



Torbay Local Economic Assessment

Interim Assessment – July 2010



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Torbay
Development
Agency

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Introduction

This document has been produced in response to the new Local Economic Assessment Duty contained within the Local Democracy, Economic Development and Construction Bill. This duty became law in April 2010 and is intended to set out the extent of the issues which face the local economy, demonstrate how the economy functions and provide key partners and decision makers with a robust evidence base allowing different organisations to ensure that decisions made on investments in the area are informed by the economic issues within Torbay.

As every top tier authority is required to produce an Economic Assessment, we have worked with the South West Observatory and other Councils in the South West to ensure the information contained within the documents is comparable.

The Department for Communities and Local Government believes Economic Assessments should address the following core objectives:

- Provide a sound understanding of the economic conditions in the area and how they affect the well-being of residents and businesses.
- Identify the economic linkages between the area assessed and the wider economy.
- Identify the comparative strengths and weaknesses of the local economy and the nature and form of local economic challenges and opportunities.
- Identify the constraints to local economic growth and employment and the risks to delivering sustainable growth.

Torbay Council has commissioned its economic development company, the Torbay Development Agency, to undertake the assessment and work began on developing the evidence base in January 2010.

The TDA propose to issue an interim assessment in July 2010 as part of the preparation of an updated economic strategy for the area and will issue the final version in the final quarter of 2010. This will allow the TDA to collate evidence in certain areas of the assessment and to then use the evidence base to form part of the new economic strategy for Torbay.

We hope this document will provide a clear picture of the Torbay economy in 2010, and prove a useful tool for developing future strategies. It is intended that it will be updated annually and will feed into the development of local policy particularly the economic strategy but also shaping the Community Plan and other key documents.

Executive Summary

This Economic Assessment contains a huge amount of data. In order to make it as accessible as possible we have collated information and tables under the headings and sub sections suggested in the government guidance. A brief summary of these sections is listed below. Although the new government is planning to remove the statutory guidance in order to enable more freedom over content we have chosen to keep this format for the first assessment although future versions may be different.

At the end of the document we have pulled together key findings and policy actions which will be used to influence the new economic strategy for Torbay. These are the factors that we believe, if addressed, could make a real difference to the Torbay economy.

Introduction to Torbay:

Situated within the stunning, rolling hills of South Devon, Torbay has a beautiful coastline, and was designated as a Global Geopark by UNESCO in 2007 in recognition of the international significance of its natural environment. The Bay consists of three towns, Torquay, Paignton and Brixham, which together make up a diverse and lively resort. Traditionally a tourism driven economy, declining visitor numbers have required a revaluation of Torbay's identity in order to move forward.

Torbay's natural and historic environment is its biggest selling point for both visitors and residents alike, key to this are 18 sandy beaches along the 22 miles of coastline which make up Tor Bay. Coupled with this are seafront gardens, Victorian and Georgian architecture, the legacy of Agatha Christie and two country parks at Cockington and Berry Head.

The total population of Torbay is currently estimated to be 134,000, making it one of the larger urban economies within the South West.

Economic Geography:

Torbay's economy is unusual, in that it is a largely urban space in the heart of rural South Devon. It neighbours the Districts of Teignbridge and South Hams which form part of Devon County Council's jurisdiction, and also has evidence of links with the cities of Plymouth and Exeter. Given the impact of the recession, it is also important to examine Torbay's position in Devon,

the wider South West, and the country as a whole with the aim of defining what challenges the economy faces from other areas. A map showing Torbay in relation to Devon and the wider South West can be found in Appendix 3.

Business and Enterprise:

This section gives a detailed breakdown of the Torbay economy, including key sectors and their trends, productivity and earnings. Torbay currently has the **6th lowest GVA per head in England, and the lowest in the South West region**, partly as a result of a steady decline in productivity over the last ten years. In 2000 Torbay's GVA per head was 78% of the South West average, and 70% of the English. By 2007 this had dropped to 69% of the South West and 61% of the English. In comparison GVA for the South West as a whole has only reduced by 0.4%, from 89.5% of the English average in 2000, to 89.1% in 2007.

Low GVA levels can be attributed in part to the sectoral breakdown of the Torbay economy. Heavy reliance on low paid, seasonal work, combined with a relatively small manufacturing sector keeps both productivity and earnings significantly below the regional and national averages. Increasing over reliance on the public sector is also a concern, particularly with spending cuts imminent.

Torbay's unique geography is both an asset and a challenge. The coastline and beaches which make the Bay an attractive visitor location also in some ways hamper its economic growth. Businesses regard the area as a tourist destination, not a business centre, and this makes the task of encouraging big businesses to invest a challenging one. As a result Torbay has high numbers of small and medium enterprises, many of which are happy to sit under the VAT threshold. The challenge is to create more jobs by encouraging these businesses to grow and develop.

People and Communities:

The urban nature of Torbay as a local authority is in contrast to the county in which it sits. Made up of the three towns of Brixham, Paignton and Torquay, Torbay lacks the cultural and retail centres common in large urban areas, but suffers the problems of deprivation and worklessness associated with large towns and cities. In 2009, **20.6% of the Torbay population were claiming benefits, with one in ten in receipt of incapacity benefit**. This total is 5% above the national average, and 7% higher than the regional figure. Torbay has relatively high levels of deprivation and is currently ranked as the **71st most deprived area in England out of 354 by the Indices of Deprivation (IMD) 2007 and the 47th most economically deprived**.

The IMD also identifies 10 of Torbay's lower super output areas as within the top 10% in England, and 4 within the top 10-20%. These most deprived areas are concentrated primarily within the Tormohun and Roundham with Hyde wards, and to a lesser extent within Blatchcombe, Ellacombe, Watcombe and Wellswood. Focus is needed on these areas as the next round of IMD are due shortly, and it unlikely Torbay's position will have improved.

Part of this deprivation stems from a reliance on predominately low paid, low skill jobs within the tourism sector which have resulted in wages in Torbay being significantly lower than the regional average. Of concern is the downward trend in median earnings for both residents and workers in Torbay as a percentage of the South West total. Between 2006 and 2009 resident earnings decreased from 90% to 81% of the regional total, and workplace earnings by 10% to 78%.

Although these statistics paint a challenging picture of the local economy, there is evidence to suggest that Torbay residents are relatively satisfied with the area in which they live. The Place Survey, carried out in autumn 2008, found that 82% of Torbay residents were very or fairly satisfied with their local area. That this compares favourably with the national average of 80% is most likely related to the high quality of life afforded by the natural local environment and geography.

Skill levels in Torbay are also below average for levels 3 and 4, something which may be another contributing factor to low earnings. Positively, however, the percentage increase in level 1, 2 and 3 qualifications have increased faster in Torbay than the national average, suggesting that this issue is being addressed.

Sustainable Economic Growth:

This section covers a number of topics, from carbon footprint to housing & infrastructure and the natural environment. We have tried, where appropriate to draw links between this economic assessment and the emerging Local Development Framework (LDF).

Torbay is a naturally beautiful area, and this is its biggest draw for both businesses and visitors. While the visitor element of the economy already works to capitalise on this, there are opportunities which could be taken to promote the area and the lifestyle to businesses looking for an investment opportunity.

The low carbon economy and sustainable economic growth are key to a developing economy, and as such the government has put in place ambitious plans to reduce CO2 emissions. Between 2005 and 2007 Torbay achieved a 7.3% reduction, higher than both regional and national averages. Per capita emissions were also significantly lower in 2007, at 5.0 tonnes per resident, compared to the South west average of 8.2 tonnes. Tellingly 44% of Torbay's emissions come from a domestic

source, and 33% from industry and commerce. Across the rest of the country industry emissions form a significantly higher percentage of emissions, providing more evidence of the lack of industry in Torbay. As the low carbon economy is a developing industry, we have tried to be forward thinking within this section, and to demonstrate how Torbay can further develop its economy and jobs in a sustainable way.

In terms of infrastructure, it is clear that many local businesses believe Torbay's poor transport links are holding them back. The lack of a dual carriageway all the way in to Torbay causes heavy congestion and is a disincentive to businesses that require a large supply chain. However, the natural beauty of the area and the high quality of life means Torbay could be an ideal location for more knowledge based industries that rely less on physical infrastructure.

Economic Competitiveness

Overall, the Torbay economy currently faces a number of problems. Low GVA and wages, high levels of deprivation and a dependence on the public sector and tourism for employment are all putting pressure on the local economy. There are steps being put in place to try and remedy this, for example the new tourism and inward investment strategies and physical regeneration through the Mayor's Vision programme, however there is some way to go before the economy can truly be described as competitive. It is expected that this document will feed into the new economic strategy for Torbay which will set out how the authority plans to move the economy forward in future years.

Key Findings and Policy Actions

This document is intended to be an assessment of the Torbay economy. It is not in itself a policy document, however it is hoped that the information contained within it will be beneficial to the writing of future strategies. This section summarises the key findings and policy actions with the detailed policy response being set out in the Torbay Economic Strategy.

The assessment demonstrates where the economy of Torbay is weak and it is clear from wider evidence the links between the weakness of the economy and the impact on deprivation and other areas such as health. The particular areas of economic weakness are:

- Productivity of the economy
- Demand for labour in particular for full time employment
- Earnings levels

- The sector base of the economy
- The infrastructure to support economic growth and economic development

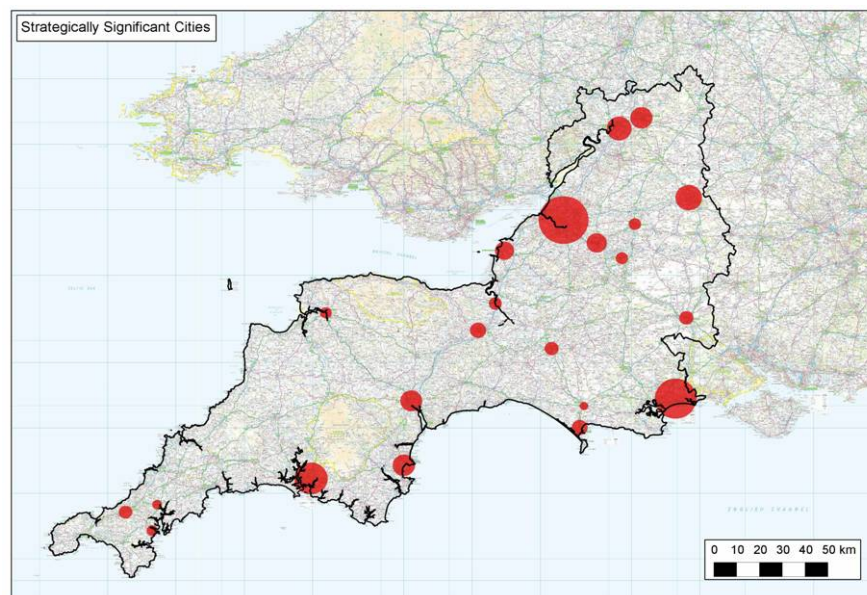
That said, if these challenges are addressed there are opportunities for the Torbay economy to develop and grow. The economic strategy for which this assessment forms part of the evidence will lay out in more detail how this potential can be explored.

1. Economic Geography

1.1: Economic linkages: Identify the economic linkages within the area assessed and between it and the wider economy. This should involve analysing ways in which local areas fit into wider sub-regional and regional markets and the links between urban and rural economies.

