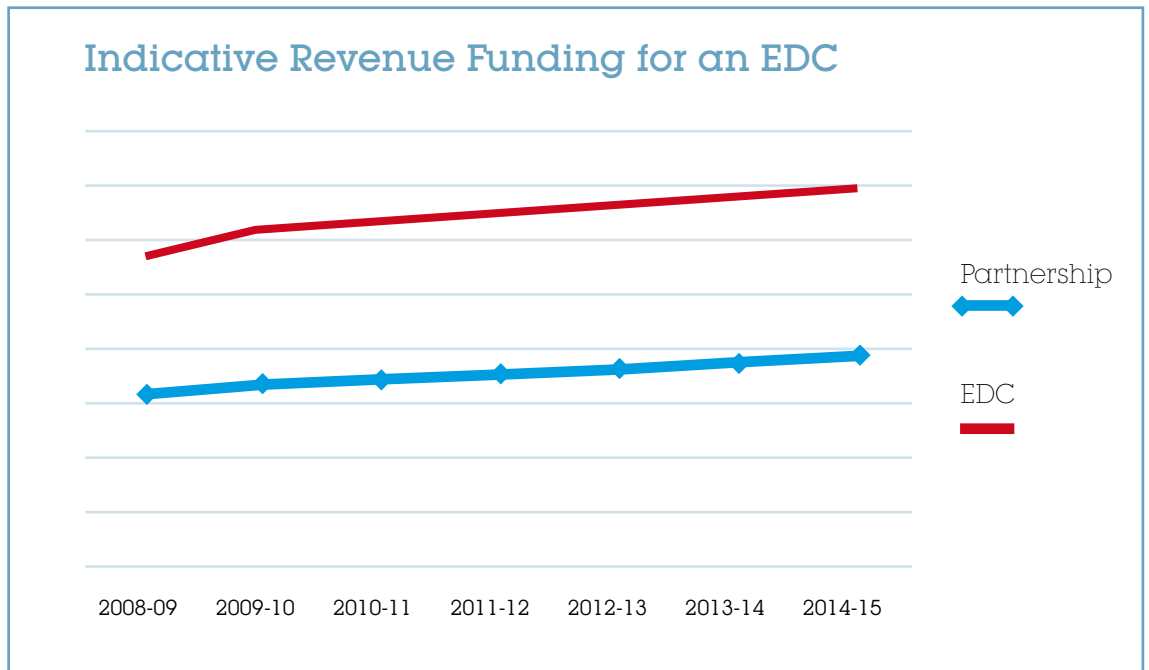
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Will create a business like and business facing environment and **will increase the pace and appropriateness of Torbay's response to investors and developers**. It also offers the opportunity to unlock under used economic assets to support the economic development of Torbay and generate new jobs.

In particular it will

- Provide an integrated, strategic, physical and economic development service for Torbay. This will include development of the local economic assessment required by the Sub National Review.
- Develop and manage of the economic strategy ensuring that Torbay's potential is realised. This will include ensuring that the approach to economic development is straightforward and that different strategies are set out in a coherent framework
- Deliver the economic outcomes from the Mayoral Vision and act as a single point of contact for potential investment in the area and in liaising with Council departments. This is expected to be a proactive activity identifying sectors and businesses and selling Torbay as a business destination
- Market of the economic development company and promote Torbay as a business location
- Provide strategic tourism and marine services advice to the Council and partners as part of the overall economic strategy.
- Guide the development of land use planning policies developed by the Spatial Planning team and act as a consultee to recommendations on major construction/commercial planning applications
- Co-ordinate major projects in particular sites & premises development. The EDC will also be in a position to discuss directly with developers social housing commitments and local housing needs as part of any proposed development scheme.
- Improve public sector asset management and increase the scope for appropriate public assets being used to attract private investment to deliver jobs and prosperity for the community. The company will have the ability to enter into or create joint ventures.

- Support Business Development, Enterprise and Investment with a focus on the development of the key sectors that will drive the economy<sup>7</sup> such as ICT, creative industries and opto electronics and supporting innovation and collaborative R &D. It will also develop an “account manager” approach to the major employers within Torbay so that their needs are understood better than before.
- Work closely with the Community Services business unit to ensure that economic development and regeneration opens up opportunities for all of our communities and this will see the EDC share work and resources where appropriate to achieve that
- Provide secretariat for Strategic Economic Partnership, Business Forum and Employment Skills Board



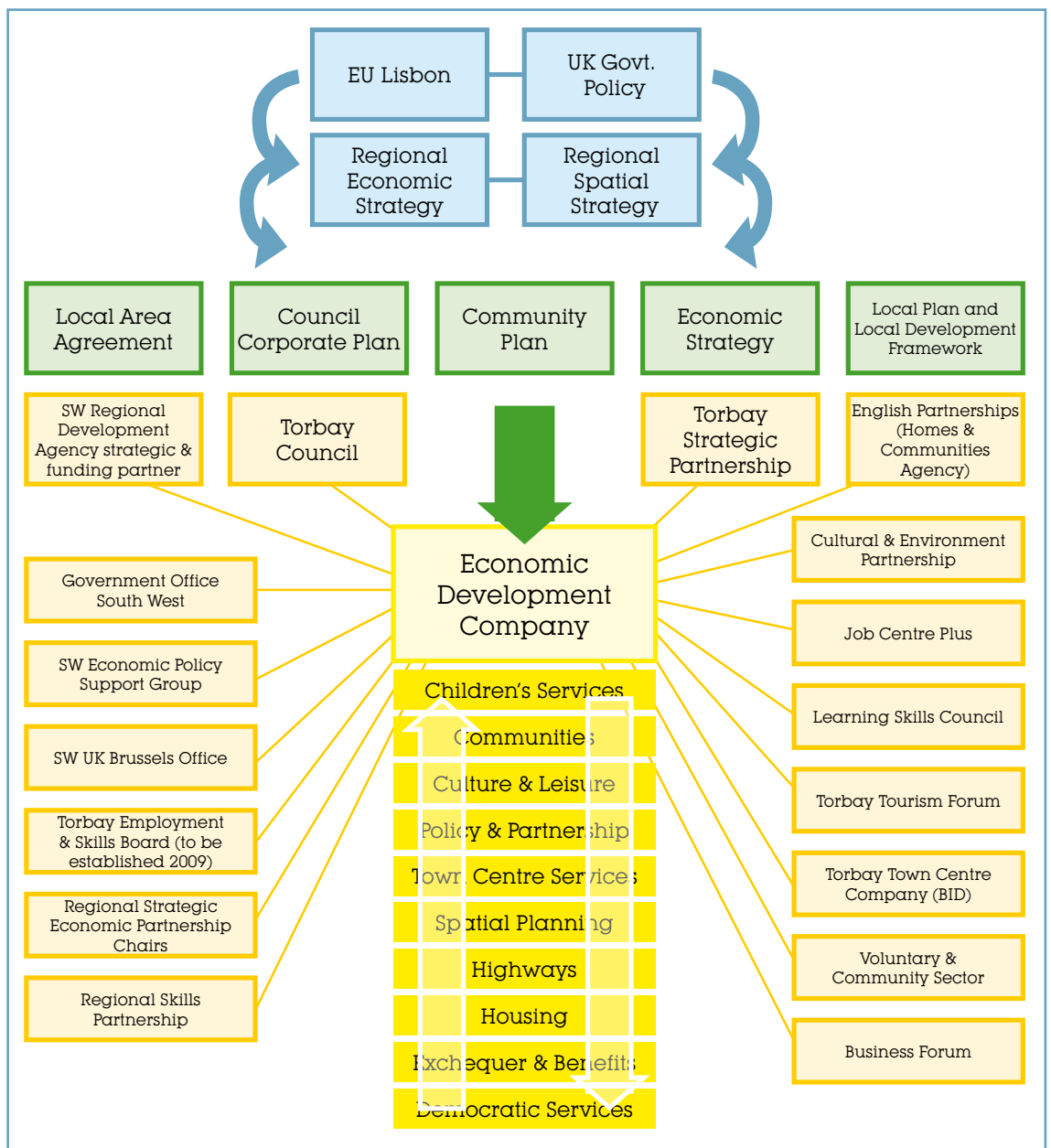
8. While the company would not unilaterally act outside of Torbay the memorandum and articles of association for the Economic Development Company will be reviewed to ensure that the Company has a confirmed mandate to work to the economic area ie travel to work or travel to learn area so that the spirit of the Government’s sub national review is held to and artificial local government boundaries do not constrain economic development activity.

7. This will be consistent with Government’s Business Support Simplification Programme

9. The employees would remain as Council employees in the short term with the expectation being that they would transfer into the Economic Development Company at a later date.
10. The Company would also have the ability to enter into agreements or create separate vehicles with developers under alternative models such as the Local Asset Backed Vehicle (LABV) approach<sup>8</sup>. LABVs are typically set up as limited partnerships, to carry out property development / area regeneration and would have its own board and delivery team. An LABV would
  - Be owned 50/50 by public and private sector - therefore returns are shared equally
  - See the public sector invest property assets & this is matched by private sector cash
  - See the Partnership uses these assets as collateral to raise finance to develop the portfolio of projects
  - Deliver projects to a pre-agreed 'Business Plan'
11. The adoption of an LABV usually sees the public sector invest certain assets in a vehicle which attracts significant investment from the private sector to develop specific sites. If this route was proposed locally it would be possible for the Economic Development Company to be commissioned to exercise strategic direction and ensure that development brings about the widest economic benefit. The LABV approach therefore provides a "means" with which to bring about the development of specific sites. This would help to address concerns that the current financial climate might inhibit local ambition and would help to attract the investment necessary to deliver key regeneration projects in the short -medium term.
12. It will be important to ensure that the Community Partnerships and other groups have clear ways to inform the work of the EDC, this might be through the Strategic Partnership/Strategic Economic Partnership referred to later or it might be with more direct consultation.
13. The diagram overleaf sets out the wider context for the EDC.

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8. King Sturge report "Physical Delivery Options For the Mayoral Vision" sets out market view that dynamic processes reducing the time to take schemes to market will be particularly attractive in current downturn and the EDC is complementary to that goal.



## Planning

14. Government recognises that Planning as a function helps to achieve sustainable outcomes and that planning is a wide process with a long chain of activity from plan preparation to pre application advice through to development control and enforcement. Around the UK the principle of planning and economic development sitting together is well accepted with a number of Council's adopting that approach. Responding to Torbay's

economic challenges and delivering the economic strategy through the creation of an EDC, whose primary function is to deliver physical and wider economic development in Torbay, means the EDC must be able to develop a single framework which gives clarity and consistency to the public and private sectors on the objectives and priorities for the economy. In developing that framework planning is a critical aspect and the interface with planning services is vital, particularly set against the place shaping role for local government and its partners.

15. It is paramount that the planning process is able to respond appropriately to changing economic circumstances or business requirements and helps to simplify and facilitate investment opportunities in Torbay. To do that best and **to build and maintain a competitive advantage over other comparable areas it is vital that Torbay presents a clean interface and consistent approach** to customers such as those businesses already in Torbay seeking to grow their premises, inward investors and others. This is to ensure that opportunities for investment are not lost but are strengthened and meet our community's needs.
16. Having established the need for planning and the economic development activities to work more closely together it is right to consider whether the current arrangements are tenable and would support the intensity of delivery that the EDC should provide. Torbay's planning service is, based on PWC benchmarking data, performing well on major applications. Consultation with stakeholders in the local business community and developers has, rightly or wrongly, highlighted a perception that the planning process could be more flexible and responsive and the outcomes of the Planning Business Process Re-Engineering Project may help change this perception.
17. Phases 1 and 1a of the transformation programme also highlighted tensions between economic development and planning aims. Recent Government consultation on Planning Policy Statement 4 also shows how these tensions are mirrored nationally. These tensions are, to some extent, natural but in view of the clear focus from the Council and the Torbay Strategic Partnership on the need for economic prosperity the creation of an EDC will help reduce these tensions. There is growing precedent for planning services to be provided in a different way including precedent for Local Development Framework (LDF) and development control work to be discharged outside of Council paid employees with perhaps the most notable example being Urban Vision's (<http://www.urbanvision.org.uk>) whose client list includes

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9. Source Grant Thornton

10. More recently a separate report by the Executive Head for Spatial Planning has made a number of recommendations consistent with the objectives of making Torbay an easier place to do business.

- Bury Metropolitan Borough Council
- Government Office for the North West
- Northampton Borough Council
- Rochdale Metropolitan Borough Council
- Rossendale Borough Council
- South Ribble District Council
- Staffordshire Moorlands District Council
- The Isle of Wight Council
- Assoc of Greater Manchester Authorities
- South Lakeland District Council

18. Other examples of alternative planning delivery models include outsourced processing of planning applications i.e. Redditch, Redcar, Amber Valley and Birmingham and High Peak Borough where the LDF was developed through a consultancy<sup>9</sup>.
19. There have been a number of suggestions on how this alignment can be achieved and SWOTs, included as an appendix to this document, set out those options<sup>10</sup>.

The preferred approach proposed by this report is for there to be a Special Planning Unit, working exclusively on economic development projects, and embedded within the EDC. That unit would

- Work with EDC staff to inform strategic and land use planning policies i.e. the Local Development Framework and Area Action Plans and the consideration of specific tools such as Simplified Planning Zones<sup>11</sup>.
- Prepare development briefs
- Work with the business community to provide pre planning application advice and to work with the Spatial Planning unit on development of casework for all major business and employment applications and support to inward investment queries. This will lead to stronger proposals being developed and submitted through the normal decision making channels
- Facilitate the delivery of housing particularly affordable housing
- Ensure that Spatial Planning and Members were fully briefed on EDC activity
- Reinforce the ability of the EDC to act as the single point of contact for commercial interests and align planning and the New Economy
- This arrangement would be reviewed after 2 years particularly with regard to management responsibility

11. A Simplified Planning Zone is an area in which a local planning authority wishes to stimulate development and encourage investment. It operates by granting a specified planning permission in the zone without the need for a formal application or the payment of planning fees. This would save developers time and money, promote the area and reduce handling time on applications.

- The EDC will ensure that the Executive Head of Spatial Planning is fully informed of the work undertaken through the Unit to ensure a close working relationship and who is best placed to provide the customer focus required and facilitate the outcomes we are looking for as a Council.