Torbay sits within the county of Devon in the South West region. Within Devon there are 3 top tier councils, Devon County Council, Plymouth and Torbay, and of these Torbay is the smallest. However, with a population of 134,000 people, Torbay can still be described as a significant urban hub and is identified amongst the region's strategically significant towns and cities.

Figure 1: Strategically Significant Towns & Cities



Source: Draft Regional Spatial Strategy

Two of the South West's major cities sit within easy reach of Torbay; Exeter is 25 miles to the north and Plymouth 25 miles to the west. The impact this has on the Torbay economy and the links that are shared with these cities is examined in more detail later in this chapter.

While at times the rural nature of the region and the coastal location of Torbay can seem remote it is important to remember that the Torbay is not an economic island, and some of the issues raised later in this document need to be examined as part of a bigger picture. As home and remote working becomes easier through technological advances, proximity to the hub of London could become less important and Torbay needs to be able to offer a compelling case for relocations as well as a stunning natural environment to capitalise on this.

Both tourism and inward investment are both key to the development of the Torbay economy, but they will also have been identified as priorities by other areas. Torbay needs to be aware of this competition in order to ensure it offers a credible alternative.

Commuting Patterns

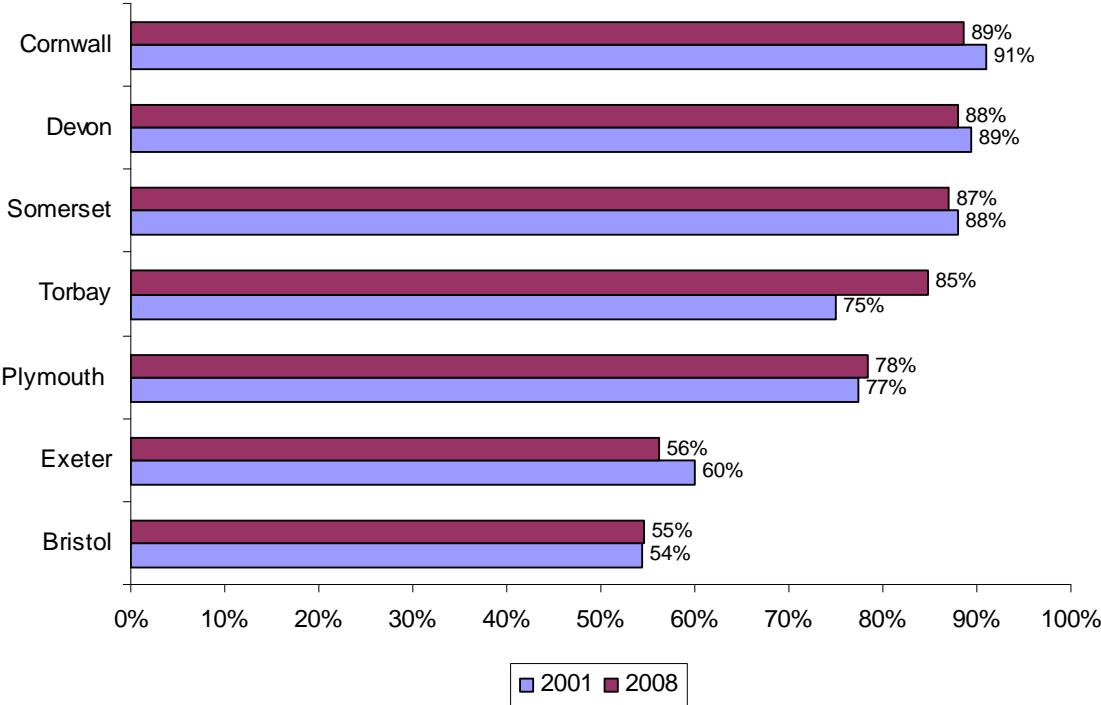
Torbay neighbours two District Council areas, South Hams and Teignbridge, and links between Torbay and these districts, as well as the wider Devon area are clear. Exeter and Plymouth are the largest conurbations within the area, and as such influence commuting patterns for residents of Torbay.

Commuting patterns taken from the Annual Population Survey show that in 2008 84.8% of jobs within the Torbay local authority boundaries were filled by Torbay residents, an increase of just over 10% since 2001. The rest of the jobs in Torbay are predominantly filled by residents of the neighbouring districts of Teignbridge and the South Hams. 10% of workers live in Teignbridge (down from 13.7%), and 4.3% in the South Hams. The South Hams figure has reduced by 5.7% from 2001 suggesting these residents are now less likely to work in Torbay.

This proportion of residents who live and work in the same area is also described as self-containment. As demonstrated above, Torbay has a high level (85%) of self-containment within its workforce. This is similar to the percentage in the Devon, Cornwall and Somerset county council areas, but significantly higher than the other, more urban areas of Plymouth, Bristol and Exeter. It is not unusual for larger area to have a higher percentage of self-containment, as there is more scope for residents to travel within the authorities' boundaries to work. However, as shown in the other urban areas compared here, they are more likely to have a lower self-containment score as although there may be more jobs within a small area there are also more

people so commuting is higher. If the region is split down into unitary and district areas, Torbay has the highest self-containment score in the South West region, making its economy rather unusual.

Figure 2: Self-containment – Percentage of jobs filled by workers from the same authority

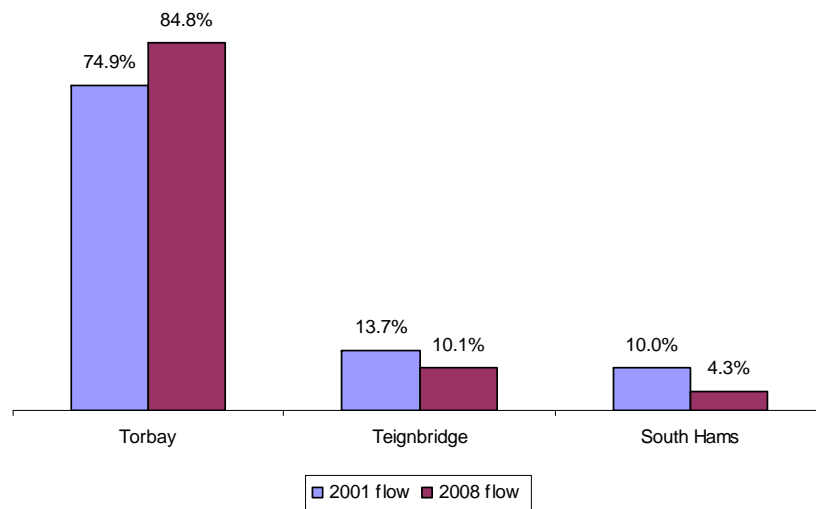


Source: APS-Commute (ONS toolkit to support Local Economic Assessments)

According to the survey data, residents of Torbay commute further a field for work than those who work in Torbay travel in. In 2008 77.7% of residents of Torbay also worked there, with the rest travelling out to Teignbridge, South Hams, Exeter and Plymouth. This suggests that some residents choose to live in Torbay for the quality of life, but cannot find sufficiently highly paid work in the area so commute elsewhere. The travel to work patterns for those who work in Torbay suggests few people commute over long distances to get there, perhaps indicating a lack of desirable jobs.

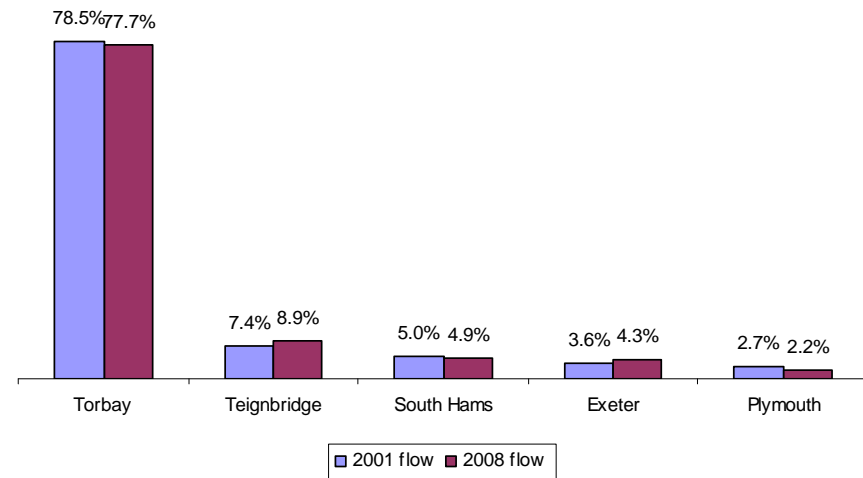
Transport information from the Delivering a Sustainable Transport System (DaSTS) report echoes this data, suggesting that about two thirds of peak morning trips are carried out within Torbay. The report also highlights a significant number of journeys to Exeter and Newton Abbot, with a smaller number to Cornwall and Somerset.

Figure 3: Place of residence for Torbay workers



Source: APS Commuting Patterns, ONS

Figure 4: Place of work for Torbay residents

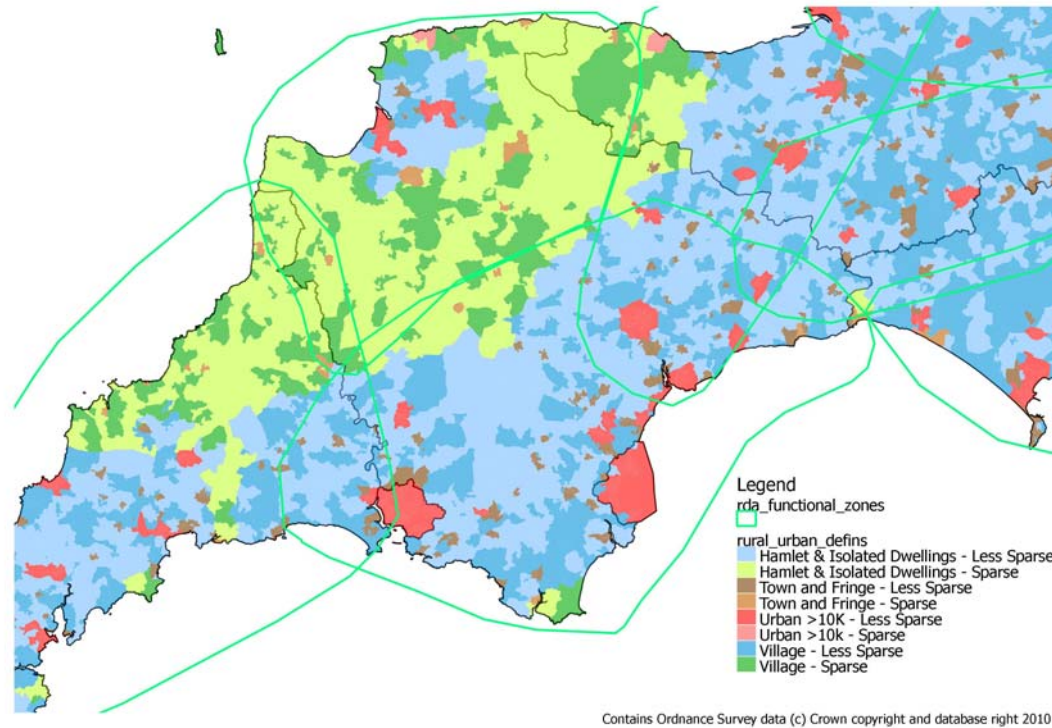


Source: APS Commuting Patterns, ONS

Functional Economic Market Areas

As transport links become better and people travel more widely, so the economic market areas in which they inhabit become wider and more diverse. These market areas also show little respect for local authority boundaries, making it important to examine the linkages between Torbay and the wider region as well as its immediate neighbours.

Figure 5: Urban/Rural Definitions



Source: Spatial Economic Analysis Tool, South West Observatory

If the region is split by rural/urban definitions it is clear to see that within Devon the urban hub is mainly a corridor running from Exeter, along the South coast to Torbay and Plymouth. This is classified in the Regional Economic Strategy as the South Central zone and although the research for this data was collated some time ago, the functional economic zones suggested by it seem to still have some relevance, particularly in this part of the region.

Research done by consultants SQW to support economic assessments in the South West also suggest that within Devon there is a geographical pattern of 3 consistent areas, Exeter, Torbay the South Coast & Plymouth, the rural centre and

Barnstaple/Bideford. This is backed by multivariate analysis which develops correlations within the region based on a number of datasets, creating the following seven different definitions:

- Light Blue: Poor housing, ethnic diversity, students, high population density
- Pink: Low incomes, low skills, low educational attainment, high claimant rates
- Red: Low skills, routine/semi-routine occupations, public sector housing, single parent housing
- Purple: Ethnic minorities, young adults, single person households, high population density
- Yellow: Second homes, public sector employment, residents of retirement age
- Green: Agriculture and fishing, poor access to services, small businesses, home working, high car ownership, longer distance commuting
- Brown: High car ownership, well qualified, middle aged residents

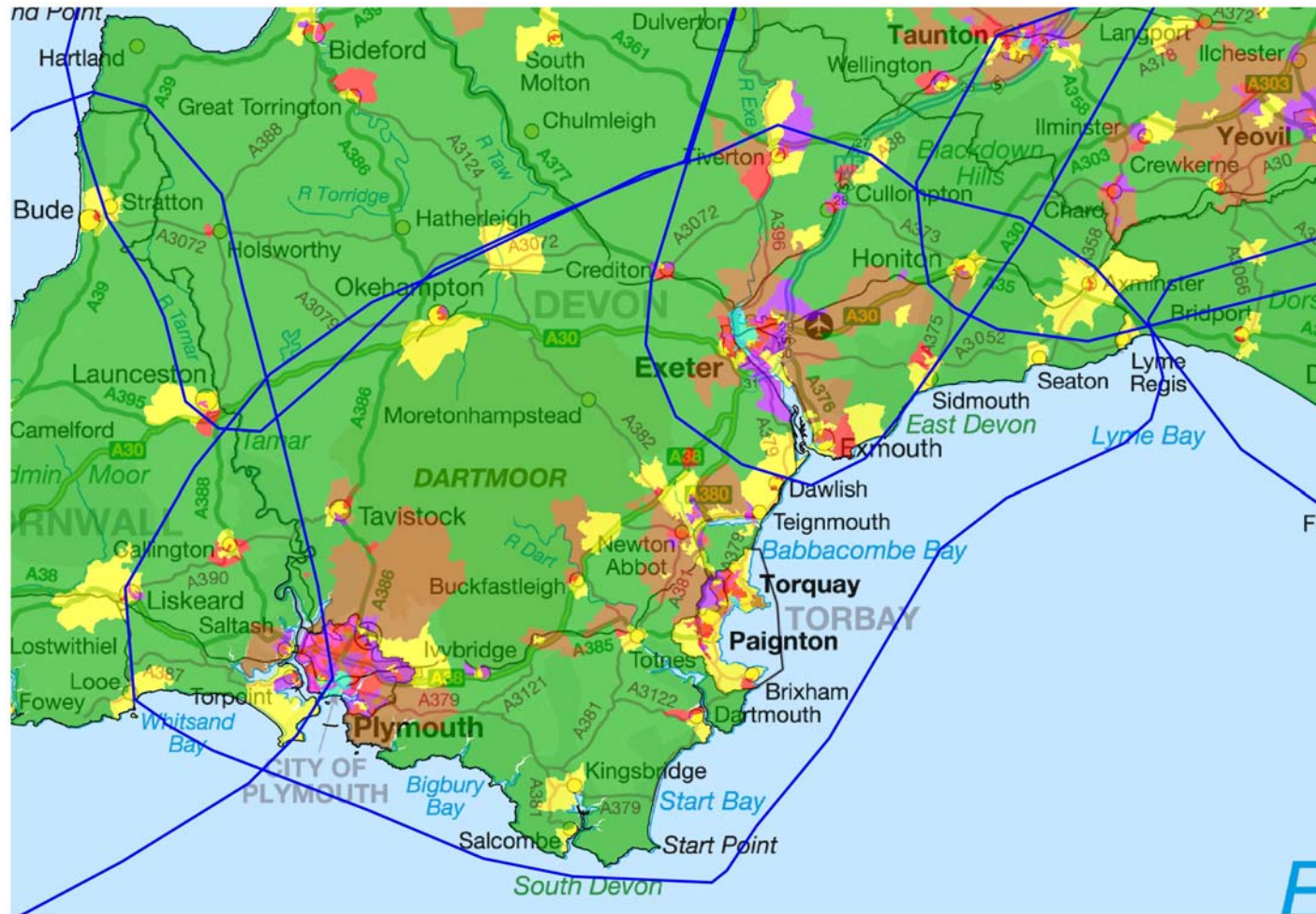
The analysis shows large swathes of Devon as green, which as a largely rural category is perhaps not surprising¹. However it also shows that the clusters which are apparent in Torbay are also evident along the coast to Dawlish, Teignmouth and Exmouth, and also within Newton Abbot and Exeter.

The most prevalent cluster along the South Devon coast is yellow, representing second homes, retirees and a high reliance on the public sector, but within the urban centres of Torbay, Plymouth and Exeter there are high densities of red and pink low skill, low income clusters. Again, this is perhaps not unusual, but it is interesting to see the correlation between the three cities.

Finally on the outskirts of the three urban areas sit pockets of brown, well qualified middle aged residents who are likely to be the higher paid commuters who live in the more pleasant rural areas but travel to work. If anything these residents are more likely to be in the band between Torbay and Newton Abbot, creating a hinterland linking the two areas.

¹ It is necessary to express some caution with this data as it is based on lower super output areas which are made up of 1500 people so are geographically much larger than rural areas.

Figure 6: Multivariate analysis



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Source: Spatial Economic Analysis Tool, South West Observatory

There is further evidence of this link in terms of retail catchments as there is evidence that the draw of the city centres stretches over much of Torbay, however if tertiary shopping areas are also included Torbay's retail catchments significantly overlap with those of Plymouth and Exeter. This creates stiff competition for retail outlets in Torbay, but also demonstrates the distance residents are willing to travel within the region.

Figure 7: Primary & Secondary retail catchments

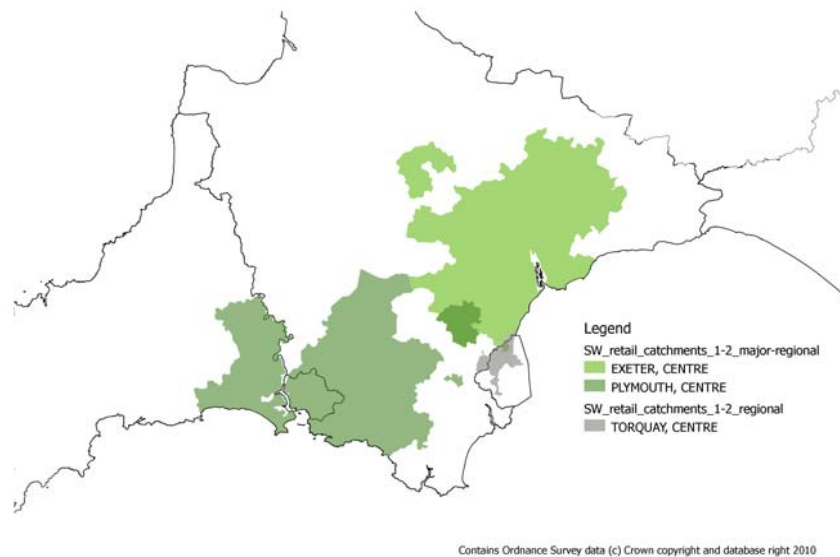
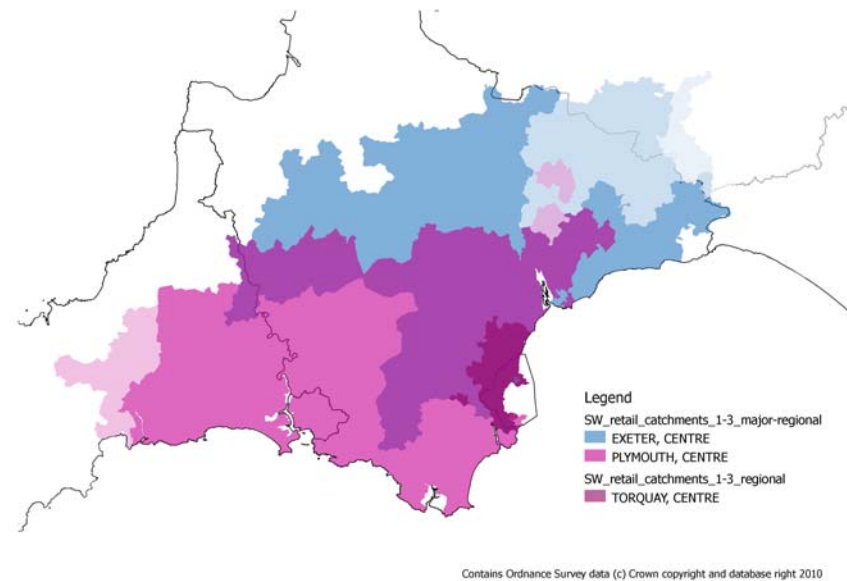


Figure 8: Primary, Secondary & Tertiary retail catchments



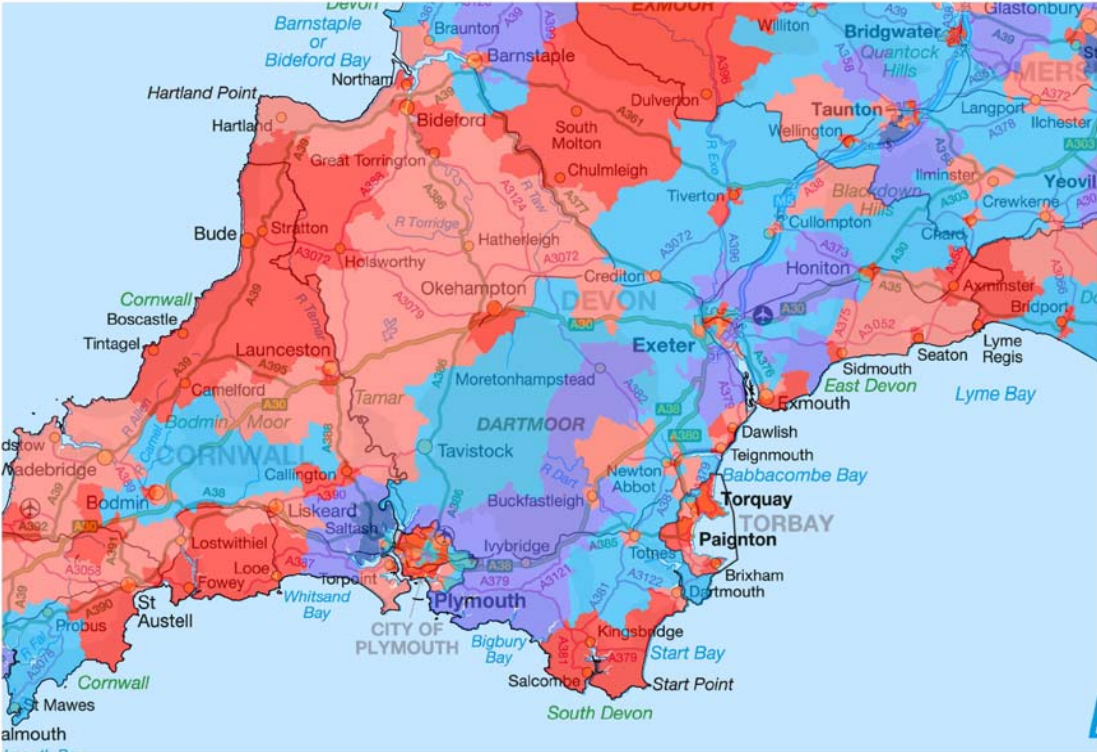
Source: Spatial Economic Analysis Tool, South West Observatory