The Executive Head Spatial Planning will remain the Council's most senior planning professional and will be responsible for all reports and recommendations and **control of planning decisions would remain with the Council as the planning authority. There would be no change to the Planning Committee process.**

20. This approach would
- ensure a smooth day-to-day interface between EDC and the Council as Planning Authority
  - maintain the democratic accountability role of the Council as Planning Authority.
  - increase the speed of delivery for major projects
  - allow the EDC to influence local plans and draw up its own regeneration framework in consultation with the Council - therefore it is well placed to ensure a co-ordinated planning approach to major development opportunities in the area
  - could reduce risk associated with major developments and realise benefits earlier
  - will encourage confidence in the EDC as an organisation which has a strong partnership with the Council and is therefore likely to be able to deliver on major projects this will boost Torbay's position and reputation as a business location
  - could enhance reputation of the EDC as an effective and efficient delivery body with community and other stakeholders particularly with investors and the wider business community who would recognise this as a significant development.
  - be consistent with the Killian Pretty Review on a faster and more responsive planning system, particularly the recommendations of the review around small business and major developers
21. **Plan making and development control powers would not be invested into the company**, but it would have close links with the relevant departments within the Council for example those exercising CPO powers and implementing Section 106 agreements that could be used in relation to the company objectives and economic development strategy where required.

22. The business processes here will need to be carefully defined to avoid duplication but it is critical that interface between Spatial Planning and the EDC is strong and fit for purpose. Work carried out separately under the Planning Business Process Re-engineering will be complementary to this goal. It is proposed that the role of planning in the EDC continues to be reviewed and that the Special Planning Unit should be reviewed one year after the establishment of the EDC to ensure that the final shape of the vehicle is fit for purpose. It is clear that there will need to be considerable staff consultation to ensure that the reasons for the decision are clear and that Spatial Planning colleagues expertise can inform the solution.
23. The recommendations set out here will ensure a good “understanding of the developments proposed and help to improve the quality of the decision-making”<sup>12</sup> and quality of development. It can also help to minimise any delay where the developer is unfamiliar with particular procedural requirements or has to make contact with several parts of the Council structure to progress a scheme.

## Housing Delivery

24. Like Planning the issue of Housing is also important to the economic development of an area. Also like planning economic development has in the past neglected this area despite Torbay facing a significant affordability gap for housing locally.
25. Housing delivery can catalyse redevelopment, provides for a competitive workforce and increases the attractiveness of the place as a business location. With the challenges of growth facing Torbay lack of attention to housing from the EDC would be counterproductive.
26. Therefore it is proposed to include the Affordable Housing delivery team within the Special Planning Unit to ensure that the EDC can promote smart growth and facilitate the growth of distinctive and attractive communities with access to good employment opportunities. For businesses this will help ensure that they have access to, and can retain, a talented workforce and will also ensure that the delivery of the Mayoral Vision is consistent with Torbay’s wider ambitions.

It is proposed that the Executive Head of Communities commissions the EDC to deliver its affordable housing requirement through a service level agreement. Accountability for setting the Strategic outcomes, based on robust needs analysis will remain within the People arena but the activity to ensure that need is met will be commissioned. The budget and accountability will remain within Communities and pay the EDC to deliver those outcomes and meet those needs.

### Asset Services Group

27. It has been recognised that in order to achieve the New Economy outcomes and in particular to deliver the Mayoral Vision better use must be made of public sector property and land assets as they play a fundamental role in enabling projects to develop that will achieve the economic regeneration of Torbay.

It is recommended that the Economic Development Company be commissioned to provide a strategic asset management, property management and development service to the Council making recommendations to Council on issues such as disposal and transfer. The principle of a consolidated asset management service within an EDC was supported by all stakeholders.

The structure for asset services is set out in Asset Management PID.

28. Property assets would continue to be wholly owned by the Council and decision making responsibility over those assets would continue to reside with the Council. The only exception to that would be those assets that might be identified as appropriate to transfer into the EDC where those assets would improve the EDC's ability to deliver its objectives i.e. those associated with regeneration<sup>13</sup> Through this service the production of Service Asset Management Plans will continue and these documents will embody the strategic aspirations of the Council's front line services these will inform the overarching Asset Management Plan (AMP) which will reflect strategic issues and priorities when it come to asset development and make appropriate recommendations to Council. The EDC will not engage directly in any operational activities associated with service use of assets. The Asset Management Plan prepared will additionally require full Council approval and be subject to scrutiny.
29. This has been informed by the structure emerging from the review of the Asset Management function which has identified two possible systems for the integration of elements of Asset Management or the whole Asset Management function into an EDC. The final decision on the location and function of Asset Management will be covered within the emerging Asset Management Business Case.

# GOVERNANCE & PARTNERSHIP

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30. The proposed creation of an Economic Development Company means a review of the overarching partnership is essential and that the structure of the company needs to be defined. A range of options is open to the Council and its partners in forming an Economic Development Company and a summary is included as an appendix. Those options include a contractual joint venture, precedent elsewhere suggests though that is not likely to provide the level of independence and delivery capability required by the stakeholders.
31. A review of structures or proposed structures elsewhere identifies that the most common structure is an incorporated company, operating as a key agent in the delivery of the economic development strategy. There are two main forms of company, namely companies limited by shares or companies limited by guarantee. It is assumed that there will be no "value extraction" and therefore a company limited by guarantee structure is appropriate where the company is not necessarily going to capture value for its members. Typically, companies limited by guarantee have been "not for profit" organisations however a company limited by guarantee may have a surplus at the end of each year. Its memorandum and articles of association may make provision for any such surplus to be kept within the company and used for furthering its objectives.
32. This could permit the Company to be operated as a community interest company (CIC). CIC's are companies, generally limited by guarantee, whose activities can be shown to be for the community's interest. The company limited by guarantee status would permit the company to be considered as a community interest company if the memorandum & articles of association clearly demonstrate that the company i) has social goals ii) will be not for profit and iii) any surpluses it might generate are reinvested towards the social goals.
33. It is recommended that the Transformation programme Board and Council notes that 1) precedent is for EDCs to be a private company limited by guarantee 2) advice from Grant Thornton is to proceed on the company limited by guarantee basis with a contractual relationship between the Company and its public sector partners.
- It is also recommended that if the EDC route is adopted that further legal advice is sought regarding the nature of the company so that taxation and other legal issues can be resolved to best support the objectives of the EDC.
34. Irrespective of the company structure it is essential that the board has no public sector majority and that there is no local authority control as defined by the relevant legislation. It is envisaged that the board of the company will comprise the public sector with one vote per member<sup>14</sup> and that the board will seek supplementary private sector representation, who would

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14. It is probable that the SWRDA will not seek to be a member and is unlikely to want voting rights but would wish to attend the board meetings as a key partner.

have voting rights, and will be expected to appoint its chair from the private sector. It is expected that the board would have, at least, equal private sector representation. It is not expected that the Chief Executive of the EDC would be a board director.

35. It is expected that the private sector board members will be recruited through an advertised process, consistent with Nolan standards, with the search for candidates likely to be local and national however in the interim the Strategic Economic Partnership and the Council will be asked to consider recommendations to appoint a shadow board to steer the transition process. It is expected that the Chair of the board would receive remuneration, level to be agreed, to reflect the importance of the role and the expected commitment from the Chair.
36. Each director will have one vote at Board meetings and decisions will be taken by simple majority with exception of those decisions which the members have reserved rights over. The board will be responsible for the day to day management of the Company and will be responsible for the management of Company employees and answerable to the Company members. It is expected that the board would meet 8 times a year.
37. With respect to the Economic Development Company's relationship with the Council the Environment Commissioner will be the client for the Council and will be responsible for commissioning the Economic Development Company through the Strategic Economic Partnership described further on. It is also recognised that it will remain important for the Council's support for the EDC and its role in enabling it to deliver to be acknowledged. **The work plan for the EDC should establish a protocol which will ensure that the Council's support is appropriately addressed.**
38. It is fundamentally important that the economic development company is democratically accountable given that the Council will be the key funder of the company and the company will be providing a service to benefit the community. It is proposed that the Council will
  - Part fund EDC
  - Approve the EDC Business Plan
  - Approve the EDC budget
  - Approve any recommendation to create joint venture agreements or other form of subsidiary
  - Approve the economic development strategy that will be commissioned through the Strategic Economic Partnership

- Ratify the appointment and salary of the EDC Chief Executive
  - Approve any recommendation from the Company to move its base i.e. if it were proposed to move the EDC outside of Torbay
  - Monitor the activity of the company and delivery against the economic development strategy both through the Overview & Scrutiny process and through formal reports to Council
  - Appoint members (in proportion to the membership of the company) to the company board with the portfolio holder for regeneration and planning assuming the vice chair role.
  - Ratify other appointments to the Board, with other members, to ensure that they add value to the company
39. Veto rights for the Council may invoke local authority controlled rules and lead to the Company bearing additional regulations. This is against the rationale for the Company and accordingly veto rights are not proposed. The board of the company will have responsibility for matters which are not reserved for the Council or other members. The Council will continue to be responsible for a range of other functions that contribute to economic growth, including for example education, procurement, transport and infrastructure. The Council will also ensure it aligns these services, wherever possible, to promote the economic prosperity objectives for the place.
40. SWRDA and the Homes & Communities Agency will be invited to be members of the Company or to formally support the Company in another appropriate way. There is an expectation that these partners will provide appropriate core funding of the EDC which might be in the form of revenue or capital grant. Torbay would also expect that the public sector partners use the EDC to deliver local responsibilities such as those set out under the Sub National Review, use their powers in relation to the agreed economic strategy and that they will empower the EDC to deliver to an agreed economic development strategy. Torbay considers that the EDC will be the preferred vehicle for the SWRDA to devolve appropriate funds to under the Area Investment Framework currently under discussion.
41. With regards to accountability, it is clear that the EDC must be accountable for its actions and performance. The EDC, once formally established the EDC will be answerable to the partner organisations through the business planning and strategy development processes. It will also be answerable through the scrutiny process and the EDC board will hold the management of the EDC to account. It is recommended that Board of the company determine whether EDC board meetings are public or not. While it is not mandatory it is suggested that **the minutes of its meetings should be made available and an annual report, reporting progress against objectives and delivery of its activities.**

42. It is acknowledged that public sector partners will want to have a defined exit strategy and the company structure including the memorandum and articles of association will recognise that and set out a definition of when that can apply i.e. in the event of emergency circumstances such as those where the Council:
- a) can envisage the EDC still delivering its objectives on a contractual basis with the Council but without the Council remaining as a member/ shareholder; or
  - b) feels the EDC's objectives could be better met through a different vehicle (including returning the functions to the Council); or
  - c) has a fundamental disagreement with other Members/Shareholders of the EDC which cannot be resolved.
43. If the EDC is a Company Limited by Guarantee the process for withdrawal would be prescribed in the EDC's Memorandum and Articles of Association, a process which should be straightforward. If it is a Company Limited by Shares, the process would be prescribed in the Shareholders Agreement. With regard to the latter, there could be "put" or "call" options<sup>15</sup> which facilitate the transfer of shares between parties. Without exercisable "put" and "call" options there may not be an exit route available for the Council.
44. It is difficult to envisage scenario (a) happening in reality, because it assumes that the Council will continue with a level of funding to maintain the EDC's viability, but simply wants to withdraw from its role as a Member/Shareholder. This would mean it would lose its ability to exercise control over the EDC except through its contractual relationship.
45. Scenarios (b) and (c) assume that the Council wishes to withdraw its funding from the EDC as well as ending its Membership. Given that the Council is a major funder, this would probably signal the winding up of the EDC, unless an alternative funding strategy was in place. This process would need to be managed over a period of typically between one and three years, so that funds continue to flow to the company to meet its obligations, and a strategy is agreed between the Members for winding up the existing company and transferring its functions to a new body (or back to the Council). This strategy would include the consideration of TUPE obligations on the new body for the EDC's existing staff.
46. In this situation the implementation of a managed withdrawal strategy is critical. The Council and its EDC partners would wish to avoid a situation in which the Council (or another key partner) withdrew its funding at short notice

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15. "Put" and "Call" options in the Shareholder Agreement ensure a shareholder can force a sale of shares to other existing shareholders, or other shareholders are forced to purchase shares from an exiting shareholder.

without such a strategy in place. This would render the company insolvent unless it could raise funds at short notice elsewhere and the EDC would cease to trade, with the obvious implications for service delivery and staff employment. In the event that the Council withdrew funding at short notice - and the Council was the sole or majority funder - the Board of the EDC would have no choice but to place the organisation into administration immediately, at which point the EDC Board and the Council would lose all influence and control. If the Company continued to trade whilst insolvent the Directors, including any Council appointees, would be personally liable for any further liabilities incurred.

47. The annual report of the EDC will be expected to include commentary on the progress towards financial independence and it is expected that the board and the members will review the structure and operations of the Company after three years to ensure that it is progressing. If in the event of the winding up or dissolution of the Company there remains after the payment of all its debts and liabilities any property or operating surplus it will be paid to the founding members of the Company pro rata to the funding, size of budget and other support (cash or otherwise) which, when aggregated together, they have each made available and advanced to the Company. The same principle will also apply to the allocation of liabilities and debt
48. If the recommendations set out in this proposal are accepted then it will be necessary to consult further with staff to explain the reasons behind the decisions and the process that will follow. It is expected that this will be an ongoing process. Simultaneously further work to develop the business plan will be required to establish the legal structure for the company any work will need to continue with the South West Regional Development Agency Homes & Communities Agency to establish their involvement.