Source: Spatial Economic Analysis Tool, South West Observatory

The map below demonstrates that there is a link in terms of earnings between Torbay and parts of neighbouring Teignbridge as both have significantly lower levels of income than elsewhere in South Devon. The red areas prevalent in Torbay represent an income of between £410 and £560, while the pink is £560 to £620. Elsewhere the pale blue is £620 to £680, the purple £680 to £760. Caution must be taken as the size of wards and lower super output areas in more remote areas are bigger, but there does also appear to be a link between

proximity to major road links i.e. M5 and A38 and income with those areas more remote from good road links demonstrating lower levels of income.

Figure 9: Gross weekly income totals - 2008



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Source: Spatial Economic Analysis Tool, South West Observatory

All of this suggests that Torbay is intrinsically linked by its economic geography to the wider South Devon area, and although a separate, unitary authority, is influenced by the areas surrounding it as well as within. Although now considered relatively old research, the classification of Torbay as part of a functional economic market area covering Exeter, Plymouth and South Devon still has some resonance.

The three most significant urban hubs within Devon are situated in South Devon, suggesting natural common ground. The shared coastline also brings high levels of second homes and older residents, which although perhaps more apparent in Torbay do play a part in the economy of Devon and Plymouth.

2. Business and Enterprise

2.1 Structure of local economy: Identify the sectoral structure of the local economy, including the comparative strengths of sectors and the significance of particular businesses. Local authorities should also identify any economic specialisms and/or sectoral clusters.

Wages, income and output within Torbay are low, and the area suffers from a narrow industrial base with a sectoral reliance on low wage industries including tourism, retail and social care, although there are some strengths, including business services and technology.

Gross Value Added

Gross Value Added (GVA) is a measure of economic value, and the contribution of each person, producer or area to the economy. Torbay currently has the 6th lowest GVA per head in England, and the lowest in the South West region. With an average GVA of £12,506 per head, Torbay's productivity levels dropped below those in Cornwall in 2007.

In 2000 Torbay's GVA per head was 78% of the South West average, and 70% of the English. By 2007 this had dropped to 69% of the South West and 61% of the English. In comparison GVA for the South West as a whole has only reduced by 0.4%, from 89.5% of the English average in 2000, to 89.1% in 2007.

In order to compare geographically sized areas, Britain, and the rest of the EU is divided into various groups of regions corresponding to the classification known by the acronym NUTS (common nomenclature of territorial units for statistics). Generally speaking NUTS 1 areas are regions (eg South West); NUTS 2 are counties (eg Devon) and NUTS 3 local authority areas within these counties (eg Torbay).

Consistent growth in the Torbay lags behind average for NUTS3 areas, showing the 7th lowest percentage increase (of 93 UK NUTS3 areas) in the year to Dec 2007, coupled with the 3rd lowest percentage rise in the 10 years to 2007².

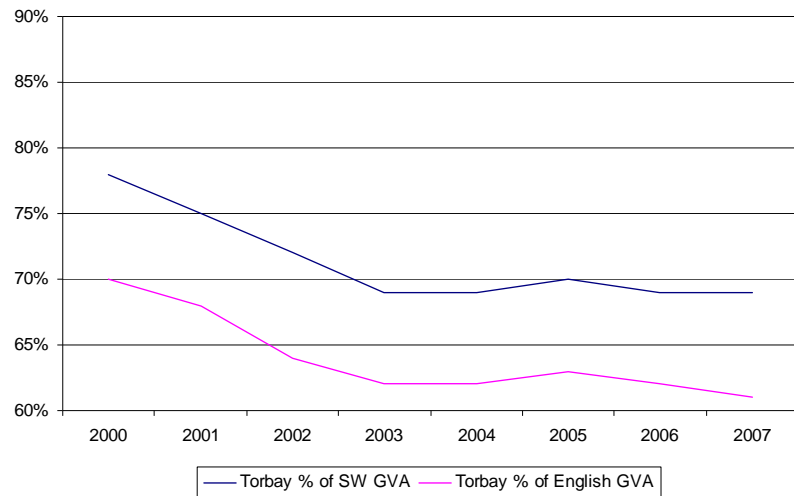
² Source: Government Office South West December 2009 GVA release summary

Table 1: GVA per head

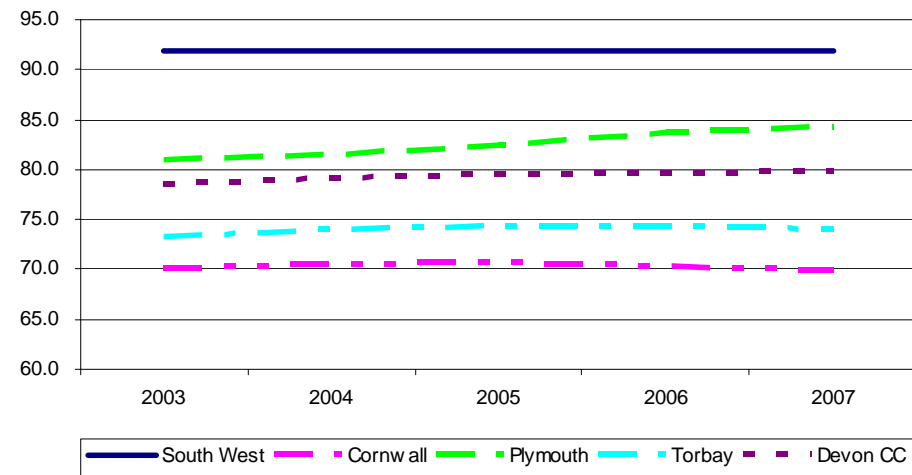
	Torbay GVA	Year on year % growth	South West GVA	Year on year % growth	England GVA	Year on year % growth
2000	10254		13144		14686	
2001	10432	1.74%	13844	5.33%	15411	4.94%
2002	10444	0.12%	14564	5.20%	16223	5.25%
2003	10688	2.34%	15422	5.89%	17160	5.78%
2004	11198	4.77%	16204	5.07%	18021	5.02%
2005	11633	3.88%	16679	2.93%	18589	3.15%
2006	12115	4.14%	17473	4.76%	19496	4.88%
2007	12506	3.23%	18235	4.36%	20458	4.93%

Source: ONS NUTS3 GVA data

Figure 10: GVA per head as a % of SW and English total **Figure 11: GVA by filled jobs as a % of the UK total**



Source: ONS NUTS3 GVA Data



Source: ONS Toolkit to support Local Economic assessments

In the period since 2000, Torbay's headline GVA contribution to the SW regional economy has decreased from 2.04% to 1.78%, and the area now provides 0.16% of England's total in comparison to 0.18% seven years earlier. Year on year headline GVA and GVA per head are also increasing at a slower rate than both the South West and England as a whole, which goes some way towards explaining why Torbay is now at the bottom of the region for GVA contribution.

There is a school of thought which suggests that GVA per head is no longer the most accurate measure of productivity as it is a simple ratio of the economic activity in a region, divided by the number of people within the same area. This means it does not take into account commuting, local anomalies of numbers of people not directly contributing to GVA (e.g. pensioners) and the different structures of working in different areas (e.g. full and part time working). This could be particularly significant for Torbay as a region with a higher than average older population.

In order to combat this it is possible to examine GVA per job filled, a calculation which divides the GVA by the number of jobs in an area (including all jobs done by residents of any age, and jobs done by people who commute in). This then takes into account commuting and any local anomalies to the productivity of a region. As demonstrated in the tables on the previous page, if GVA is measured by job filled Torbay compares more favourably against the UK as a percentage, sitting at 74.0 in 2007, compared to 61.4 if you compare GVA per head³.

There are a number of reasons as to why the data differs to such an extent. Firstly, GVA per job filled data shows a smaller spread across the country by the nature of the way it is measured. More locally, Torbay has a significantly higher proportion of residents at or above retirement age than the national average, 27% compared to 19.2. This means a greater proportion of the population are likely to have an income not derived from current economic activity in the region (pensions or investments), and therefore do not contribute to GVA. Also, if as discussed later in this chapter, a high proportion of those employed in higher paid, more senior jobs, commute out of Torbay, their income would be considered as a contribution to productivity in another region. As this is factored into the GVA per job filled data, it could help explain the disparity in figures.

³ Source: ONS data table 3:11 Unadjusted (constrained to unadjusted NUTS2) GVA per head indices by NUTS3 area at current basic prices by region

Table 2: Headline GVA growth

	Torbay £million	Year on year % growth	Torbay % of South West	South West £million	Year on year % growth	Torbay % of England	England £million	Year on year % growth
2000	1317		2.04%	64629		0.18%	723051	
2001	1356	2.96%	1.98%	68435	5.89%	0.18%	762055	5.39%
2002	1365	0.66%	1.88%	72431	5.84%	0.17%	805501	5.70%
2003	1408	3.15%	1.82%	77185	6.56%	0.16%	855679	6.23%
2004	1483	5.33%	1.82%	81693	5.84%	0.16%	903031	5.53%
2005	1545	4.18%	1.82%	84841	3.85%	0.16%	938123	3.89%
2006	1614	4.47%	1.80%	89532	5.53%	0.16%	989674	5.50%
2007	1678	3.97%	1.78%	94421	5.46%	0.16%	1045257	5.62%

Source: ONS NUTS3 GVA data

Gross Domestic Product (GDP) in a European context

It is also possible to compare Torbay's productivity in a broader European context, and examine GDP per head as a percentage of the average of the 27 EU states. During the period 2003-2007, GDP for the UK as a whole remained consistently above the European average, although it did drop 5.5 percentage points in this time. Torbay, in comparison had a GDP of 73.2% in 2003, which had reduced to 71.8% by 2007, a drop of 1.4%.

When compared to the EU average, Torbay has the lowest productivity rates in the South West, now falling below Cornwall, which as a Convergence area, has traditionally be seen as having the weakest economy in the South West⁴. While Torbay has seen a slower decline than the UK as a whole, a GDP of 71.8% of the EU average in 2007, compared to 106.8% for the region, and 116.7% nationally is clearly a sobering statistic, and an issue which must be addressed if Torbay's economy is to improve.