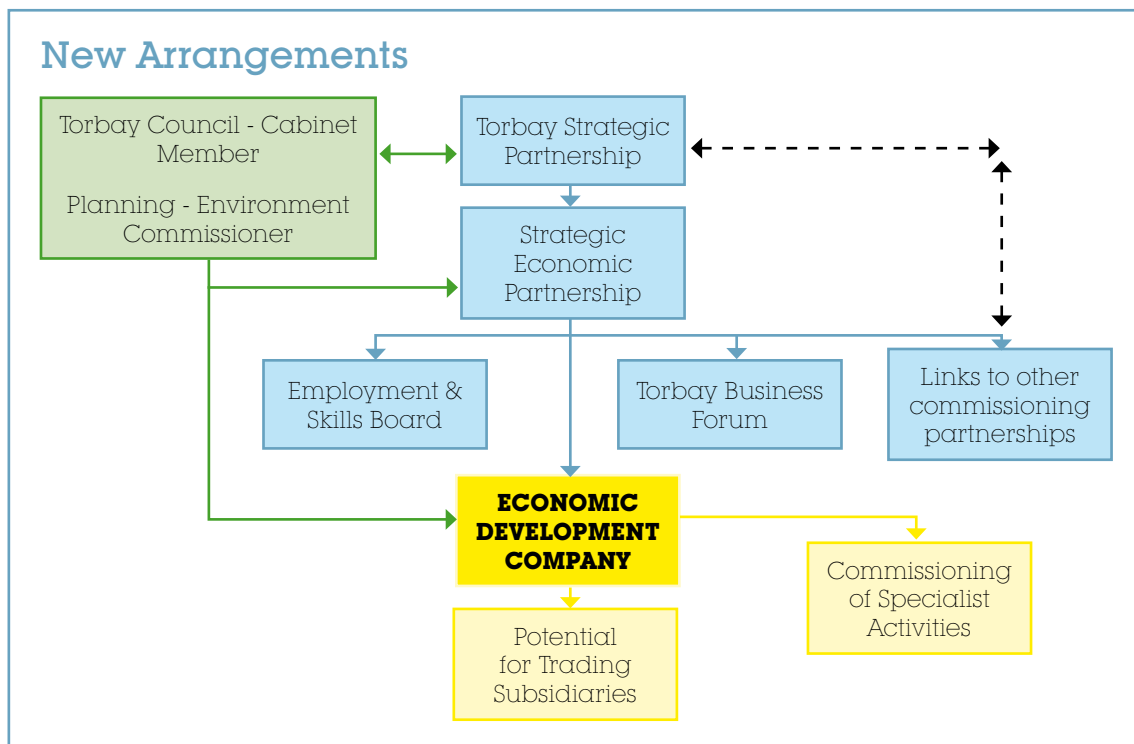
Additionally incorporated bodies, such as being proposed for the EDC, must follow the principles of good corporate governance. These include the following which will need to be developed as part of set up of EDC.

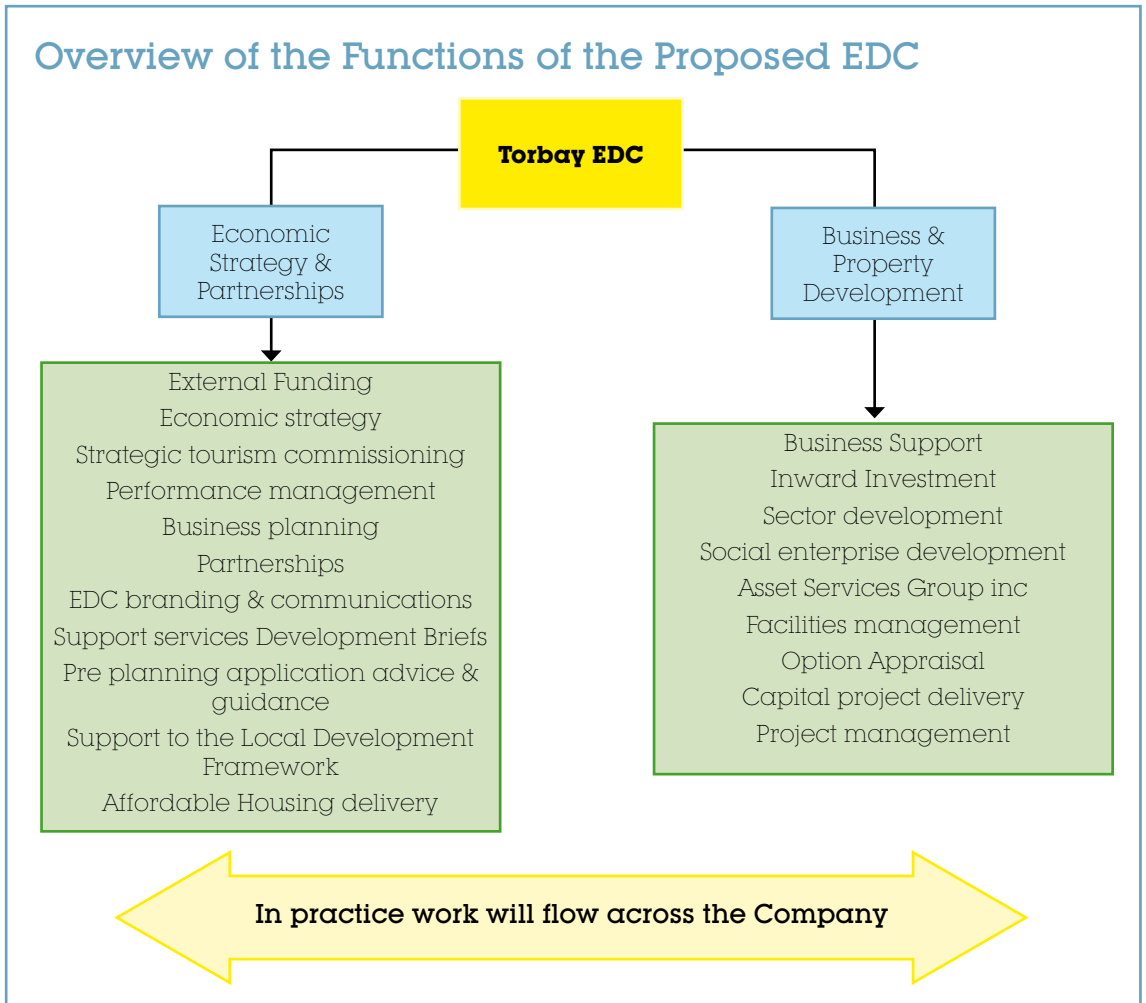
### Policies

- Conflict of Interest
- Procurement
- Equal Opportunities
- Health and Safety
- Conflict Resolution
- Appointments

### Protocols

- Financial Regulations
- Reporting Arrangements
- Partnership Constitution
- Terms of Reference of subordinate groups
- Standards of Conduct
- Roles and Responsibilities





# EXPECTED BENEFITS

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49. It is important that the goals and benefits expected to establish an EDC are realistic. The benefits set out below have been driven by the consultation on the development of an EDC but will need to be reviewed through the Strategic Economic Partnership to ensure that they represent the joint will of the public and private sectors.
50. In the Project Initiation Document Grant Thornton have identified a recurring saving of £100,000 as a result of improved performance in procurement/ commissioning of economic development and regeneration activity, which represents 10% saving on the budget within scope. This is ambitious and not set out in any detail but it is expected that savings can be generated through shared procurement activities with similar organisations across the region.

Following the agreement in principle of the activities of the EDC dialogue with other similar organisations can start. The details of these savings will become clearer through the implementation phase of this project.

Other benefits of an EDC approach include:

- Aggregate economic development efforts in one place
- Increased ability to deliver regeneration schemes
- Increase the pace of support the economy in leading on the development;
- Improve the investment readiness of key projects, developing the projects to make them more attractive to investment. This in turn leads to greater confidence in the place and further investment
- Stronger performance against the key strategic objectives;
- An ambitious approach capable of delivering transformational change
- Project & programme delivery (expected intensification of delivery in particular around the Mayoral Vision)
- Income generation - One of the advantages of the EDC model is its potential for further income generation and it is expected that by transferring appropriate professional services and property assets into the Company it will be able to use the value of those assets to generate revenue to support its core and project costs over time
- Core support from the South West Regional Development Agency strengthening the partnership between the Agency and Torbay and helping meet the EDC's operational costs.

These will be recognised in key performance indicators which will include

- An increase in earnings per residence.
- Increase in the number of jobs created
- Brownfield land reclaimed &/or redeveloped (ha)
- Increase in the number of businesses created in and attracted to Torbay
- A reduction in the failure rate of businesses
- More people gaining economically valuable skills and more businesses with access to the skills they require.

# FINANCE

51. The report "Implications Of Provisional Spending Target" submitted 21st November 2008 sets out the proposed budget build for the Torbay Development Agency and the Asset Services group currently being managed by the Agency. The TDA has been trailing the Zero Based Budget process and both the ZBB and this business case have been used in developing the budget report. The budget build is set out below.

|   | £000's | £000's       |
|---|--------|--------------|
| 2 008-09 Budget based on new structure              |        | 3,634        |
| Movements between services                          |        | (150)        |
| Committed Growth:                                   |        |              |
| - Increments  | 17     |              |
| - Replace grant funding for project management post | 49     |              |
| - Funding for post for Skills Development           | 50     |              |
| - Investment in Repairs and Maintenance             | 50     | 166          |
| Pay/Price provision                                 |        | 367          |
| Base Budget 2009/10                                 |        | 4,017        |
| Less reduction for Efficiency Target – 3%           |        | (121)        |
| Total "Standstill" Budget 2009/10                   |        | 3,896        |
| Planned Investment - linked to Corporate Priorities |        | 0            |
| Budget Reductions                                   |        | (100)        |
| <b>Total Budget 2009/10</b>                         |        | <b>3,796</b> |

52. The report sets out in more detail the development items and the expected pressures on that will be faced over the coming year. **The above table does not include any sums which might come from either the South West Regional Development Agency or the Homes & Communities Agency, support from those organisations of around £250,000 per annum is being sought.** This would immediately reduce the Council's cash contribution to the structure. In the event that a revenue contribution is not made alternatives will be considered. it is also subject to final budget and reinvestment of savings by Torbay Council.
53. There will also be set up costs incurred and those costs are set out in the budget report. The fixed costs for the company will include core staff salary

costs, premises, utilities. Variable costs will be those associated with the delivery of specific projects and activity which may include professional services and contract staff.

54. Future project and programme costs have not been included here and will need to be established during the detailed business & work planning phase. It is envisaged that the EDC will, for an agreed period of three years, continue to receive most of its operational support (i.e. Human Resources, Communications etc from Torbay Council) before exploring whether alternative provision is more efficient.
55. Based on the structure proposed in this business case (p 57) and in the budget report the following Workforce is expected to be required to deliver the key objectives over the next three years. While mapping the future structure has identified some duplication of activity and has left a number of unfilled posts vacant this report and the budget report does propose an increase in staffing numbers from 60 to 64 FTEs to bring capacity to the organisation around inward investment, sector development and project delivery each of which is important in enabling the organisation to deliver its goals.

|       | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
|-------|---------|---------|---------|---------|
| FTE's | 60      | 64      | 64      | 64      |

56. Torbay Council will expect the EDC to offer value for money and will look to apply Gershon efficiencies to the Company, Core costs of the EDC are expected to be covered by the Council and the SW Regional Development Agency. The Agency has indicated it is supportive of the EDC approach however this must be confirmed by a formal proposal. An approach to English Partnerships (now Homes & Communities Agency) has also been made to establish their capacity and willingness to engage with a Torbay EDC.
57. One of the advantages of the EDC model is its potential for further income generation and it is expected that by transferring appropriate professional services and property assets into the Company it will be able to use the value of those assets to generate revenue to support its core and project costs over time. Other potential sources of income include:
- Programme funds such as those from EU and national Government and specific initiatives that come forward from Government
  - Contract income if the Company provides a service to other bodies
  - Joint ventures and asset leverage
  - Service fees
  - Sponsorship of key programmes

Exploitation of these sources and the transfer of assets, such as the TDA's commercial property to the EDC, are expected to reduce the Council's subsidy to the Company.

The business plan for the EDC will set out in more detail the arrangements for the EDC to incur debt. It is emphasised that other assets such as IT, infrastructure, highways assets etc are not proposed for transfer to the EDC.

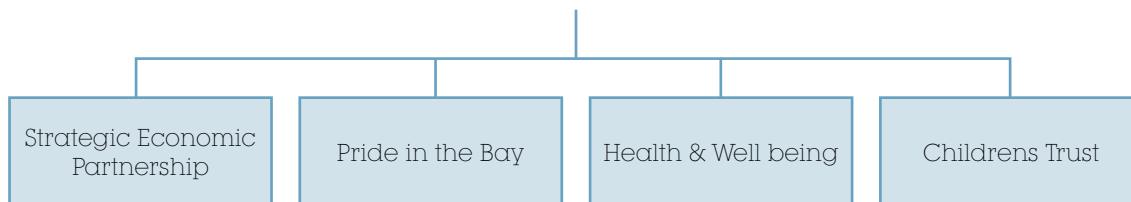
58. The level and timing of the resultant reduction in Council support will need to be set out in the detailed business plan, so that the EDC ultimately becomes self financing. It is expected that it will take 5 years for this to occur and progress against this should be reviewed annually with a decision required at year 3 as to whether self financing is a viable option. Further savings as a result of a joint procurement exercise for professional services with similar bodies elsewhere in the region are thought likely and merit further investigation.

The business plan for the EDC will also set out in more detail the arrangements for the EDC to incur debt and it to invest will be set out in the business plan. It is emphasised that other assets such as IT, infrastructure, highways assets etc are not proposed for transfer to the EDC.

59. Further work to consider the taxation issues, in particular corporation and VAT, is required and once the ownership and voting rights for the Company are confirmed the implications for the Council including its borrowing limits and statutory reporting arrangements need to be considered. Appendix 2 (page 40) sets out the implementation steps and outstanding issues.

# STRATEGIC ECONOMIC PARTNERSHIP

60. The work of the proposed EDC will be commissioned by Torbay Council's Environment Commissioner who will be supported and advised in exercising that role by a new Strategic Economic Partnership, in line with the new commissioning model being applied across Torbay Council, and the Torbay Strategic Partnership. As such, the SEP is a Strategic Commissioning Partnership, one of four Strategic Commissioning Partnerships operating across the TSP each reflecting a quadrant of our Community Plan wheel. The partnerships are set out below.



61. Currently Torbay Development Agency Ltd is tacitly acknowledged as the strategic economic partnership for Torbay. Strategic economic partnerships (SEP) within the South West act to bring together key partners from the private, public and community sectors to develop and promote the economic well being of an area and to co-ordinate and influence a range of partners activities to meet the economic development goals of an area. Increasingly the SEP network has a pivotal role to play in Local Area Agreement delivery and is recognised by the South West Regional Development Agency as being the most significant link to local authorities and their partners in that they can provide.
62. There have been concerns over TDAL's ability to fulfil the SEP role because of the composition of the board and the absence of a formal link between it and the Torbay Strategic Partnership. There is also a lack of connectivity between the different groups which represent key economic interests within Torbay.
63. In the current arrangements there are no formalised links between the Business Forum and any of the other partnership structures and that there is no clear link between the TDAL acting as the Strategic Economic Partnership and the Torbay Strategic Partnership. Within this architecture it would be possible for an organisation to approach, a minimum of, five different groups to ascertain a collective Torbay view on economic issues. This is clearly wasteful and has inhibited our ability to articulate a consistent vision for Torbay's economy to some partners and to project the area as strongly as it should be to others.

64. Reviewing this overarching structure is of fundamental importance in ensuring that future economic development delivery is informed by the involvement of all key partners and recognising the concerns over the SEP function the TDA, in preparing the economic theme of the LAA and the new European programme, convened the "New Economy Group" with a broader membership.
65. This group has been welcomed by SWRDA and GOSW contacts among others as it provides a wider partnership mix from across the sectors. Recent work commissioned by the TDA for the Competitiveness funding programme notes "Although a relatively recent innovation, the New Economy Group has already demonstrated its potential to evolve into an authoritative partnership<sup>16</sup>. It is clear that there is a requirement for a wider strategic economic partnership enabling different parts of the public sector and the local business community to come together to challenge and advise those responsible for economic development in Torbay.
66. It is important to be clear on the function of an SEP. It is proposed that a Torbay SEP should have the following objectives;
  - To act as the strategic economic partnership for the Torbay Strategic Partnership, recognised by the local authority, the Regional Development Agency, Government Office for the South West and other relevant partners.
  - To support the Torbay Strategic Partnership & Environment Commissioner in commissioning economic development activity.
  - To be responsible for commissioning from the EDC an economic development strategy which identifies the key economic development and regeneration priorities for Torbay against a robust evidence base, includes priorities for action and which receives the approval and support of partner organisations. Included in this would be the development of a Strategic Investment Plan with SWRDA.
  - Setting out the performance management framework for the EDC
  - Make recommendations to the Council on the level of funding for the EDC
  - Manage the LAA economy theme outcomes and delivery for the Strategic Partnership.
  - Secure commitment from a wider partnership to improve the performance and effectiveness of economic development activity in Torbay.
  - Ratifying the business plan for the EDC on behalf of Torbay Council and the partners
67. In recognition of the expertise and commitment that the current TDAL private sector members have displayed in supporting the local economy it is recommended that the board members will be invited to form the SEP with further members to include the following

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16. "Torbay's Strategic Investment Framework" ERS for Torbay Development Agency June 2008

## STRATEGIC ECONOMIC PARTNERSHIP

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- Torbay Council – Cabinet Member for economic development
- Torbay Council – Opposition shadow cabinet member
- Torbay Council – Environment Commissioner
- Torbay Council – People Commissioner
- Representative of the Business Forum (private sector representative)
- Representative of the Employment & Skills Board (private sector representative)
- Chair of the Economic Development Company (private sector representative)
- Cultural & Environment Partnership representative (private sector representative)
- Representative of the Torbay Tourism Forum (private sector representative)
- Representative of the Torbay Town Centres Company
- Community Representative
- Learning and Skills Council
- Jobcentre Plus
- Business Link
- South West Of England Regional Development Agency
- Government Office For The South West
- Homes & Communities Agency

The Chief Executive of the Economic Development Company would attend the SEP acting as an advisor to the Partnership.

68. Consideration also needs to be given on how a Torbay SEP would work across local authority boundaries as the travel to work and travel to learn areas for Torbay extend into neighbouring authority areas and key projects such as the South Devon Link Road and expansion of Exeter Airport are potentially important drivers of future investment and prosperity. This would be consistent with the Economic Prosperity Boards set out in the Sub National Review, the creation of such a board could lead to new flexibilities being introduced by central Government.
69. The SEP will be responsible for
- Engagement with partners
  - Commissioning the Economic Development Strategy and will monitor delivery against that strategy

- Development and management of the economy theme of the Local Area Agreement
  - Providing advice to SWRDA and others on economic issues affecting Torbay
70. The partnerships structure set out in the Governance & Partnership section (page 28) was proposed in the consultation and ,while some expressed concern over the perception of talking shops being created, the structure set out here will allow the SEP to inform both the Strategic Partnership and Council of the views of key stakeholders on economic issues and support the delivery role of the economic development company.

# APPENDIX 1

## - DETAILED RECOMMENDATIONS

| Recommendation  | Reason for Recommendation   |
|---|---|
| <p>The establishment of a comprehensive Economic Development Company<sup>17</sup>.</p> <p>The EDC will be responsible for ensuring holistic economic development focusing on physical project delivery, enterprise creation and working with partners to ensure all communities have access to jobs and skills.</p> | <p>The economic issues facing Torbay are profound and require the best possible delivery structure to address them ensuring that all parts of the public sector work together and with the private sector to support and grow our existing business, attract investment and open up new opportunities for local residents.</p>  |
| <p>That Torbay Development Agency Ltd (TDAL) be maintained as a corporate body so that staff can be employed by it or seconded to it and that name is retained for use by the EDC<sup>18</sup>.</p>   | <p>The report sets out that the corporate structure is most successful in attracting private sector talent and investment. Given that the TDA has a strong reputation locally for successful delivery and stakeholders have strongly questioned whether there is a need for a new name. The memorandum and articles of association of the TDAL will require some revision however reorganising those maybe more sensible than creating an entirely new corporate structure.</p>   |
| <p>That South West Regional Development Agency and Homes &amp; Communities Agency be formally invited to become founding members of the new company alongside Torbay Council.</p>   | <p>Government agencies such as the SW Regional Development Agency and the new Homes &amp; Communities Agency have welcomed the formation of EDC's in other locations and have contributed to the costs of the company. Typically but not in each case they have become members of the company, negotiations with the partners might propose an alternative arrangement.</p> <p>The support of both is vital if Torbay is to deliver the housing and economic growth foreseen.</p> |
| <p>That the EDC shall be responsible for ensuring holistic economic development focusing on physical project delivery, enterprise creation and working with partners to ensure all communities have access to jobs and skills.</p>  | <p>Partners are concerned to ensure that Torbay's economic development encompasses a range of activities including support to businesses to help them stay in business and grow locally and in ensuring that the people of the Bay have access to new opportunities. In some of these areas the EDC may not have a direct delivery role but will advocate and/or commission work.</p>   |

17. Recommendation from Grant Thornton is for the EDC to be a company limited by guarantee with further details around tax liability, asset lock and other legal issues are resolved.

18. Pending confirmation of the most appropriate legal structure and the ability of the existing memorandum & articles of association to be revised.

## APPENDIX 1 - DETAILED RECOMMENDATIONS

| Recommendation   | Reason for Recommendation  |
|--|--|
| <p>In recognition of its role in economic development delivery the current TDAL board should be asked to assume immediate responsibility for the strategic economic partnership function pending a review of its composition. Furthermore a sub group of the Strategic Economic Partnership be elected to act as the transition board from the current arrangements and identify appropriate individuals for the board of the new EDC.</p> | <p>As set out in the main report the TDAL is recognised by the South West Regional Development Agency as the strategic economic partnership for Torbay but with reservations. To grow Torbay's involvement with important public sector partners such as Jobcentre Plus is critical in ensuring that the economic development delivery matches our needs. To do that the board membership needs to be resolved.</p> <p>It is recommended in view of the SEP role in local area agreement and the new EU programmes that this takes place immediately.</p> <p>This will ensure continuity of skills and experience from the TDAL as we move towards a new structure and continue to provide private sector input, support and challenge to the process.</p> |
| <p>That the EDC shall be accountable to its founding partners and the Strategic Economic Partnership through an agreed business plan and performance framework.</p>  | <p>Accountability of the EDC to its founders is of paramount importance. It is envisaged that the principal form of accountability will be through agreement of annual business plans, longer term strategies and a performance framework. The Council would also have the ability to hold the EDC answerable through the scrutiny process. It is recommended that Board of the company determine whether EDC board meetings are public or not however the minutes of its meetings should be made available and an annual report, reporting progress against objectives and delivery of its activities.</p>  |
| <p>That the strategic responsibility for Torbay's asset development shall sit with the Economic Development Company. In due course it is envisaged that the Council will be asked to consider a report recommending that certain assets be vested within the EDC to support the delivery of its core objectives and reduce its dependence upon revenue funding from its founding partners.</p>   | <p>This is to ensure that the Council receives a strategic overview of its assets and consideration of the alternative economic value of those assets and will be helpful in delivering the Mayoral Vision.</p>  |

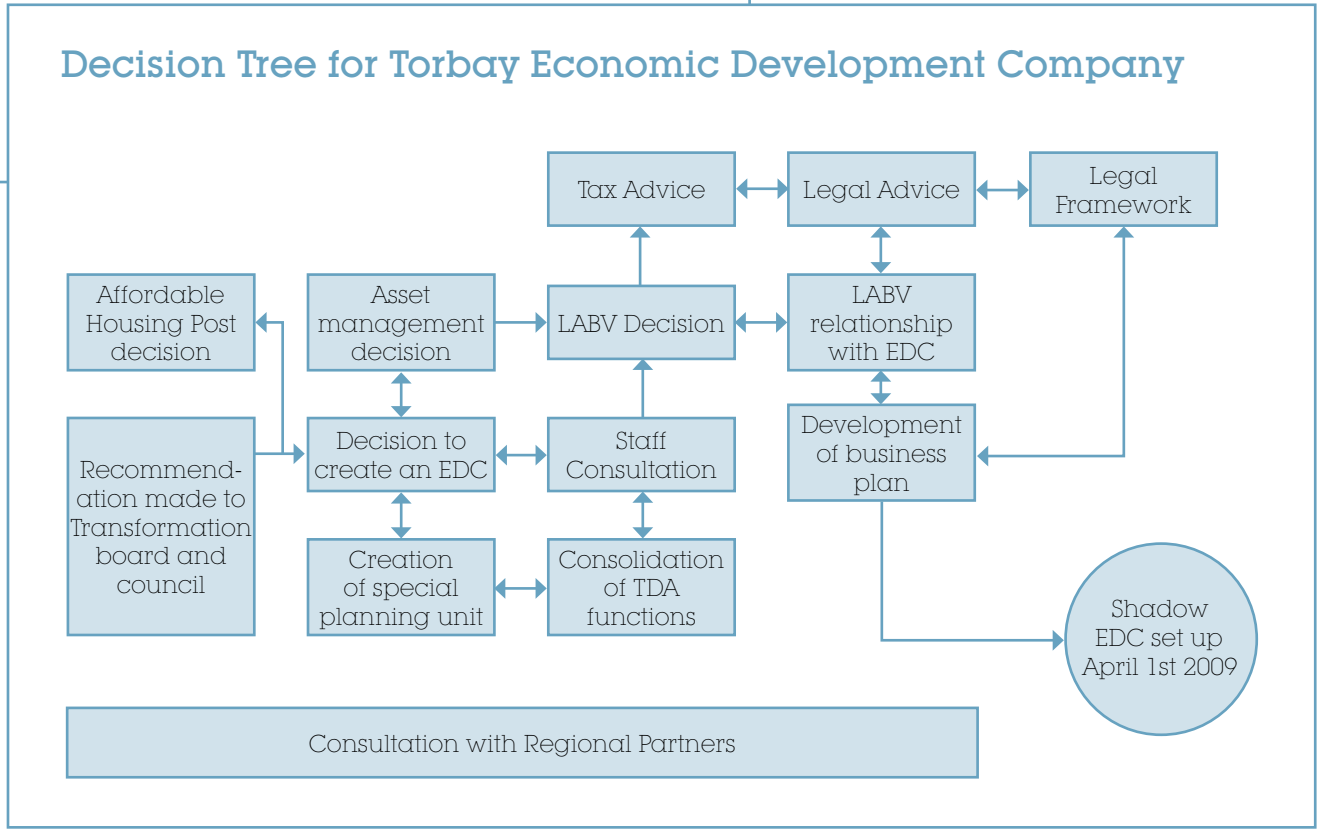
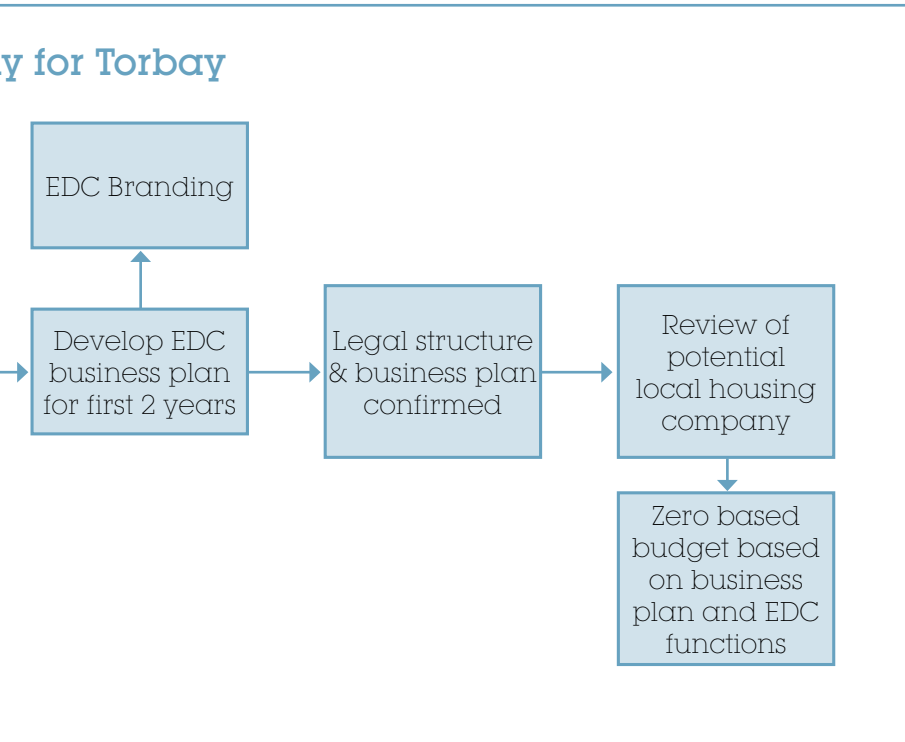
## APPENDIX 1 - DETAILED RECOMMENDATIONS

| Recommendation  | Reason for Recommendation  |
|---|--|
| <p>The EDC will be responsible for providing advice on the strategic development of the key indigenous economic sectors, such as marine and the tourism industry to the Council and other public sector partners. The EDC should be helping shape the tourism offer and advise on market position of the sector; it should also facilitate training and infrastructure in support of the sector. It will not be responsible for delivery of tourism services</p>  | <p>Tourism and the wider service sector remains an important part of the local economy. It is recommended that the Torbay Tourism Forum be asked to provide a formal representative to the new Strategic Economic Partnership and the EDC will seek the views of the SEP and the Tourism Forum and others in formulating advice or acting on strategic tourism issues. The role of the EDC will be develop the strategy for these sectors and to facilitate or deliver infrastructure, business support or skills projects in support of these sectors. Operational responsibility will sit elsewhere.</p> |
| <p>That the EDC shall include a Special Planning Unit to be line managed by the EDC. Working exclusively on economic development projects the unit will typically work with the Council's Planning Department and developers to provide a single point of contact for all inward investment. They may also be required to prepare development briefs, influence land use planning and work with the business community providing consistent pre planning application advice &amp; consideration of specific tools including Simplified Planning Zones.</p> <p><b>Control of planning decisions would remain with the Council as the planning authority.</b></p> | <p>Planning is fundamental to effective economic development delivery. The scale of activity proposed through the Mayoral Vision and the need to support our existing economic base means that the Spatial Planning service and TDA need to complement each other absolutely and provide the most clean and consistent experience possible for commercial customers.</p> <p>Bearing in mind the pace of delivery, the need for a focused approach and the need to achieve high quality development further consideration of the most appropriate approach is required.</p>                                 |