⁴ Convergence areas are eligible for greater levels of EU funding to aid their struggling economies.

Table 3: South West GDP per inhabitant as a percentage of EU average

Region (NUTS 2 and NUTS 3)	2003	2004	2005	2006	2007
City of Bristol	173.9	169.5	163.7	160.5	156.8
Bath and NE Somerset, N Somerset and S Gloucestershire	135.6	133.5	133.6	130.1	122.1
Gloucestershire	132.9	136.1	123.8	116.8	117.4
Swindon	186.1	185.5	180.8	179.8	181.4
Wiltshire CC	106.9	110.9	108.8	103	102.4
Bournemouth and Poole	114.8	113.2	120	121.4	117.4
Dorset CC	85.4	85.3	88.1	90.2	84.8
Somerset	97.8	101.5	104.5	101.6	95.5
Cornwall and Isles of Scilly	77	77.6	76.1	77.1	75.2
Devon (NUTS 2 level)	89.5	95.7	92.7	93.5	88.6
Torbay	73.2	81.8	79	76.8	71.8
Devon CC	90	96.7	93.1	94	89

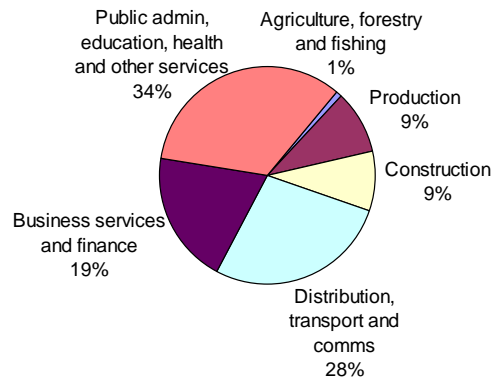
Source: SWUKBO Regional GDP figures in South West England

Sectoral breakdown of the Torbay economy

Industry breakdown of GVA in Torbay begins to demonstrate the extent to which the economy is reliant on certain sectors. Public administration, education and health account for a third of GVA, a significantly larger proportion than the English average of 26%, and the South West total of 28%. Distribution, transport and communication are also higher contributory than average, adding 9% more than the national average, and 10% more than the region. Sectors notably below the national and regional average include Business services and finance (England 34%, South West 29%) and production (England 14%, South West 16%).

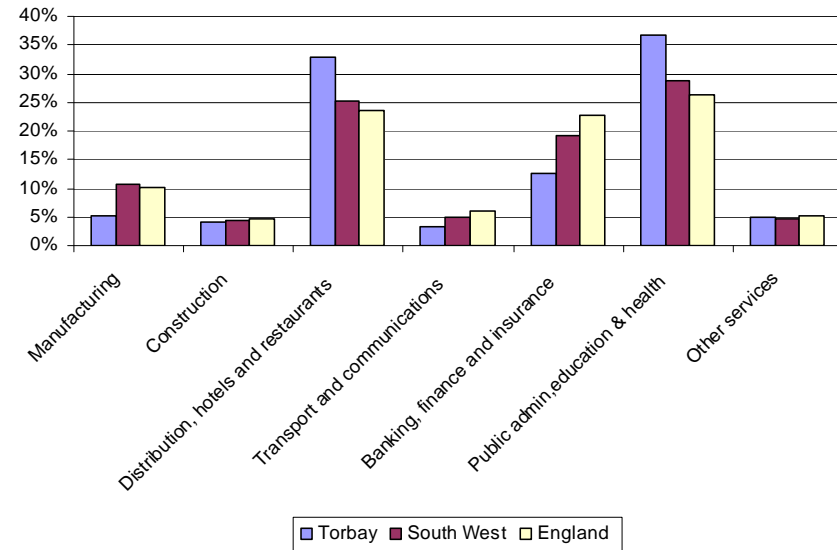
While the sectoral structure of Torbay's economy is in many ways typical of the South West it is demonstrated in the table below that sectoral dependence on distribution, hotels and restaurants, along with the public sector is even more pronounced than across the rest of the region. This combined with heavy reliance on certain sectors for GVA suggests Torbay is likely to have a more vulnerable economy than others around it.

Figure 12: Headline GVA by Industry – 2007



Source: ONS NUTS3 GVA data

Figure 13: Sectoral Structure of Torbay economy - 2008



Source: ABI 2008, NOMIS

In order to begin addressing the issue of sectoral reliance, it is first necessary to gain an accurate picture across Torbay’s economy. As part of this, in August 2009 Ekosgen produced a report on the economic resilience of Torbay, looking into factors which would influence how quickly the region is affected by downturns, and the rate at which it will recover. As part of this research they measured resilience across five domains, industry mix, the workforce, enterprise, labour market and economic dynamism. Of these indicators it is sectoral mix which they feel has the greatest influence on how resilient an economy is. From this research Ekosgen have concluded that Torbay is ranked 29th out of 37 South West local authority areas in terms of resilience. Interestingly, this low figure is largely due to below average skill levels as opposed to a heavy sectoral reliance.

In this report, Torbay ranked as 8th out of 37 for economic resilience in sectoral reliance, an improvement from 19th in 1998. This is largely due to an increase in public sector employment, to one in three people in Torbay. As public sector work is largely seen as knowledge intensive, the Ekosgen report sees this as a positive. Since 2008 Torbay has also seen a decrease in those sectors regarded as in decline, notably manufacturing. Again, this can be seen as positive, in as much as Torbay

has gone through the pain of manufacturing job losses before the rest of the country (significantly the closure of Nortel in 2002), and is now better placed to resist economic downturns by concentrating on new opportunities.

Overall the Ekosgen report paints a fairly positive picture of Torbay's economy in terms of sectoral reliance. However it must also be taken into account that while manufacturing is in decline across the country, it is still a highly productive sector, and one which is having little input into the local economy. Similarly, while the public sector can be regarded a strong local employer, the expected squeeze on public funding is likely to have a significant effect on spending. Unless mitigated this will curtail further growth, and could result in job losses which will be harder to absorb in an economy as reliant on the public sector as Torbay⁵.

Table 4: Sectoral Structure of Torbay economy by number of employees – 2003/2008 comparison

Industrial Sector	Torbay 2003	Torbay 2008	South West 2003	South West 2008	England 2003	England 2008
Manufacturing	8.0%	5.2%	12.5%	10.7%	12.6%	10.1%
Construction	5.0%	4.0%	4.4%	4.4%	4.4%	4.6%
Total Distribution, Hotels & Restaurants	35.8%	32.8%	27.4%	25.2%	24.8%	23.5%
Wholesale/Retail	20.8%	18.7%	19.4%	17.5%	18.1%	16.8%
Hotels & Restaurants	15.0%	14.0%	8.1%	7.7%	6.7%	6.7%
Transport and Communications	2.4%	3.2%	4.7%	4.8%	6.1%	6.0%
Banking, Finance and Insurance	11.0%	12.5%	17.0%	19.1%	20.2%	22.7%
Total Public Admin, Education & Health	32.4%	36.7%	27.3%	28.7%	25.3%	26.4%
Public Admin	4.3%	4.8%	5.8%	5.6%	5.3%	5.2%
Education	8.1%	10.1%	9.5%	9.9%	9.0%	9.4%
Health	20.0%	21.9%	12.1%	13.3%	11.0%	11.8%
Other services	4.7%	5.0%	4.6%	4.7%	5.2%	5.3%

Source: ABI employee analysis 2008, NOMIS

As stated previously, across Torbay, relatively low numbers are employed in manufacturing, as well as construction, transport and banking. As these tend to be the sectors with higher productivity levels, this can be considered a contributing factor to the area's below average GVA.

⁵ Source: Ekosgen – Torbay's Economic Resilience, August 2009

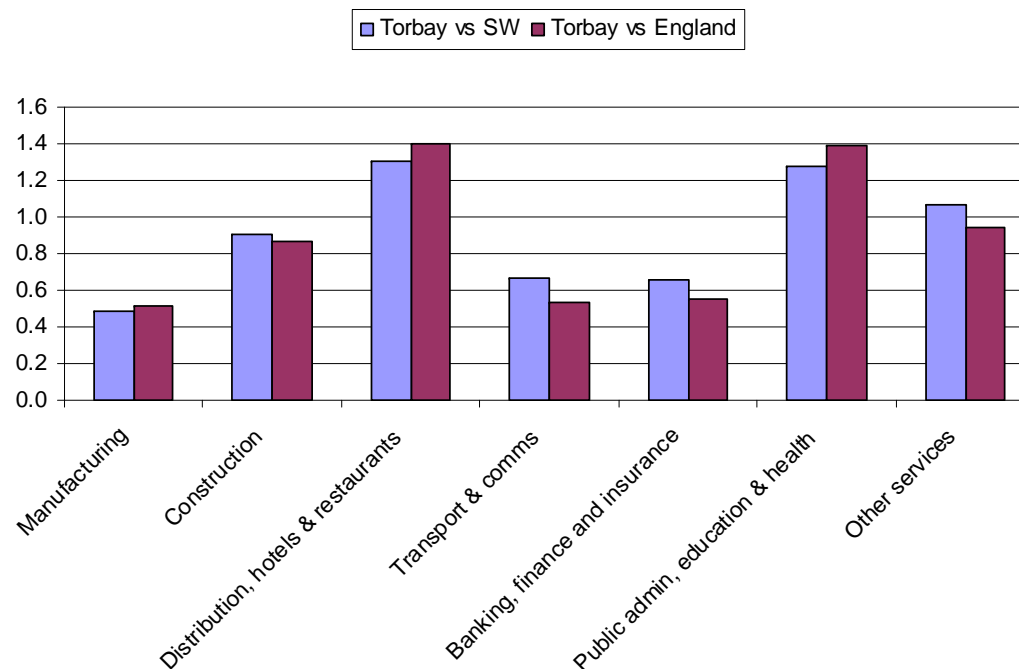
The sectors can be broken down further to show more specifically which have grown fastest. In 2003 86.3% of employees worked within what is defined as the service sector, by 2008 this had increased to 92.1%. By contrast the South West percentage only increased by 1.4% (from 81.1% to 82.5%) in the same time period. Within the public sector the biggest increases have come from education (2%) and health (1.9%), public administration has increased by 0.5%. Overall public sector reliance has also increased at a higher rate than the rest of England, employing 4.3% more of the population, in comparison to a 1.4% increase in the South West, and a 1.1% increase in England as a whole. For an area where over a third of jobs are within the public sector, the prospect of a public spending squeeze brings with it a real threat to the economy.

Retail accounts for 18.7% employment, and although as a sector it has declined since 2003 it still employs 2% more people than is the norm for the rest of the country. More than double the national average percentage of the population are employed within the hotel and restaurant industry, which although it has declined slightly in the period since 2003 still remains the key sector of employment in Torbay.

Service sector growth contributes to concerns that economic reliance on low wage industries within the service, tourism and public sectors is increasing, while at the same time the already small industrial base is shrinking further. When compared with 2003 data collated for Torbay's Economic Regeneration Strategy it is clear the manufacturing sector is declining faster than the rest of the country, and that the banking and finance sector is not growing as quickly.

Location quotient analysis can be used to demonstrate Torbay's relative sectoral strengths and weaknesses compared to the South West and England. A location quotient result of higher than one indicates that a greater percentage of the region's workers are employed in an industry (as a proportion of the other industries) than are employed in the same industry at a regional or national level. This indicates that to some extent the area specialises in that industry. Below one suggests a weakness, or a below average number of people employed in that sector. The chart on the following page demonstrates clearly that Torbay's dominant sectors are tourism and service related with the exception of the public sector, education and health. While construction is only slightly the regional and national average the analysis clearly shows the lack of high value jobs in the manufacturing, banking and transport/communications industries. This further emphasises the challenge Torbay faces in bringing GVA levels up to the English and South West levels.

Figure 14: Employee jobs by Industry - 2008



Source: Data from ABI 2008

Another method of examining regional employment change is shift-share analysis. This assesses the degree to which a region's industry mix explains employment change within that area and identifies industries which are growing more quickly than the national growth rate. Employment change figures show that between 2003 and 2008 the number of people employed in the examined sectors in Torbay increased by 2,300 to 47,572. An increase of 1600 was to be expected if increases across all industries met the national average for change.

Industry mix is the increase/decrease of jobs as a result of the difference between a particular industry's growth rate and the growth rate of all industries combined. Employment is added if the industry has grown more quickly than average and subtracted if it has grown more slowly. Regional shift then reflects the difference between local and national growth, and again adds or subtracts employment accordingly.

Table 5: Shift-share Analysis

	Employment Change (2003-08) Torbay	National Share (Expected change in employment using national rate)	Industry Mix (Difference between industry's growth rate & all industries growth rate)	Regional Shift (Difference between region's industry growth rate & national rate)
Primary Industry	54	5	13	36
Manufacturing	-1,166	128	-735	-559
Utilities	-65	6	-17	-54
Construction	-337	79	136	-552
Wholesale/retail	-497	332	-708	-122
Hotels & restaurants	-109	240	-19	-330
Transport, storage & communications	395	39	-33	389
Financial Intermediation	-90	26	-26	-91
Real estate	1,064	150	719	195
Public admin	322	69	-30	283
Education	1,129	129	161	838
Health	1,355	320	650	385
Other Services	245	75	49	121
TOTAL	2,300	1600	161	539

Source: ABI 2008 Employee Analysis

This analysis provides further evidence that certain sectors are growing at a quicker rate than the national average while others are declining. The national share expects that all industries would have grown over the 5 year period, even if only a negligible amount, however the manufacturing, construction, retail and hotel sectors all experienced a significant decrease. This is due to a much slower growth rate within retail than the industry average, and a decline in growth regionally within the hotel and restaurant and construction industries. Manufacturing fell behind both the average industry growth in Torbay and the national growth rate, making it the fastest declining sector. Real estate, education and health have all increased at a much faster rate than could be expected, with education showing regional growth significantly above average. Health and real estate have both grown faster than the industry average would suggest they should have.

This data reiterates the reliance of the Torbay economy on certain sectors which have grown out of line with the national average. Health and education account for much of the growth between 2003 and 2008 and show clearly the sectoral reliance Torbay faces, and the risk future growth faces as a result of prospective public sector cuts. Higher GVA sectors such as

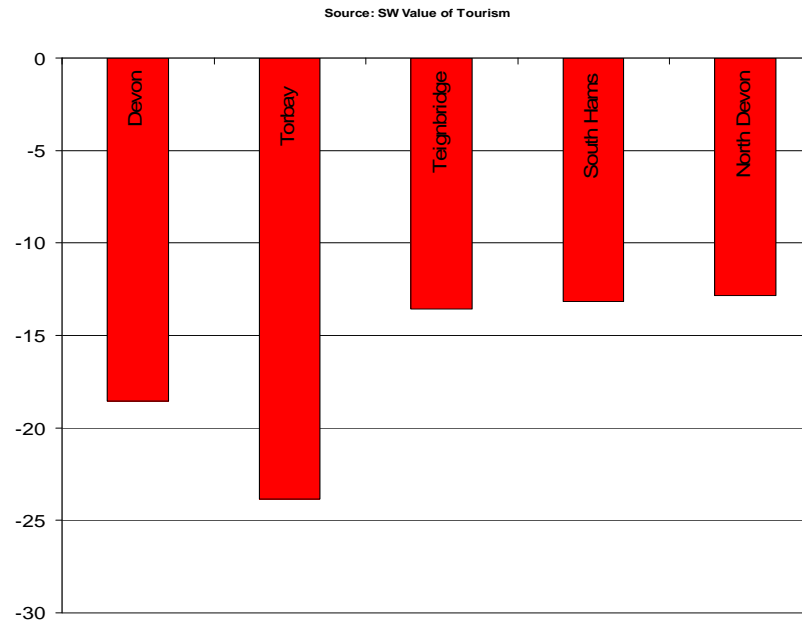
manufacturing and construction have declined at a faster rate in Torbay from a below average number to begin with, showing frailties in the economy. Perhaps most worryingly for a tourism driven region a faster than expected decline in the hotel and retail industries is apparent, and while these may not be the highest paid industries they form the backbone of the Torbay economy, and any decline poses a risk to future economic growth.

The challenge posed by a strong reliance on tourism is to maintain and improve Torbay's desirability as a holiday destination. As demonstrated above the tourism and service industry is failing to grow at the rate expected. For the past two decades the English Riviera has experienced a gradual but persistent decline in the value and volume in tourism. During this period there has been a dynamic globalisation of the tourism industry, combined with a revolution in consumer expectations and communications, which until recently Torbay has failed to recognise. Traditionally the English Riviera resort was a weekly and two weekly holiday destination but this had declined to 7.6 nights in 2003, and then reduced sharply to 4 nights by 2007. Although the day visitors have increased in recent years, many other emerging destinations offering city or rural breaks have increased at a much faster rate than Torbay⁶. While other areas of Devon have also seen a reduction, Torbay shows a disproportionate decline.

⁶ Source: Torbay Council Visitor & Residents Services

Figure 15: Percentage change in tourist nights 2001-2007

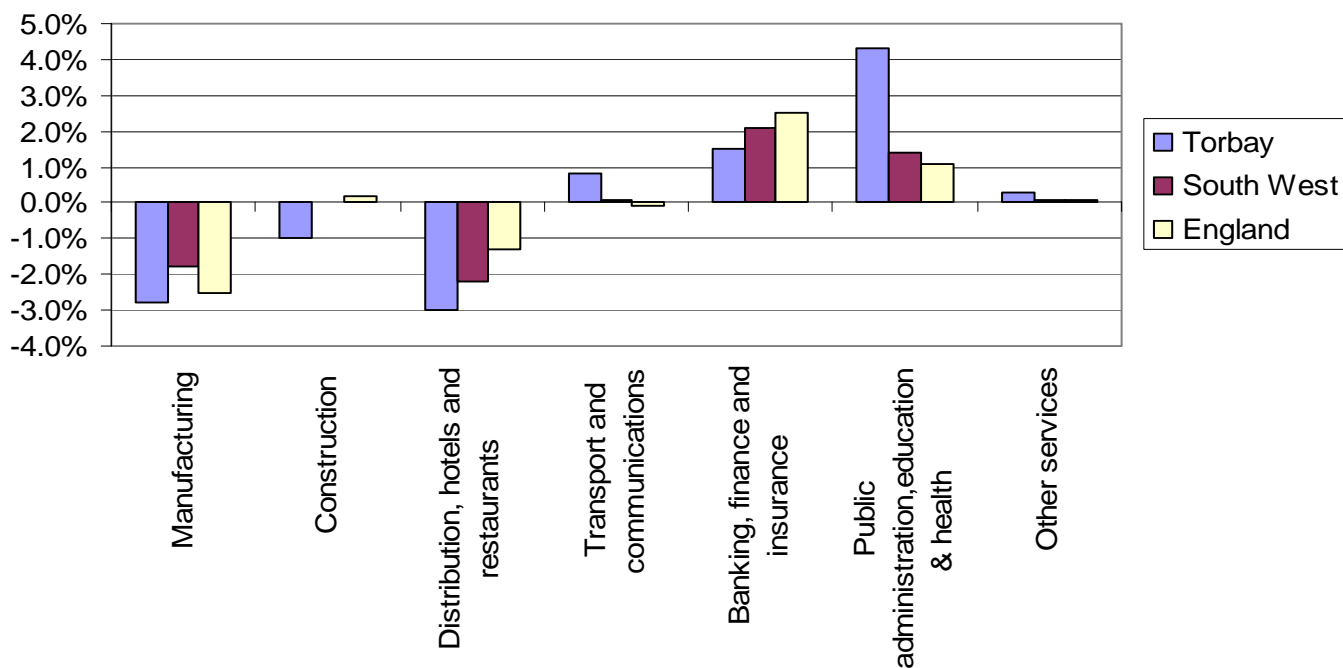
% change tourist nights 2001-2007



Source: Turning the Tide for Tourism in Torbay, SW value of tourism

In order to begin addressing this, a tourism strategy, Turning the Tide for tourism in Torbay (a strategy for 2010-2015) has been put in place. This aims to address key issues such as declining visitor numbers, promotion, and planning for the future. The full document is available here: www.torbay.gov.uk/tourism-strategy.pdf.

Figure 16: Percentage sectoral change 2003-2008



Source: ABI 2008, NOMIS & Torbay economic strategy

Heavy sectoral reliance on tourism and the related service industry, hotels and restaurants is also a contributing factor to the high proportion of small and medium enterprises within the local economy. The South West region has the highest number of micro, small and medium sized businesses in England, and in 2008 Torbay had 3.7% more people employed by businesses with fewer than 50 employees than the regional average. There are also significantly fewer residents employed by businesses with 200 or more employees in Torbay, suggesting that big businesses do not see the area as somewhere to invest.

Torbay as a seaside economy

The economy of Torbay is heavily influenced by its geography and this is recognised through its classification as one of the 41 principal seaside towns in England and Wales. Locally, Dawlish/Teignmouth, Exmouth and Sidmouth are also classified as seaside towns, creating a cluster along the South Devon coast. Research into these towns was completed in June 2010 by the Centre for Regional Economic and Social Research at Sheffield Hallam University and aims to challenge the widespread view that the British seaside economy is in terminal decline.

Seaside towns are a distinctive group of places which share a number of characteristics, such as holiday accommodation and a specialist tourist infrastructure, which in turn set them apart from other areas further in land. These are defined as having a population of at least 10,000 with seaside tourism as a significant component of the local economy. In 2007 the estimated GVA directly attributable to the seaside tourist industry in Torbay was £120 million⁷. Like many other seaside towns Torbay struggles to function as a central place. The large amount of coastline reduces the extent to which the towns can form a service centre for their hinterlands, reducing the amount of consumer spending. The research identifies Torbay as losing a modest amount of income to neighbours Exeter and Plymouth.

In terms of population Torbay is one of the significant seaside towns, ranking as the sixth largest in the study. However, it has been calculated that in terms of the average year round employment in seaside tourism (2006-2008) Torbay ranks fourth. This is important as Torbay has a population of over 100,000 less than Greater Blackpool, Greater Bournemouth and Greater Brighton which rank above it.

As a percentage of all jobs in the towns, seaside tourism directly (not taking into account supply chain) accounts for a relatively small proportion of jobs. The average percentage for the 41 principal seaside resorts is 10% of total employment, meaning Torbay is above average. Given that this measure is of year round employment these figures can be used to suggest that although tourist nights are reducing, the seaside economy in Torbay is far from dead, and highlights the importance of maintaining the industry to support the local economy.