## APPENDIX 1 - DETAILED RECOMMENDATIONS

| Recommendation   | Reason for Recommendation  |
|--|--|
| <p>That the affordable housing delivery team be integrated within the Special Planning Unit to deliver housing delivery therefore ensuring that our housing growth and economic growth is complementary.</p> | <p>The Communities business unit proposes to commission the EDC to deliver housing growth by integrating the Affordable Housing delivery team within it. This will ensure a fully co-ordinated approach to economic and housing regeneration by developing a delivery master plan for Torbay, to ensure both the delivery of housing aspirations in the Mayor's vision, the level of growth agreed in the regional spatial strategy and the much needed proportions of affordable housing.</p> <p>This will ensure that we deliver the right mix of housing types in the right places for our community to grow properly. This will fit with the proposed integration of planning functions where the planning complement will maximise the benefit of an integrated team to connect strategic direction for Torbay and to drive forward housing delivery building sustainable communities for our future. Through the Special Planning Unit the EDC would support the Spatial Planning business unit in developing its local development framework core strategy delivery plan.</p> |
| <p>That further work on the legal structure and Implementation Plan is carried out to enable a shadow Torbay Economic Development Company to be set up by 1st April 2009.</p>                                | <p>The aim is to have a shadow structure in place by 1st April 2009 with the Company being formally launched in late 2009..</p>  |





## APPENDIX 2 - IMPLEMENTATION STEPS & TIMESCALE

The tables below set out the high level timetable and the steps needed to advance this project

|   | Sep-08 | Oct-08 | Nov-08 | Dec-08 | Jan-09 | Feb-09 | Mar-09 | Apr-09 | May-09 | Jun-09 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Preferred Planning option confirmed                               |        |        |        |        |        |        |        |        |        |        |
| Recommendations made to: Transformation Programme Board & Cabinet |        |        |        |        |        |        |        |        |        |        |
| Decisions taken   |        |        |        |        |        |        |        |        |        |        |
| Staff consultation  |        |        |        |        |        |        |        |        |        |        |
| Development of business plan                                      |        |        |        |        |        |        |        |        |        |        |
| Work with regional partners                                       |        |        |        |        |        |        |        |        |        |        |
| Legal framework   |        |        |        |        |        |        |        |        |        |        |
| Launch/shadow launch  |        |        |        |        |        |        |        |        |        |        |

### Future Implementation plan summary identifying activity, lead and date

| Activity  | Lead  | When                     |
|---|---|--------------------------|
| Confirmation of Homes & Communities Agency position re EDC for Torbay                 | Council CEO & TDA chief exec                    | Ongoing                  |
| Consultation with SWRDA   | TDA CEO & Project lead                          | Ongoing                  |
| Further consultation with local business community                                    | TDA CEO & Project lead                          | ongoing                  |
| Ensure consistency with Spatial Planning and Asset Management transformation projects | Project lead                                    | September & October 2008 |
| Formal approach to SWRDA regarding funding for SEP support                            | Project lead                                    | November 2008            |
| Communication with affected staff   | TDA Chief Exec supported by Implementation Team | October 2008 on          |
| Work with HR and Unions as appropriate  | HR Project lead                                 | October 2008 on          |

## APPENDIX 2 - IMPLEMENTATION STEPS & TIMESCALE

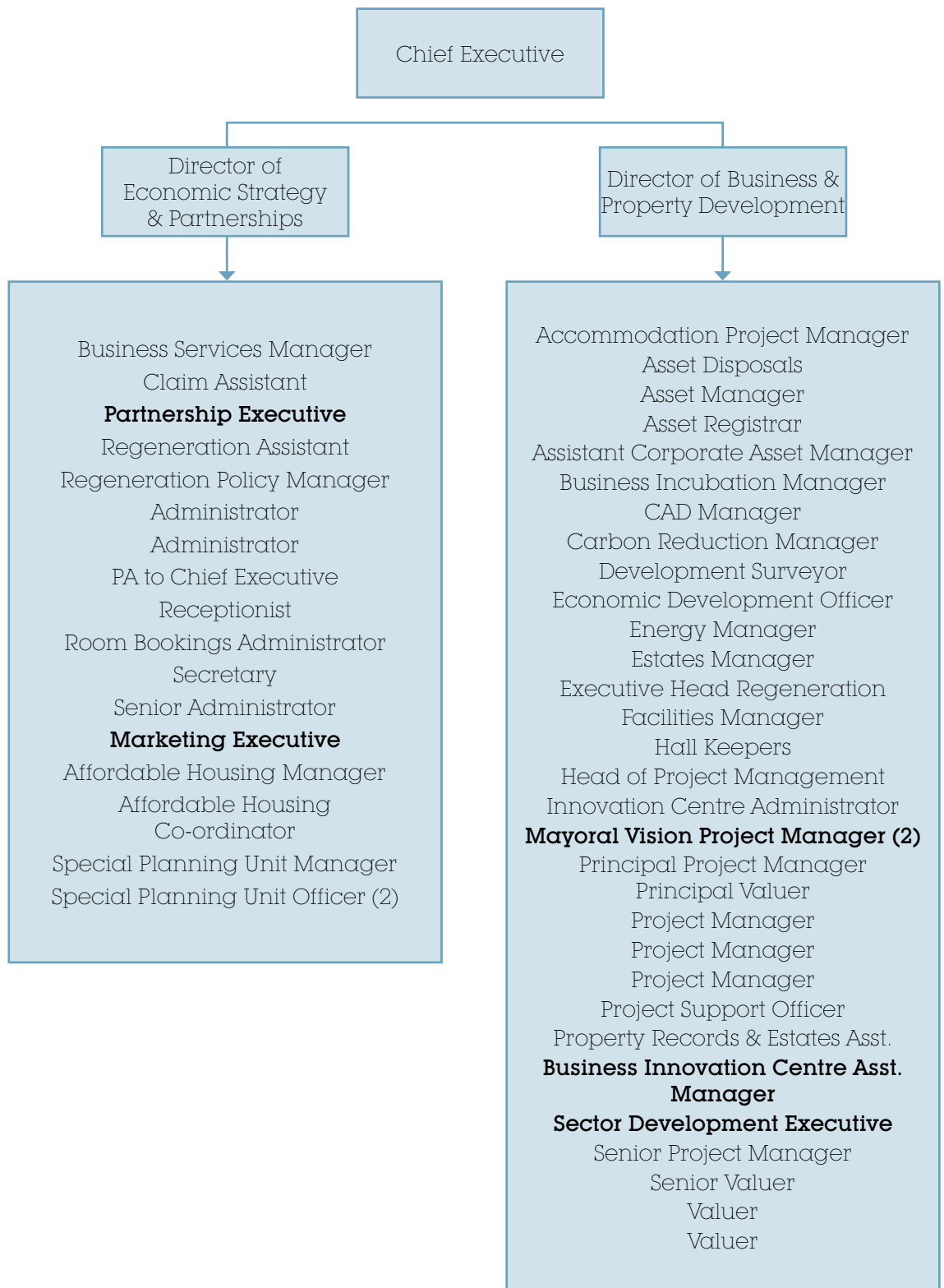
| Activity   | Lead  | When                      |
|--|---|---------------------------|
| <b>Decision Point</b><br>Business Case to Transformation Programme Board   | Project lead  | February 2009             |
| <b>Decision Point</b><br>Recommendation to Council seeking approval; <ul style="list-style-type: none"> <li>● Of the EDC concept</li> <li>● On the functions that members wish to sit within an EDC</li> <li>● To work up the EDC business plan</li> <li>● To formally approach partners for support</li> <li>● To formally invite TDAL members to form the Strategic Economic Partnership</li> <li>● To develop an interim planning/shadow EDC interface</li> </ul> | TDA CEO & Project lead                                    | 10th March 2009           |
| Recommendation for location of EDC to be made; issues to be considered include telephony systems, IT and decoration.   | TDA CEO   | First quarter 2009        |
| Formal approach to South West Regional Development Agency & Homes & Communities Agency for their support.  | Project lead  | March 2009                |
| King Sturge Mayoral Vision delivery report expected. Will set out Local Asset Backed Vehicle approach.   | Mayoral Vision Programme Board                            | December 2008             |
| Format and functions of Special Planning Unit  | Project lead & TDA CEO with Exec Head of Spatial Planning | January 2009 – April 2009 |

## APPENDIX 2 - IMPLEMENTATION STEPS & TIMESCALE

| Activity   | Lead                           | When                      |
|--|--------------------------------|---------------------------|
| Formal revision of the mem & arts of TDAL.   | Project lead                   | February 2009 –April 2009 |
| Shadow board terms of recruitment etc  | Transition board and TDA CEO   | February 2009 –April 2009 |
| EDC Board Chair & board members recruitment  | Transition Board & CEO         | April 2009 – August 2009  |
| Confirm state aid and taxation position issues   | Project lead                   | February 2009 –April 2009 |
| Identification of legal issues around pension and transfer of employment               | HR project lead & Project lead | February 2009 –April 2009 |
| Branding of EDC  | Transition Board               | First quarter 2009        |
| SEP terms of reference and governance links to TSP                                     | Transition Board               | February 2009 –April 2009 |
| Develop business plan for EDC for first two years                                      | TDA CEO & project lead         | February 2009 –April 2009 |
| Legal structure and business plan to be confirmed                                      | TDA CEO & project lead         | February 2009 –April 2009 |
| Review of potential Local Housing Company  | CEO                            | First quarter 2009        |
| Develop Zero Based Budget for the EDC based on the business plan & functions included. | TDA CEO & Business Manager     | First quarter 2009        |

# APPENDIX 3

## - PROPOSED STAFFING STRUCTURE



# APPENDIX 4

## - ECONOMIC DEVELOPMENT COMPANY FAQ'S

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### What is an economic development company?

The table underneath sets out the understanding being applied by UK Government based on their awareness of the model within this country and internationally. According to the Dept for Communities and Local Government advice the value added of EDCs is understood to lie in their ability to:

|           |  |
|-----------|--|
| Scope     | EDCs are specialist economic development bodies, they are not limited to urban regeneration activities.  |
| Scale     | EDCs are local authority wide or cover a group of local authorities, they are not limited to certain sites or zones.   |
| Span      | EDCs are not limited in number or confined to certain locations or types of Local Authority  |
| Ownership | EDCs are not mandated or established by Government. Local Authorities may establish EDCs should they chose to do so, with the support of RDAs.   |
| Resources | EDCs do not bring with them additional resources or tools for intervention, their rationale is to deliver economic development better by applying specialist professional and organisational skills and capabilities to economic development activities. |

According to the Dept for Communities and Local Government advice the value added of EDCs is understood to lie in their ability to:

**Aggregate** otherwise disparate economic development efforts within one body that can generate real expertise and track record of delivery.

**Increase the pace** of the Local Government's response to investors/developers.

**Enlarge the scale** of the implementation that is possible, often by enabling delivery on multiple programmes and projects simultaneously by commissioning additional resources quickly.

Enhance the **reputation and credibility** of Local Authority's 'negotiators,' giving an external investor confidence in the process of decision taking.

Find appropriate means to **share costs and risks** between those promoting economic developments and investments.

**Unlock otherwise under-used economic assets**, for example in real estate or infrastructure.

Devise wholly **new sources and instruments for investment**, perhaps in partnership with private financiers and **improve the investment-readiness** of key city projects, developing the propositions to make them more attractive to external investment.

**Increase efficiency** in the utilisation of land, property and local investment markets.

**Overcome 'co-ordination failures'** arising from fragmented jurisdictions.

**Promote and market** the local economy or sub-region better, overcoming information gaps and asymmetries and building a clearer image and identity.

### Where else do EDCs operate?

The table below sets out a number of the Economic Development Companies, and other forms of regeneration vehicles together with the political control of the relevant local authority to demonstrate that this route is attractive to all parties. This is not however a complete listing.

| Authority & political control |                  | Structure                        |
|-------------------------------|------------------|----------------------------------|
| Croydon                       | Con              | Proposed EDC                     |
| Hull                          | Lib Dem          | EDC                              |
| Reading –                     | Lab majority     | EDC (community interest company) |
| Plymouth –                    | Con              | City Development Company         |
| Blackburn –                   | Lab majority     | Proposed EDC                     |
| Leicester –                   | Lab              | Proposed EDC                     |
| Cornwall –                    | Lib Dem          | Proposed EDC                     |
| Sheffield –                   | Lib Dem          | EDC                              |
| Newcastle upon Tyne –         | Lib Dem          | Proposed EDC                     |
| Gateshead –                   | Lab              | Proposed EDC                     |
| Liverpool –                   | Lib Dem          | Proposed EDC                     |
| Derby –                       | Lib Dem majority | EDC                              |
| Swindon –                     | Con              | Proposed EDC                     |
| Gloucestershire –             | Con majority     | Proposed                         |

<http://www.urcs-online.co.uk/companies> lists the 19 urban regeneration companies, the EDC network referred to in the report includes representatives of the above and other areas which are also considering the development of an EDC.

The Reading EDC has been developed since 2005 when the Council decided to seek an agency to deliver the partnership's economic development work. In 2005, businesses in the town centre had voted in favour of creating a Business Improvement District (BID) - the first in the South East.

At this time, the City Centre Board decided to become incorporated as a Community Interest Company (CIC) as well as applying to take on the economic development delivery work of the Council. The CIC successfully applied to be the LSP's provider and in 2007 the Borough Council provided resources for marketing, inward

investment and economic development work. To establish the CIC, a Statement of Community Interest (SCI) (defining its area of influence and beneficiaries) had to be submitted and a test of community interest passed. This also required the Company to review and revise its membership, determine rights to nominate to the Board, and formulate a new strategy. Reading UK CIC is now the economic development company for Reading. It focuses on sustaining and enhancing Reading's economy, concentrating on three key areas of activity:

- attracting and retaining investment;
- maintaining and enhancing environmental quality;
- building competitive business.