⁷ Source: The Seaside Tourist Industry in England and Wales, CRESR Sheffield Hallam University

Table 6: Estimated average year round employment supported by seaside tourism, 2006/08

Population	Seaside Town	Number of Jobs	Rank by jobs	% of all jobs directly supported by seaside tourism ⁸
264,600	Greater Blackpool	19,400	1	15%
335,500	Greater Bournemouth	12,100	2	6%
284,300	Greater Brighton	11,900	3	7%
133,200	Torbay	9,200	4	15%
52,000	Weymouth	3,400	13	17%
76,300	Weston-super-Mare	2,500	22	7%
30,300	Dawlish/Teignmouth	1,800	31	18%
34,200	Exmouth	1,600	36	12%

Source: The Seaside Tourist Industry in England and Wales, CRESR Sheffield Hallam University

While the information above has only taken into account the jobs directly supported by seaside tourism, there are other factors which must also be considered in a coastal economy like Torbay's. There are jobs created by the supply chain to support the tourism, for example, food and drink supplier, laundry services, banks and tradesmen. The public sector is also sees an impact in terms of increased demand for public services such as police and health services during the visitor season. Another direct implication of Torbay's location is its population profile. Seaside towns attract additional residents precisely because of their coastal nature and many of those are likely to be retirees.

Interestingly, the research suggests that the widely held assumption that the British seaside industry is in terminal decline is wrong, and that with a larger disposable income many people are travelling abroad, but also taking a second or third holiday in the UK. There is no doubt that tourism in Torbay has declined in recent years but there is no reason why this should continue. Seaside tourism is an inherently important part of the economy and one which cannot be forgotten, but neither can it remain in the past. The seaside market has diversified and adapted in order to survive and Torbay must follow this trend if it is to do the same.

⁸ Key sectors include retail, hotels & restaurants, campsites and short-stay accommodation, transport, recreation, sporting & cultural activity and fair & amusement parks. They have been benchmarked so the estimates filter out those jobs not supported by seaside tourism.

Business Size

Torbay has a higher than average number of small and medium size enterprise (SMEs), coupled with fewer businesses with 200 or more employees. This reflects the large amount of proprietor run businesses and the challenge that remains to attract bigger employers to the area. While small businesses can be a sign of an entrepreneurial culture, large amounts can also suggest that there are not enough big businesses to support the population, meaning the SMEs are a product of necessity rather than desire.

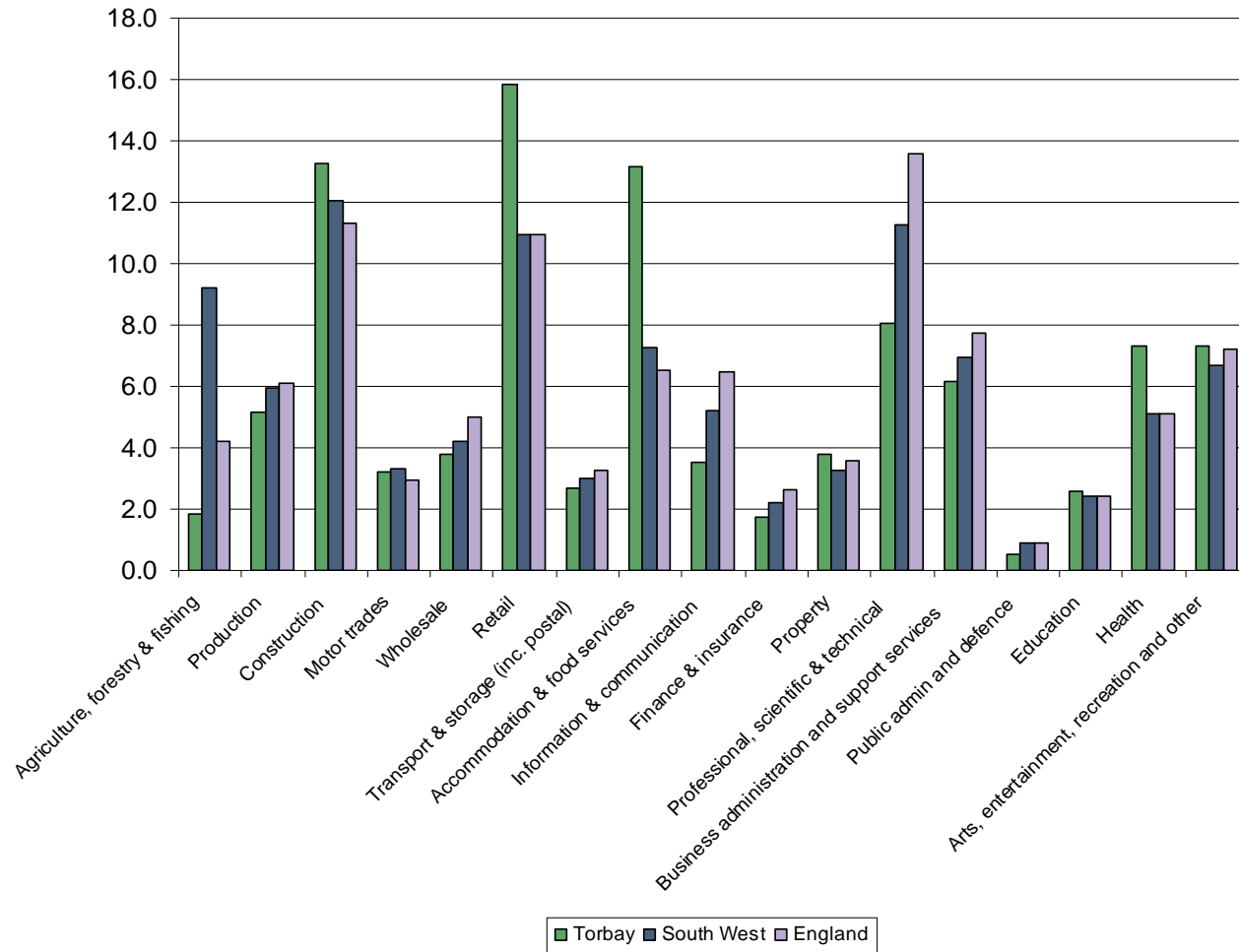
Table 7: Employment by size of business - 2008

	Torbay	South West	England
1-10 employees	24.7%	23.5%	21.3%
11-49 employees	28.3%	25.8%	23.7%
50-199 employees	22.6%	22.9%	23.7%
200 or more employees	24.4%	27.8%	31.4%

Source: Annual Business Enquiry, NOMIS

The number of VAT and/or PAYE based enterprises mirrors the sectoral reliance's demonstrated previously. The tourism and service industry is highly represented, with retail, accommodation & food services and entertainment enterprises all numbering higher in Torbay than the regional and national averages. A high number of units in public services such as education and health demonstrate once more the reliance of the area on public sector employment, and also the needs of an ageing population.

Figure 17: Units of VAT and/or PAYE based Enterprises in 2009



Source: Inter Departmental Business Register

Future Growth

In order to develop the Torbay economy, it is necessary to look to and plan for the future, in particular establishing which sectors offer the best potential for growth. As the economic downturn has made many previous forecasts irrelevant the South West Regional Development Agency commissioned Oxford Economics to deliver a new set of growth scenarios. These provide an idea of how key indicators including GVA might develop given a central, weaker or stronger economic trend. They also give a breakdown of potential growth by sector from the present up until 2030.

The projections are based on the South West economy growing at between 1.5% and 2.75% depending on the speed of the economic recovery. This represents an overall growth in employment of between 2,400 and 8,100 jobs during the period 2010-2030, or between 4% and 14%.

The tables on the following pages break down the projected growth for Torbay by industrial sector and also the expected GVA increase between 2010 and 2030. Further detail on the growth scenarios and the methodology used to compile them can be found on the South West Observatory website: <http://economy.swo.org.uk/publications/simulations-projections-and-forecasts/sw-growth-scenarios>.

Table 8: Employment by Sector (1000's) – Central trend growth – 2.3%

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2030
Agriculture	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4
Manufacturing of:												
Food, drinks & tobacco	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4
Textiles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wood products	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pulp, paper & printing	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1
Coke, oil refining & nuclear fuel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chemicals & man-made fibres	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rubber & plastic products	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5
Other non-metallic mineral products	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Metals	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Machinery & equipment	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Electrical optical equipment	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.4
Transport equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other manufacturing	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Manufacturing	2.6	2.6	2.5	2.5	2.4	2.4	2.3	2.3	2.2	2.2	2.1	1.7
Electricity, gas & water	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Construction	4.0	3.9	4.0	4.1	4.1	4.2	4.2	4.2	4.3	4.3	4.3	4.6
Distribution & retail	9.9	10.0	10.1	10.3	10.5	10.8	10.9	11.0	11.1	11.2	11.2	11.3
Hotels & restaurants	7.2	7.2	7.2	7.4	7.5	7.6	7.7	7.8	7.8	7.8	7.8	7.7
Transport & communications	2.0	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Financial intermediation	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5
Business services	6.4	6.5	6.6	6.9	7.2	7.5	7.7	7.8	7.9	8.0	8.1	8.6
Public administration & defence	2.3	2.3	2.2	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Education	5.1	5.1	5.0	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	5.0
Health	12.6	12.5	12.3	12.3	12.3	12.3	12.4	12.5	12.5	12.6	12.7	14.2
Other personal services	3.8	3.9	3.9	4.0	4.0	4.0	4.0	4.0	4.1	4.1	4.1	4.1
Total	57.2	57.1	57.2	57.7	58.4	59.1	59.7	60.0	60.2	60.5	60.7	62.5

Source: South West Growth Scenarios, Oxford Economics, June 2010

Table 9: Employment by Sector (000's) – Stronger trend growth – 2.75%

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2030
Agriculture	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4
Manufacturing of:												
Food, drinks & tobacco	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4
Textiles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wood products	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pulp, paper & printing	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1
Coke, oil refining & nuclear fuel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chemicals & man-made fibres	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rubber & plastic products	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5
Other non-metallic mineral products	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Metals	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Machinery & equipment	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Electrical optical equipment	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.4
Transport equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other manufacturing	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Manufacturing	2.6	2.6	2.5	2.5	2.4	2.3	2.3	2.2	2.2	2.1	2.1	1.7
Electricity, gas & water	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Construction	4.0	4.0	4.1	4.2	4.3	4.3	4.3	4.4	4.4	4.4	4.5	4.9
Distribution & retail	10.0	10.2	10.4	10.6	10.8	11.1	11.2	11.3	11.4	11.5	11.6	11.9
Hotels & restaurants	7.2	7.3	7.4	7.6	7.7	7.9	7.9	8.0	8.0	8.0	8.1	8.1
Transport & communications	2.0	2.0	2.1	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Financial intermediation	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6
Business services	6.5	6.7	6.8	7.1	7.4	7.7	7.9	8.1	8.2	8.3	8.4	9.2
Public administration & defence	2.3	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.4	2.4	2.5
Education	5.1	5.2	5.2	5.3	5.3	5.4	5.5	5.5	5.5	5.5	5.5	5.7
Health	12.4	12.6	12.7	12.8	13.0	13.2	13.3	13.3	13.4	13.5	13.6	14.2
Other personal services	3.8	3.8	3.8	3.8	3.8	3.9	3.9	3.9	3.9	3.9	3.9	4.0
Total	57.5	58.1	58.7	59.4	60.4	61.6	62.1	62.5	62.8	63.1	63.5	65.6