### Governance

- representative, accountable governance systems which both facilitate strategic, visionary leadership and enable inclusive, active and effective participation by individuals and organisations;
- strong, informed and effective partnerships that lead by example (e.g. government, business, community); and
- a strong, inclusive, community and voluntary sector.
- The company has 12 members from both the public and the private sector.
- The private sector is well represented, including transport infrastructure companies, retail, property developers and investors. Faith groups and the community are also represented.
- These members nominate directors to form a board which carries responsibility for delivering the economic development theme of the Local Area Agreement.

### How is the TDA currently run?

Torbay Development Agency is a hybrid with Council paid officers working to elected members but with the private sector led Torbay Development Agency Ltd providing strategic leadership and guidance on the economy.

### Why are we proposing to make any changes?

To make sure that we provide the best service for our community. Recent Government policy changes and the successes that the TDA has had mean that the time is right to more formally establish an arms length economic development organisation capable of pushing Torbay's economy forward.

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### **How are we proposing to change it?**

We will create a new company to provide economic development services for Torbay. The company would in essence have social goals i.e. the creation of a stronger economy for Torbay. To meet those goals the company will employ the staff and it is recommended that there should be some limited investment of assets such as the Council's commercial premises in the new company.

### **Who will fund the new company?**

Typically the core costs for an economic development company will come from the public sector; this will mean the Council, the SW Regional Development Agency and other agencies who have supported these elsewhere. In addition the Company would have ability to generate income through provision of services, delivery of contracts, grants and potentially through borrowing against assets.

### **How will a connection be maintained between the new company and the council?**

Economic Development Companies are typically owned in full or in part by local government and are accountable to elected members and in this case the commissioning partnership. This means that while an EDC has operational autonomy for the delivery of its economic development outcomes it is accountable to its partners through checks including an annual review of EDC activities, ensuring the annual plan of the EDC is reviewed and providing for quarterly reporting and scrutiny by local commissioners. We would also expect that the board of the EDC would be appointed by the local authority in liaison with the partners.

### **Won't these changes mean a loss of control?**

The Council and other public partners will exercise control through the business planning, strategic development and performance management processes and ownership of the EDC would remain in the public sector.

### **Who would sit on the TDAL Board and Strategic Economic Partnership under the proposed changes?**

The current TDAL will be asked to take on the strategic economic partnership role, working with a wider array of partners including the Torbay Business Forum, the local voluntary sector as well as other partners such as Jobcentre Plus. The board for the new Economic Development Company would need to be recruited to once the new objectives and goals are drawn up and in the interim a smaller steering group would be convened to manage the transition.

### **What affect will the changes have on local residents and businesses?**

The resulting company will have a much more powerful mandate and role from the Council and its partners. This will mean that it can do more to bring about a successful economy for Torbay.

### **How will planning work in the future both in terms of larger projects but also with smaller extension applications?**

For households there are likely to be no discernable changes. This document does propose changes in the way in which the Spatial Planning service works alongside the TDA and others to support economic development in Torbay. Principally it proposes the creation within the EDC of a single point of contact for business to get advice on the planning process and support through it. This should make the experience shorter and more consistent for businesses.

### **What powers will economic development companies have?**

The government does not intend to set up EDCs as statutory bodies, with powers such as planning or compulsory purchase. Like URCs, EDCs can look to their members to use such powers in line with agreed plans.

### **Will they have powers to engage in direct delivery or hold assets?**

As a Company limited by Guarantee an EDC could hold assets and engage in direct delivery. An EDC is capable of achieving its delivery objectives without owning assets itself, through partnerships with asset holding stakeholders and partners however this might be less attractive to the private sector in their engagement with the area and could limit the regeneration opportunities that might otherwise arrive.

# APPENDIX 5

## - OPTIONS APPRAISALS

| OPTION 1 – ECONOMIC DEVELOPMENT DELIVERED WITHIN COUNCIL   |  |   |  |   |
|--|--|---|--|---|
| Possible Functions   | Ownership & Governance                                     | Private Sector Engagement   | Benefits   | Issues  |
| <p><b>Economic Development</b><br/>Capital projects<br/>Business support &amp; Inward Investment<br/>Strategy development, lobbying &amp; Advocacy</p> <p><b>Tourism</b><br/>Strategic Tourism</p> <p><b>Planning</b><br/>Strategic Planning inc strategic transport</p> <p><b>Asset Management</b><br/>Strategic Asset Management</p> <p><b>Strategic Housing</b></p> | Full Council ownership & very high level of accountability | <p>Principally via the Business Forum</p> <p>Business support delivery</p> <p>Mayoral Vision delivery</p> | <p>Clear democratic accountability for economic development</p> <p>Low risk approach</p> | <p>Fear of decisions being politically expedient</p> <p>Too centralised</p> <p>Not responsive</p> <p>Risk to private sector engagement &amp; not a strongly collaborative model</p> |

| OPTION 2 - RENEWING THE STATUS QUO   |  |   |   |   |
|--|--|---|---|---|
| Possible Functions   | Ownership & Governance   | Private Sector Engagement   | Benefits  | Issues  |
| <p><b>Economic Development</b><br/>Capital projects<br/>Business support &amp; Inward Investment<br/>Strategy development, lobbying &amp; Advocacy</p> <p><b>Tourism</b><br/>Strategic Tourism</p> | <p>Staff employed by council with a private sector partnership board.</p> <p>No other company members</p> <p>Direct political accountability</p> | <p>Private sector led board</p> <p>Business Forum</p> <p>Support to BID project</p> <p>Business support delivery</p> <p>Mayoral Vision delivery</p> | <p>Flexible approach</p> <p>More collaborative</p> <p>Medium/low level of risk</p> <p>Helps to co-ordinate activity</p> | <p>Lack of accountability of the board.</p> <p>Poorly defined responsibility between functions</p> <p>Does not clearly identify lead role</p> |

## APPENDIX 5

|   |  |  |  |  |
|---|--|--|--|--|
| <p><b>Planning</b><br/>Strategic Planning inc strategic transport</p> <p><b>Asset Management</b><br/>Strategic Asset Management</p> <p><b>Strategic Housing</b></p> |  |  |  | Unlikely to attract significant private sector resources |
|---|--|--|--|--|

| OPTION 3 - ECONOMIC DEVELOPMENT COMPANY OUTSIDE OF THE COUNCIL   |  |   |   |  |
|--|--|---|---|--|
| Possible Functions   | Ownership & Governance   | Private Sector Engagement   | Benefits  | Issues   |
| <p><b>Economic Development</b><br/>Capital projects<br/>Business support &amp; Inward Investment<br/>Strategy development, lobbying &amp; Advocacy</p> <p><b>Tourism</b><br/>Strategic Tourism</p> <p><b>Planning</b><br/>Strategic Planning inc strategic transport</p> <p><b>Asset Management</b><br/>Strategic Asset Management</p> <p><b>Strategic Housing</b></p> | <p>Owned by members, typically local authority, RDA and English Partnerships.</p> <p>Corporate structure.</p> <p>Board typically led by private sector with a senior politician in vice chair.</p> <p>Accountability through agreed business plans etc</p> | <p>Smaller Private sector led board with further private sector involvement in the partnership model</p> <p>Stronger ability to attract investor confidence</p> | <p>In line with Government policy and international good practice</p> <p>Able to co-ordinate more efficient use of resources</p> <p>Transparent reporting</p> <p>Aggregates economic development activity</p> <p>Builds reputation</p> <p>Shares costs</p> <p>Likely to be more attractive in gaining funding support</p> | <p>Concerns over level of democratic accountability</p> <p>Political leadership</p> <p>Increased level of risk</p> |

## SWOT ANALYSIS OF OPTIONS FOR THE PLANNING SERVICE / EDC INTERFACE

### 1) **Status Quo - entire planning function remains within the Council**

| Strengths  | Weaknesses  |
|--|---|
| <ul style="list-style-type: none"> <li>● No disruption to current planning regime</li> <li>● Roles clearly understood within existing structure</li> <li>● Democratic accountability of decision-making through Council Committee structure</li> </ul> | <ul style="list-style-type: none"> <li>● No connection established between EDC and Council on major planning applications</li> <li>● Council may not fully understand the EDC's programmes and delivery objectives</li> <li>● EDC may not understand the Council's requirements in developing its proposals</li> <li>● May lead to a conflict between Council's strategic plan making and EDC delivery objectives</li> <li>● May lead to an adversarial rather than co-operative relationship between the EDC and the Council</li> <li>● Lack of joined up thinking through Community Planning, Strategic Planning and Economic Development. Lack of role clarity.</li> <li>● May not align benefits flowing from S106 agreements to the EDC's objectives</li> <li>● Depending on the final conclusions of the BPR review of Planning and Development, the existing situation may inhibit the realisation of the local plan and the Mayor's Vision</li> </ul> |
| Opportunities  | Threats   |
| <ul style="list-style-type: none"> <li>● Maintains confidence of local residents and other stakeholders in the role of Council as the democratically accountable body for planning decisions.</li> </ul>   | <ul style="list-style-type: none"> <li>● May undermine partners' / investors' confidence in the EDC's ability to influence and deliver on major development opportunities</li> </ul>  |

|   |  |
|---|--|
| <ul style="list-style-type: none"> <li>● Ensures EDC is not seen as an unaccountable body which can "impose" decisions</li> <li>● This option may be preferable to SWRDA, leading to pledged funding to support operational costs of the EDC (but needs to be confirmed)</li> </ul> | <ul style="list-style-type: none"> <li>● Limits the ability of the EDC to reach out to actively promote certain kinds of investment in the Bay area.</li> <li>● Planning may (continue) to be perceived by some stakeholders as not providing a responsive, accessible, efficient and consistent service.</li> </ul> |
|---|--|

**2) Planning entirely delivered through the EDC**

In this option the entire development control function including responsibility for both minor planning applications and major strategic applications would be delivered through the EDC but would exclude responsibility for Planning Policy and plan making. An important note is that there are no precedents for this and it could have major implications for local democratic accountability.

Also there may be major statutory obstacles to the wholesale move of the planning function in this way.

| Strengths   | Weaknesses   |
|---|--|
| <ul style="list-style-type: none"> <li>● Clear lines of responsibility</li> <li>● Entire Planning Service can be moved over (except Planning Policy function)</li> </ul> <p>As with (2):</p> <ul style="list-style-type: none"> <li>● Can increase speed and efficiency of the delivery of major projects - EDC can ensure that major planning applications are resourced and progressed to meet project timetables</li> <li>● EDC can influence local plans and draw up its own regeneration framework in consultation with the Council - therefore it is well placed to ensure a co-ordinated planning approach to major development opportunities in the area</li> </ul> | <ul style="list-style-type: none"> <li>● Will involve EDC in minor planning applications, distracting it from its core business</li> <li>● Creates a large bureaucracy, contradicting the intended design of the EDC as a small high level body focused on delivery</li> <li>● Replicates a Council function with no particular added value over option (2)</li> </ul> <p>As with (2):</p> <ul style="list-style-type: none"> <li>● Will require legislation - will require further advice on powers and feasibility Likely to take significant time to implement</li> <li>● Would need to establish its own development control protocols and planning committee</li> </ul> |

|  |   |
|--|---|
| <ul style="list-style-type: none"> <li>● Could reduce risk associated with major developments and realise benefits earlier</li> <li>● Ensures co-ordinated approach to securing S106 agreements in line with EDC strategy</li> </ul>   | <ul style="list-style-type: none"> <li>● Undermines accountability of the planning process within the Council to Members</li> <li>● May blur responsibilities for establishing and monitoring policies (e.g. sustainability, equality) in relation to major applications</li> <li>● Could create conflict between Council (as elected, representative body) and EDC</li> <li>● Could raise questions of conflicts of interest if it has to consider planning applications from its own joint venture vehicle</li> <li>● Am unsure how this would fit in with the responsibilities of the regional plan making procedures</li> <li>● Will require exit strategy to return function to the Council assuming EDC is time-limited organisation</li> </ul> |
| <p>Opportunities</p>   | <p>Threats</p>  |
| <p>As with (2):</p> <ul style="list-style-type: none"> <li>● Will encourage investors'/partners' confidence in the EDC as an organisation which has the authority to deliver on major projects</li> <li>● Could enhance reputation of the EDC as a effective and efficient delivery body with community and other stakeholders</li> <li>● Would enhance the reputation of Torbay as an authority that was prepared to take bold action (e.g. commissioning) which might in turn raise its attractiveness to investors</li> <li>● Could remove tensions in some aspects of planning between Torbay Council's unitary status, and its place in the sub-regional context (EDC would have a wider geographical remit)</li> </ul> | <ul style="list-style-type: none"> <li>● Could be seen as replicating Council bureaucracy and damage its reputation for delivery of major projects</li> <li>● Could be seen as undemocratic and unaccountable and so raise hostility from local community and stakeholders. However, as it would be dealing with all applications including those with no relevance to its core function, this perception would be magnified compared to (2)</li> <li>● May not meet approval of SWRDA, and could impact on possible RDA contribution to the operational funding of the EDC.</li> </ul>   |

**3) The development of a major projects unit as suggested for Gateshead**

i.e. using the Gateshead model, a Special Planning Unit (SPU), would be “embedded” in the EDC, including being physically co-located. Planning control functions would remain entirely a matter for the Council.

| Strengths   | Weaknesses   |
|---|--|
| <ul style="list-style-type: none"> <li>● Ensures smooth day-to-day interface between EDC and the Council as Planning Authority</li> <li>● Communicates and establishes Council approach on projects to the EDC</li> <li>● Enhances EDC’s profile within the Council and its opportunity to ensure its projects are properly planned for and resourced within the planning dept.</li> <li>● Maintains democratic accountability role of Council as Planning Authority</li> <li>● Unlikely to require significant additional resources as existing Council employees will be seconded</li> </ul> <p>As with (2):</p> <ul style="list-style-type: none"> <li>● Can increase speed and efficiency of the delivery of major projects - EDC can ensure that major planning applications are resourced and progressed to meet project timetables</li> <li>● EDC can influence local plans and draw up its own regeneration framework in consultation with the Council - therefore it is well placed to ensure a co-ordinated planning approach to major development opportunities in the area</li> </ul> | <ul style="list-style-type: none"> <li>● May create confused reporting lines as SPU reports to the Council but is located within EDC</li> <li>● May create conflicts of interest as SPU officers work closely with EDC on planning applications</li> <li>● May create duplication of function as SPU is not seen as sufficiently independent and requires review within the Council</li> <li>● Will require exit strategy to return function to the Council assuming EDC is time-limited organisation</li> </ul> |

|  |   |
|--|---|
| <ul style="list-style-type: none"> <li>● Could reduce risk associated with major developments and realise benefits earlier</li> <li>● Could ensure co-ordinated approach to securing S106 agreements in line with EDC strategy</li> </ul>  |   |
| <p>Opportunities</p>   | <p>Threats</p>  |
| <ul style="list-style-type: none"> <li>● Will encourage investors'/partners' confidence in the EDC as an organisation which has a strong partnership with the Council and is therefore likely to be able to deliver on major projects</li> <li>● Could enhance reputation of the EDC as a effective and efficient delivery body with community and other stakeholders</li> <li>● Could be commissioned by other (sub)regional bodies.</li> </ul> | <ul style="list-style-type: none"> <li>● May not be seen as an effective and efficient way of delivering projects by investors/partners (it could be seen as simply moving part of the Council's Planning function to a different office) - will need to prove it makes a difference</li> <li>● May create perception of undermining the Council's accountability or creating a conflict of interest amongst community and stakeholders.</li> <li>● May create a 'second class citizen' perception amongst the non special planning unit planning officers.</li> <li>● The lack of direct influence over strategic planning may limit the ability of the EDC to perform its role as a bridge between investors/developers and the council.</li> </ul> |

## SWOT ANALYSIS OF OPTIONS FOR THE AFFORDABLE HOUSING TEAM / EDC INTERFACE

### Movement of Housing Team -

| Strengths  | Weaknesses   |
|--|--|
| <ul style="list-style-type: none"> <li>● Would allow greater dialogue with strategic planners over the likely social housing needs of planned developments</li> <li>● Would allow potential investors to have greater confidence in the ability of Council to negotiate and agree specific levels of social housing</li> <li>● Could aid an increase in the speed and efficiency of the delivery of major projects - EDC can ensure that potential developers are given clear and timely advice on the social housing needs of any housing project.</li> <li>● Would ensure a coordinated approach to potential major developers when it comes to dialogue about S106<sup>19</sup>, social housing requirements etc.</li> <li>● Could help reduce the developers risk associated with major developments and minor developments and facilitate delivery of schemes</li> <li>● Generates confidence in the EDC/ Council's ability to deliver</li> </ul> | <ul style="list-style-type: none"> <li>● Perception that an important social need has moved to the private sector</li> <li>● Disruption to existing working patterns and communications particularly when it comes to understanding housing need</li> <li>● Could create conflict between Council (as elected, representative body) and EDC</li> <li>● Depending on location of strategic planning the movement could undermine the profile of housing need issues within the Authority</li> </ul> |
| Opportunities  | Threats  |
| <ul style="list-style-type: none"> <li>● Will encourage investors' / partners' confidence in the EDC as an organisation which has the authority to deliver on major and minor projects</li> <li>● Could enhance reputation of the EDC as a effective and efficient delivery body with community and other stakeholders</li> <li>● Could allow greater co-ordination between RSLs and developers over social housing elements of projected schemes (both quantum and mix).</li> </ul>   | <ul style="list-style-type: none"> <li>● Public perception of a potential to undermine an important social need</li> <li>● Could be seen as undemocratic and unaccountable and so raise hostility from local community and stakeholders</li> <li>● Local RSLs may see the movement of the position as weakening the Housing Team's understanding of local housing need</li> </ul>  |

<sup>19</sup>. Government proposals around Infrastructure Levy might limit that dialogue

# APPENDIX 6

## – SUMMARY OF CORPORATE STRUCTURE OPTIONS FOR THE TORBAY ECONOMIC DEVELOPMENT COMPANY

|                                    | Advantages   | Disadvantages  | Tax  |
|------------------------------------|--|--|--|
| Company Limited By Guarantee (CLG) | <p>Typically a non-trading entity and so a familiar model for public sector led regeneration vehicles such as EDCs</p> <p>Limits Members' liability</p> <p>Can enter into contracts, own property and raise debt finance</p> <p>Can be "not for profit"</p> <p>Can establish a group structure</p> <p>Could create subsidiary LLPs as Joint Ventures (JV) with Private Sector Partners (e.g. Hastings and Bexhill Renaissance Ltd and Coastal Land LLP)</p> <p>In general more straightforward for individual members to exit than CLS</p> | <p>Cannot raise equity finance</p> <p>Cannot distribute profits</p> <p>May be difficult to wind up company if it owns assets</p> <p>Not generally well-suited to trading entities</p> <p>Directors are required to act in the company's interests and are subject to personal responsibilities with possible legal/financial implications.</p> | <p>The company is subject to tax on profits and corporation tax on realised capital growth</p> <p>Can have charitable status</p> |
| Company Limited by Shares (CLS)    | <p>Typically a trading entity and so more suited to profit making ventures</p> <p>Limits Members' liability</p> <p>Can enter into contracts, own property and raise debt and equity finance</p> <p>Can establish a group structure</p>   | <p>Unlikely to be "not for profit" as it tends to be the norm for profit making trading ventures</p> <p>May be harder to exit for individual shareholders compared to members of a CLG</p>   | <p>Company is subject to tax on profits and corporation tax on realised capital growth</p>                                       |

## APPENDIX 6

|                                  |   |   |   |
|----------------------------------|---|---|---|
|                                  | <p>Could create subsidiary LLPs as JV with Private Sector Partners</p> <p>Shareholders share in company profit</p> <p>May be easier to introduce new partners/develop as a JV e.g. by issuing new shares</p> <p>Easier to raise funds e.g. as convertible loan stock</p> <p>In certain circumstances may be easier to wind up company than CLG</p>  | <p>Directors are required to act in the company's interests and are subject to personal responsibilities with possible legal/financial implications.</p>  |   |
| Community Interest Company (CIC) | <p>Must be established for community benefit, but not a charity (so less regulated)</p> <p>Incorporates a statutory asset lock to prevent assets/profits being distributed</p> <p>Can be set up as limited by shares or guarantee</p> <p>Can enter into contracts, own property and raise debt and (if set up as limited by shares) equity finance</p> <p>Can pay dividends to shareholders subject to a cap (if set up as limited by shares)</p> | <p>Relatively new structure</p> <p>Asset lock can restrict operations - therefore can be inflexible</p> <p>May be difficult to wind up company due to asset lock</p> <p>Directors are required to act in the company's interests and are subject to personal responsibilities with possible legal/financial implications.</p> | <p>Company is subject to tax on profits and corporation tax on realised capital growth</p> <p>Does not have charitable status</p> |

|                                     |  |  |   |
|-------------------------------------|--|--|---|
| Limited Liability Partnership (LLP) | <p>Limits Members' liability</p> <p>Can enter into contracts, own property and raise capital</p> <p>Members are entitled to profits in line with their stake</p> <p>No formal shareholdings in the LLP - allows for relatively easy withdrawal from the agreement by all partners</p> <p>More flexible structure than companies</p> <p>Has no Directors so no personal liabilities</p> | <p>Normally restricted to a single purpose vehicle</p> <p>More suited to short-term single purpose public/private joint ventures; could be JV subsidiary of a CLG</p> <p>Partners must establish decision making structure</p> | <p>Transparent for tax purposes: it pays no tax on profits which are taxed in the hands of the partners according to their tax status</p> |
|-------------------------------------|--|--|---|

### Other factors to consider:

Policy objectives can be defined within Memorandum and articles of association/partnership agreement; and control over activities exerted through board membership and/or shareholding.

The company structures will potentially be able to raise finance "off-balance sheet".

The company structure can allow better management of risks and be used to limit the liabilities to the local authority. In the CLS/LLP model financial risk will be managed through the risk: reward profile.

There are risks relating to directors' liabilities arising from fiduciary duties and insolvency legislation

### Examples

#### Company Limited by Guarantee

##### Hastings and Bexhill Renaissance Ltd (HBRL t/a Sea Space)

Sea Space was established by SEEDA in 2003 to deliver major regeneration infrastructure projects in the Hastings and Bexhill area. It is responsible for delivering a programme of commercial and residential development in excess of

£100m funded through DCLG, SEEDA and EP, and managing commercial assets. The first phase of its commercial development programme was almost 100% publicly funded, but it has established a Joint Venture company with the property investment firm the Land Group, supported by loan finance - Coastal Land (Sussex) LLP - to deliver phase 2.

### **Coin Street Community Builders**

This is a CLG set up as a social enterprise and development trust. It owns land and property and is able to raise private finance against its commercial income stream. It also receives grant towards capital projects e.g. from the Single Regeneration Budget, New Opportunities Fund and the LDA. CSCB has created a wholly owned subsidiary, South Bank Management Services Ltd, which manages the Oxo Tower, Gabriel's Wharf, Bernie Spain Gardens and the river frontage.

### **The Milton Keynes Parks Trust**

This is a CLG and charitable trust was established in 1992 by Milton Keynes Development Corporation (MKDC) and owns and manages many of the completed parks and green spaces in Milton Keynes. It owns the freehold of its commercial property assets and is free to trade in them.

Network Rail is a private sector 'not for dividend' company operating as a commercial business. It was created specifically to acquire Railtrack after it went into administration. They run, maintain and develop Britain's tracks, signalling system, rail bridges, tunnels, level crossings, viaducts and 18 key stations. Any operating surplus will be used for the benefit of the railway.

### **Company Limited by Shares**

#### **The Royal Docks Management Association (RoDMA)**

RoDMA is a Company Limited by Shares. It was set up in 1995 as a successor body to the London Docks Development Corporation (LDDC) to act as the management company for the Royal Docks. Its core role is manage the Royal Docks - 250 acres of enclosed water space in the LB of Newham - maintaining and safeguarding the assets and infrastructure along with the managing the water areas. Land owners within its management area pay a service charge to RODMA; those owning over 12.5% of the total service area are represented on the Board of Directors. The Government holds one special share (exercised by the LB of Newham) giving it control over issues outside of the company's day-to-day business.

**Community Interest Company****The New Islington Millennium Community Development**

This provides a relatively new model of a Community Interest Company (CIC) which will manage a new water park at the heart of a new community of some 1,700 homes, together with a new clinic, a new primary school, retail and workspace. It can derive income from estate revenues and ground rents. The New Islington Millennium Community is being developed by an alliance of partners including the local community, English Partnerships (EP), Urban Splash, Urban Regeneration Company New East Manchester Ltd (NEM), Manchester City Council (MCC) and Manchester Methodist Housing Association.

**Limited Liability Partnership (LLP)****Coastal Land LLP**

This is a Joint Venture between Hastings and Bexhill Renaissance Ltd (t/a Sea Space) and the Land Group to deliver commercial development in Hastings (see also HBRL under Companies Limited by Guarantee above). Sea Space has contributed land and phase 1 of the development, and the LLP has secured loan finance for phase 2 of the development.

**Croydon Town Centre Regeneration**

Croydon Council Urban Regeneration Vehicle (CCURV) is an LLP being established as a JV between Croydon Council and a private sector partner to deliver new civic offices and commercial and residential development in Croydon Town Centre.

# APPENDIX 7

## - RISK ASSESSMENT

|  | Probability | Impact | Score | Mitigation  |
|--|-------------|--------|-------|---|
| That the EDC moves away from its core mission of economic development.                                       | 1           | 4      | 4     | A fundamental review with partners every three years.   |
| Transition to EDC weakens Torbay's relationship with interested parties                                      | 1           | 4      | 4     | Develop clear transition plans and maintain contact with all parties to ensure objectives of Torbay are understood  |
| That functions placed with the EDC are not seen as complementary to the aims of the organisation.            | 1           | 4      | 4     | Work with partners to ensure views understood and review at key decision points   |
| A separation of Development Control and Strategic Planning weakens the planning service                      | 1           | 4      | 4     | The report proposes a Special Planning Unit and not a separation of the two areas.  |
| Reform of LABGI might remove one funding option  | 3           | 1      | 3     | Engage with national debate   |
| Payment for the Chair of the EDC may be inconsistent with other similar positions in Torbay                  | 1           | 3      | 3     | Work with internal and external partners to understand remuneration proposed for similar posts.   |
| Perception that transfer of staff will make the EDC "son of" Council and cannot focus on economic prosperity | 1           | 4      | 4     | Council's role to be carefully set out in communication and the EDC to be monitored against business plan and performance framework centred on economic prosperity. |

|  |   |   |   |  |
|--|---|---|---|--|
| Recruitment to the Strategic Economic Partnership and EDC board is not accepted.                           | 1 | 4 | 4 | As part of transition process the formal routes for recruiting private sector representatives to the SEP and EDC board to be confirmed. Expected that they will be consistent with good governance process.  |
| That the Council does not have sufficient technical support to commission the EDC effectively              | 1 | 4 | 4 | Consultation has set out that the Council will not retain any economic development expertise in house and will rely on the strategic economic partnership. This will require SEP members to be clear about their role and remit.   |
| Recommended Inclusion of Special Planning Unit could give create a perception that EDC is making decisions | 2 | 3 | 6 | 1) Clarity over functions that will sit within the EDC 2) It should be stressed that planning powers and decision making powers are NOT divested in the. Company but remains with the Planning Authority (i.e. Council) where Councillors will make decisions as they do now.  |
| That not all of these risks will be closed by the time an EDC operates                                     | 3 | 2 | 6 | Economic development is recognised as an area of risk and given the changes to national and regional government structure and the current economic climate it is not likely that all risks can be closed. The EDC will be asked to maintain a risk log and report to the Environment Commissioner high level risks or threats. |
| That financial or legislative pressures prevent SWRDA from offering long term funding for the EDC          | 2 | 3 | 6 | Negotiations to be progressed with the SWRDA urgently regarding their potential contribution to the EDC. Torbay Council to consider investing assets into the company to help diversify its income and EDC management to identify ways to increase income.   |
| Insufficient resource to deliver business plan   | 2 | 4 | 8 | Work with partners to establish budget and agreed priorities. Consideration of LABV. Torbay Council to confirm funding for a minimum period and consider appropriate transfer of assets  |

## APPENDIX 7

|   |   |   |   |  |
|---|---|---|---|--|
| Current restrictions on the Regional Development Agency limit their ability to engage with an EDC | 2 | 4 | 8 | Ensure SWRDA remains involved with the development of, and committed to, Torbay's plans  |
| Costs of transfer of staff prohibitive  | 2 | 4 | 8 | Advice sought from Human Resources   |
| Partners do not receive the credit for their support to EDC activity                              | 2 | 4 | 8 | Development of clear communications strategy setting out how EDC will deliver. The strategy will also need to set out clear protocol to reinforce that the Council and SEP are responsible for setting economic development objectives and commissioning the EDC.<br><br>Partners also need to recognise and accept that gaining credit cannot be easily separated from absorbing criticism. |
| Community resistance to regeneration plans  | 3 | 3 | 9 | Involvement of community partnerships and others including public events, clear communication strategy setting out the schemes and their outputs   |
| EDC seen as unaccountable   | 3 | 3 | 9 | Clear memorandum and articles of association setting out objectives for the EDC. Clarity of Council input and involvement in decision making for EDC. Role of Torbay Strategic Partnership to be set out.  |

# APPENDIX 8

## - COMMUNICATIONS PLAN

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### Background

As part of Torbay Council's transformation programme a commitment was made to review the current economic development structure within Torbay. Torbay's economy continues to face acute pressures and it is unlikely that without coherent and significant public investment that those pressures will be removed in the next ten years.

As a response to issues raised in the Grant Thornton Phase 1 report, the concerns raised by stakeholders, the continued weakness of the local economy and the need to respond to new Government policy on economic development it is right to review the delivery and partnership structure. This will ensure that the public sector helps to create an environment for our businesses to excel and for our communities to help create and benefit from an improved economy.

A clear communications strategy setting out how the Council's role in setting the economic outcomes for, and commissioning of the EDC will be developed if the recommendations are accepted and that plan is essential to achieve the following aims:

- Clearly define what we are trying to achieve with the project so that it can be communicated well.
- Acknowledges the role of the Council and partners in establishing the EDC
- Maximise the communications opportunities afforded by the proposal to create an EDC and its subsequent delivery to gain positive publicity for the council and its partners.
- Clarifying the role and responsibilities of the Council and Strategic Economic Partnership against the role and responsibilities of the EDC, it is particularly important to minimise the impact on the Council of any negative outcomes from the EDC activity which will have inherent risks.

It will be important in achieving those aims that partners will need to recognise and accept that gaining credit cannot be easily separated from absorbing criticism.

#### **Communications plan distribution:**

Chief Executive Torbay Development Agency - Steve Parrock

Executive Member for Regeneration - Cllr Chris Lewis

Mayor Nick Bye

Cllr Kevin Carroll: Deputy Mayor

Chief Executive Torbay Council - Elizabeth Raikes

Executive Member for Tourism: Cllr Beryl McPhail

Executive Member for Community Services – Cllr Dave Butt

## APPENDIX 8

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Commissioners  
Existing staff  
Trades Unions  
Project Manager: Alan Denby

### **Local stakeholders**

Chief Executive & Commissioners  
Councillors  
Existing staff  
TDAL Board  
Local businesses  
Torbay Strategic Partnership  
Employment and Skills Board  
Business Forum  
SWRDA

### **Other interested organisations or groupings:**

Herald Express – 01803 676220  
Local residents  
Gemini – 202813  
Palm FM – 01392 354236  
ITV Westcountry – 0844 8814850  
BBC Radio Devon – 01752 234511  
BBC Spotlight – 01803 663574  
Western Morning News – 01803 676288  
Municipal Journal  
Local Government Chronicle  
Regeneration & Renewal  
New Start

## Key messages

Key messages must encapsulate in a few words the essence of the project and be used in all public and media communications including public meetings, press briefings, interviews and press releases.

- These changes have been brought about to improve what is already a very successful organisation.
- The TDA has been hugely successful over the last 4½ years. It has brought in approximately £25 million of public sector external funding to Torbay.
- The proposed changes will ensure that local businesses and residents are best served for economic development. The changes in the organisation will help

make it even more efficient and in turn pushes Torbay's economy forward.

- The council will part fund the new organisation and will maintain some management responsibilities. The day to day running of the organisation, however, will be carried out by a new Board of Directors (expected to be cross-sector based).

## Project activity

### Media or photo opportunity

| Activity  | Deadline              |
|---|-----------------------|
| Recommendation to Council   | 10th March 2009       |
| Communication with affected staff e.g. TDA and planning <ul style="list-style-type: none"> <li>● Initial meeting HR</li> <li>● Transformation Programme HR briefing note to be completed</li> <li>● Team Briefings</li> <li>● Info Express</li> <li>● FAQs for staff</li> </ul> | November 2008 onwards |
| Formal approach SWRDA regarding funding for Strategic Economic Partnership (SEP)  | October 2008          |
| Consultation with partners  | October 2008 onwards  |
| Press release to coincide with staff briefing   | March 2009            |
| Business Management Meeting   | 10 November 2008      |
| Torbay View article   | March 2009            |
| TDAL board meeting  | 16th January 2009     |

# APPENDIX 9

## - SUGGESTED BALANCED SCORECARD FRAMEWORK

**Goal 1:** Improving the performance of Torbay's traditional sectors

**Goal 2:** Encouraging a more diverse economic base

**Goal 3:** Raising GVA per head through development of higher value industries

**Goal 4:** Supporting business growth & innovation

**Goal 5:** Ensuring that the community benefits from economic regeneration

Individual projects and targets should be assigned to an indicator. The indicators would feed up into the New Economy scorecard.

Blue text will denote a national (LAA) indicator

| <b>CUSTOMER – WHAT ARE WE EXPECTED TO PROVIDE</b>         |   |                             |                                |         |
|---|---|-----------------------------|--------------------------------|---------|
| Scorecard Indicator                                       | Sub indicators & projects   | Accountable                 | How measured                   |         |
| Improving the performance of Torbay's traditional sectors | Support to the business community in setting up a Business Improvement District | Regeneration Policy Manager | Milestones to be developed     | Project |
|   | Delivery of Retail Boost performance programme                                  | Business Incubation Manager | Milestones to be developed     | Project |
|   | New business registration Rate (NI 171)   |                             | National Indicator             | PI      |
|   | Delivery of Brixham Regeneration Programme                                      | Exec Head Regeneration      | Milestones to be developed     | Project |
| Encouraging a more diverse economic base                  | Inward investment programme to be established                                   | Business Incubation Manager | Milestones to be developed     | Project |
|   | Pre start workshops delivered through TDA managed workspace                     | Business Incubation Manager | Through Business Link contract | Project |
|   | No of business start ups at TDA managed workspace                               | Business Incubation Manager |                                | PI      |
|   | % of small businesses in an area showing employment growth (NI 172)             | Business Incubation Manager | National indicator             | PI      |
|   | Business survivability in workspace at 18 & 36 month point (baseline issues)    | Business Incubation Manager | National statistic             | PI      |

|   |   |                                      |   |  |
|---|---|--------------------------------------|---|--|
| Raising GVA per head through development of higher value industries | Gross value added per head  | TDA                                  | National statistic  | PI   |
|   | Average earnings by resident & workplace  | TDA                                  |   | PI   |
|   | Increase the average earnings of employees (NI 166)   | TDA & Strategic Economic Partnership |   | PI   |
|   | Tenant growth (sales & jobs)  | Business Incubation Manager          |   | PI   |
|   | Mayoral Vision delivery   | Exec Head Regeneration               | Milestone to include OJEU notices, planning briefs, appts of partners.                | Projects   |
| Supporting business growth & innovation                             | Develop enterprise & social enterprise opportunities in Torbay's most deprived neighbourhoods | Business Incubation Manager          | Provision of advice services through the Innovation Centres                           | Projects   |
|   | No of SME owners referred onto the SDBM programme   | Business Incubation Manager          | Mentor programme report   | PI   |
|   | Strategic Investment Framework delivery   | Regeneration Policy Manager          | Milestones to include launch of the programme, support to SWRDA in tender development | Project  |
|   | Pre start workshops delivered   | Business Incubation Manager          | Business Link contract  | PI   |
|   | Start up training workshops delivered   | Business Incubation Manager          | Business Link contract  | PI   |
| Ensuring that the community benefits from economic regeneration     | Overall employment rate   |                                      | National statistic  | PI   |
|   | Working age people on out of work benefits (NI 152)   | Strategic Economic Partnership       | National indicator  | PI (don't set up on SPAR probably not a TDA indicator) |

## APPENDIX 9

|  |   |                                |  |  |
|--|---|--------------------------------|--|--|
|  | Reduction in working age people claiming out of work benefits in worst performing neighbourhoods (NI 153)                   | Strategic Economic Partnership | National indicator   | PI (don't set up on SPAR probably not a TDA indicator) |
|  | Working age people with access to employment by public transport (and other specified modes) (NI 176) (Strategic Scorecard) | Strategic Economic Partnership | National indicator   | PI (don't set up on SPAR probably not a TDA indicator) |
|  | Establish Employment & Skills Board by 2009   | Regeneration Policy Manager    | Milestone include appt of consultant, agreement of terms of reference, inaugural meeting & skills strategy development | Project  |
|  | Working age population qualified to at least Level 2 or higher (NI 163)   | Employment & Skills Board      | National indicator   | PI (don't set up on SPAR probably not a TDA indicator) |
|  | Working age population qualified to at least Level 3 or higher (NI 164)   | Employment & Skills Board      | National indicator   | PI (don't set up on SPAR probably not a TDA indicator) |
|  | Skills gap in local workforce as reported by employers (NI 174)   | Employment & Skills Board      | National indicator   | PI (don't set up on SPAR probably not a TDA indicator) |

| <b>POUNDS – WHAT MUST WE DO WITH OUR RESOURCES TO ACHIEVE THE VISION?</b> |   |                                   |              |         |
|---|---|-----------------------------------|--------------|---------|
| Scorecard Indicator   | Sub indicators & projects                     | Accountable                       | How measured |         |
| Reduce revenue costs & maximise income                                    | Increased private sector investment in Torbay | CEO                               |              | PI      |
|   | Secure transfer of relevant assets to TDA     | CEO                               |              | Project |
|   | Establish an economic development company     | CEO & Regeneration Policy Manager |              | Project |

|  |   |                             |        |         |
|--|---|-----------------------------|--------|---------|
|  | Secure EU funding for Torbay to deliver Economic Development                              | Regeneration Policy Manager |        | Project |
|  | Capital projects delivered on time and to budget  | Exec Head Regeneration      |        | Project |
|  | Budget variance   | CEO                         |        | PI      |
|  | Income generation – increase proportion of TDA income sourced from outside Torbay Council | CEO                         |        | PI      |
|  | Business unit rental income growth  | Business incubation manager |        | PI      |
|  | Delivering Efficiency Targets   | Business Manager            |        | PI      |
|  | Budget set through Zero Based Budgeting   | CEO & Business Manager      | Annual | Project |

**PROCESS** – TO SUCCEED IN DELIVERING OUR VISION, WHAT SYSTEMS AND PROCESSES MUST WE EXCEL AT?

| Scorecard Indicator   | Sub indicators & projects   | Accountable                 | How measured |         |
|---|---|-----------------------------|--------------|---------|
| Ensure effective systems and robust infrastructure in place to deliver priorities | Capital projects delivered on time and to budget                        | Exec Head Regeneration      |              | Project |
|   | Budget variance   | CEO & Business Manager      |              | PI      |
|   | Customer satisfaction i.e. partners, business community, general public | TDA Mgmt team               |              | PI      |
|   | Tenant satisfaction   | Business Incubation Manager |              | PI      |
|   | Business unit occupancy rates   | Business Incubation Manager |              | PI      |
|   | Risk Register in place for business unit                                | Business Manager            |              | PI      |
|   | Business Continuity Plan in place                                       | Business Manager            |              | PI      |

# APPENDIX 10

## - INDICATIVE TORBAY STRATEGIC ECONOMIC PARTNERSHIP TERMS OF REFERENCE

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These terms of reference are subject to Council approval and agreement with SEP members

### Mission

To enhance Torbay's economic position through sustainable economic development measures that have the support of the business community.

### Terms of Reference

The SEP is set up to respond to the following objectives;

- To act as the strategic economic partnership for the Torbay Strategic Partnership, recognised by the local authority, the Regional Development Agency, Government Office for the South West and other relevant partners.
- To support the Torbay Strategic Partnership & Environment Commissioner in commissioning economic development activity.
- To be responsible for commissioning from the EDC an economic development strategy which identifies the key economic development and regeneration priorities for Torbay against a robust evidence base, includes priorities for action and which receives the approval and support of partner organizations. Included in this would be the development of a Strategic Investment Plan with SWRDA.
- Setting out the performance management framework for the EDC
- Make recommendations to the Council on the level of funding for the EDC
- Manage the LAA economy theme outcomes and delivery for the Strategic Partnership.
- Secure commitment from a wider partnership to improve the performance and effectiveness of economic development activity in Torbay.
- Ratifying the business plan for the EDC on behalf of Torbay Council and the partners

### Protocol

#### The Partnership will:

- bring together the principle organisations in economic development to exchange views and progress in addressing the issues facing the Torbay economy
- take collective action to engage business and enable business to influence

public sector agendas and strategies

- take more focused and carefully prepared action in a small number of chosen areas significant to the Torbay economy.

**Members will:**

- adopt the Partnerships constitution
- promote the Partnership through there day to day work and that of their organisations
- show a willingness to share information about their organisations strategy, targets and performance in so far as it helps towards implementing the Economic Strategy for Torbay.
- Declare what their organisation is willing to contribute to the Partnership in order that it can fulfil its 'Mission' and 'Strategic Roles'
- Be open about what they and their organisation is wishing to gain from the Partnership
- Take collective responsibility for supporting the Partnership's office and key members of staff

Accreditation of specific services, project and activities relating to the implementation of the SEP's Economic Strategy for Torbay will be given to the organisations involved.

## Members

The Association will be restricted to the following members, however it reserves the right to co-opt other members as and when required:

- Torbay Council – Cabinet Member for economic development
- Torbay Council – Opposition shadow cabinet member
- Torbay Council – Environment Commissioner
- Torbay Council – People Commissioner
- Representative of the Business Forum (private sector representative)
- Representative of the Employment & Skills Board (private sector representative)
- Chair of the Economic Development Company (private sector representative)
- Cultural & Environment Partnership representative (private sector representative)

- Representative of the Torbay Tourism Forum (private sector representative)
- Representative of the Torbay Town Centres Company
- Community Representative
- Learning and Skills Council
- Jobcentre Plus
- Business Link
- South West Of England Regional Development Agency
- Government Office For The South West
- Homes & Communities Agency

The Chief Exec of the Economic Development Company would attend the SEP acting as an advisor to the Partnership.

### **The Chair**

The Chair will be appointed from the Membership and serve for a period agreed by the Board. A Vice Chair may also be appointed.

### **Voting & Quorum**

Each member will have a single vote and decisions will be made on a show of hands. At least 50% of the membership shall be present in order for the meeting to proceed. Of these at least 3 should be from the private sector. If the Chair is not present the Members will choose a Chair for the meeting, from those present.



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