Source: South West Growth Scenarios, Oxford Economics, June 2010

Table 10: Employment by Sector (000's) – Weaker trend growth – 1.5%

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2030
Agriculture	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Manufacturing of:												
Food, drinks & tobacco	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4
Textiles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wood products	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pulp, paper & printing	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1
Coke, oil refining & nuclear fuel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chemicals & man-made fibres	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rubber & plastic products	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5
Other non-metallic mineral products	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Metals	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Machinery & equipment	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Electrical optical equipment	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.4
Transport equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other manufacturing	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Manufacturing	2.6	2.6	2.5	2.4	2.4	2.3	2.3	2.2	2.2	2.1	2.1	1.7
Electricity, gas & water	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Construction	4.0	3.9	4.0	4.0	4.1	4.1	4.1	4.2	4.2	4.2	4.2	4.4
Distribution & retail	9.9	10.0	10.1	10.2	10.4	10.6	10.7	10.8	10.9	10.9	10.9	10.8
Hotels & restaurants	7.2	7.2	7.2	7.3	7.4	7.5	7.6	7.6	7.6	7.6	7.6	7.4
Transport & communications	2.0	2.0	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.0
Financial intermediation	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5
Business services	6.5	6.5	6.6	6.8	7.1	7.3	7.5	7.6	7.7	7.8	7.8	8.1
Public administration & defence	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.3
Education	5.1	5.1	5.1	5.1	5.1	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Health	12.3	12.3	12.3	12.4	12.5	12.6	12.7	12.7	12.7	12.7	12.8	12.8
Other personal services	3.8	3.7	3.7	3.6	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.6
Total	57.0	56.9	57.0	57.4	58.1	58.8	59.4	59.6	59.7	59.8	59.8	59.4

Source: South West Growth Scenarios, Oxford Economics, June 2010

Within all three growth scenarios the biggest increase in job numbers is expected in business services. Within the weaker and stronger growth projections retail is expected to make the next most significant increase followed by health. In the central growth scenario health is expected to grow faster than retail.

Retail and the public sector are currently the dominant sectors within the Torbay economy and these projections suggest that this is unlikely to change greatly over the next 20 years. Certainly, the ageing population of the Bay would support an increase in healthcare and improvements to the retail offer could offer better employment within that sector.

Table 11: Total projected growth by sector (000's)

	Weaker Growth	Central Growth	Stronger Growth
Agriculture	-0.1	-0.1	-0.1
Total Manufacturing	-0.9	-0.9	-0.9
Electricity, gas & water	0.0	0.0	0.0
Construction	0.5	0.7	0.9
Distribution & retail	0.9	1.4	1.9
Hotels & restaurants	0.2	0.5	0.8
Transport & communications	0.0	0.1	0.2
Financial intermediation	-0.2	-0.1	-0.1
Business services	1.7	2.2	2.7
Public administration & defence	0.0	-0.2	0.2
Education	0.1	-0.1	0.6
Health	0.5	1.7	1.8
Other personal services	-0.1	0.3	0.2
Total	2.4	5.4	8.1

Source: South West Growth Scenarios, Oxford Economics, June 2010

At the other end of the scale reductions are forecast in manufacturing, agriculture and financial services. As manufacturing is already very low in Torbay, but has been identified as one of the high productivity sectors the challenge is to try and grow the high-tech elements of this sector in order to try and improve GVA.

Table 12: GVA by sector (£m, 2005 prices) – Central trend growth – 2.3%

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2030
Agriculture	6	6	6	6	6	6	6	6	6	6	6	6
Manufacturing of:												
Food, drinks & tobacco	24	24	25	25	25	25	25	26	26	26	26	27
Textiles	1	1	1	1	1	1	1	1	1	1	1	0
Wood products	1	1	1	1	1	1	1	1	1	1	1	1
Pulp, paper & printing	7	7	7	7	7	7	7	7	7	7	7	7
Chemicals & man-made fibres	1	1	1	1	1	1	1	1	1	1	1	2
Rubber & plastic products	21	23	24	25	25	26	26	27	27	28	28	34
Other non-metallic mineral products	3	3	3	3	3	3	3	3	3	3	3	4
Metals	3	3	4	4	4	4	4	4	4	4	5	5
Machinery & equipment	2	2	2	2	2	2	2	2	2	2	2	3
Electrical optical equipment	32	33	34	34	35	35	35	35	36	36	36	38
Transport equipment	2	2	2	2	2	2	2	2	2	2	2	3
Other manufacturing	4	4	4	4	4	4	4	4	4	5	5	5
Total Manufacturing	101	105	108	110	111	113	114	115	116	117	118	129
Electricity, gas & water	12	12	13	13	13	13	14	14	14	14	14	15
Construction	99	99	101	105	108	111	113	116	119	122	125	152
Distribution & retail	216	220	226	235	242	250	257	264	270	276	282	346
Hotels & restaurants	104	106	108	112	115	118	121	124	126	129	131	157
Transport & communications	71	73	75	78	80	82	85	87	90	92	94	117
Financial intermediation	39	39	40	42	43	45	46	47	48	49	50	57
Business services	190	198	206	217	229	241	252	263	273	284	294	402
Public administration & defence	107	104	102	103	103	104	104	105	105	106	106	109
Education	116	116	117	118	118	119	120	121	122	122	123	129
Health	270	273	277	283	291	297	304	309	313	318	322	383
Other personal services	83	85	87	89	91	91	91	90	91	91	92	97
Total	1576	1598	1628	1673	1717	1757	1797	1832	1865	1899	1934	2288
Ownership of dwelling	162	162	162	163	165	167	169	170	172	174	176	189

Source: South West Growth Scenarios, Oxford Economics, June 2010

Table 13: GVA by sector (£m, 2005 prices) – Stronger trend growth – 2.75%

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2030
Agriculture	6	6	6	6	6	6	6	6	7	7	7	7
Manufacturing of:												
Food, drinks & tobacco	24	25	25	25	25	25	25	25	25	26	26	27
Textiles	1	1	1	1	1	1	1	1	1	1	1	0
Wood products	1	1	1	1	1	1	1	1	1	1	1	1
Pulp, paper & printing	7	7	7	7	7	7	7	7	7	7	7	7
Chemicals & man-made fibres	1	1	1	1	1	1	1	1	1	1	1	2
Rubber & plastic products	21	23	24	25	25	25	26	26	27	27	28	34
Other non-metallic mineral products	3	3	3	3	3	3	3	3	3	3	3	4
Metals	3	4	4	4	4	4	4	4	4	4	4	5
Machinery & equipment	2	2	2	2	2	2	2	2	2	2	2	3
Electrical optical equipment	32	34	34	34	35	35	35	35	35	36	36	39
Transport equipment	2	2	2	2	2	2	2	2	2	2	2	3
Other manufacturing	4	4	4	4	4	4	4	4	4	4	5	5
Manufacturing Total	102	106	109	110	111	112	113	114	115	116	117	130
Electricity, gas & water	12	13	13	13	14	14	14	15	15	15	15	16
Construction	100	101	105	109	113	117	119	123	126	130	134	169
Distribution & retail	218	226	234	244	253	263	270	278	286	293	301	383
Hotels & restaurants	105	109	112	116	120	124	127	130	133	136	140	173
Transport & communications	72	75	78	80	84	87	89	92	95	98	101	129
Financial intermediation	39	40	42	44	46	47	49	50	52	53	54	64
Business services	192	204	214	226	240	254	267	279	291	304	316	449
Public administration & defence	109	109	110	111	112	114	114	115	116	117	119	133
Education	117	120	123	127	130	133	134	135	136	137	138	147
Health	267	275	285	296	308	319	325	331	336	341	345	384
Other personal services	83	84	84	85	86	87	87	87	87	88	88	94
Total	1588	1634	1681	1737	1794	1853	1894	1934	1976	2019	2063	2486
Ownership of dwelling	164	166	167	169	172	175	177	179	181	184	187	208

Source: South West Growth Scenarios, Oxford Economics, June 2010

Table 14: GVA by sector (£m, 2005 prices) – Weaker trend growth – 1.5%

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2030
Agriculture	6	6	6	6	6	6	6	6	6	6	6	6
Manufacturing of:												
Food, drinks & tobacco	24	25	25	25	25	25	25	25	25	26	26	27
Textiles	1	1	1	1	1	1	1	1	1	1	1	0
Wood products	1	1	1	1	1	1	1	1	1	1	1	1
Pulp, paper & printing	7	7	7	7	7	7	7	7	7	7	7	7
Chemicals & man-made fibres	1	1	1	1	1	1	1	1	1	1	1	2
Rubber & plastic products	21	23	24	24	25	25	26	26	27	27	28	34
Other non-metallic mineral products	3	3	3	3	3	3	3	3	3	3	3	4
Metals	3	4	4	4	4	4	4	4	4	4	4	5
Machinery & equipment	2	2	2	2	2	2	2	2	2	2	2	3
Electrical optical equipment	32	33	34	34	34	34	35	35	35	36	36	38
Transport equipment	2	2	2	2	2	2	2	2	2	2	2	3
Other manufacturing	4	4	4	4	4	4	4	4	4	4	5	5
Total Manufacturing	102	106	108	109	110	111	112	113	115	116	117	128
Electricity, gas & water	12	12	13	13	13	13	13	14	14	14	14	13
Construction	99	99	101	104	107	109	112	115	118	121	123	140
Distribution & retail	216	220	226	232	239	246	253	260	268	272	277	318
Hotels & restaurants	104	106	108	111	114	116	119	122	126	127	129	145
Transport & communications	71	73	75	77	79	81	84	86	89	91	93	108
Financial intermediation	39	39	40	41	43	44	45	47	48	49	49	52
Business services	190	198	206	215	225	236	247	259	270	278	287	364
Public administration & defence	108	106	106	107	107	108	108	109	110	111	112	119
Education	116	117	119	122	124	126	127	128	129	129	130	131
Health	265	269	276	285	294	302	309	314	318	321	323	343
Other personal services	82	82	81	82	83	83	83	83	83	83	84	86
Total	1572	1595	1627	1665	1705	1745	1784	1824	1865	1889	1914	2127
Ownership of dwelling	162	162	162	162	163	164	166	168	171	171	172	174

Source: South West Growth Scenarios, Oxford Economics, June 2010

Mirroring the projected job increases above, the GVA driven by business services is also predicted to rise at the highest rate. Interestingly the GVA increase in retail is predicted to be higher than that in health across all three scenarios, suggesting that while we may assume retail is not a particularly productive sector, it could contribute more than initially expected.

Table 15: Total projected GVA growth by sector (£m, 2005 prices)

	Weaker Growth	Central Growth	Stronger Growth
Agriculture	0	1	1
Total Manufacturing	26	28	28
Electricity, gas & water	1	2	4
Construction	41	53	68
Distribution & retail	102	130	165
Hotels & restaurants	40	52	67
Transport & communications	36	46	57
Financial intermediation	13	18	25
Business services	174	212	257
Public administration & defence	11	1	23
Education	15	13	30
Health	78	114	117
Other personal services	4	14	12
Total	555	712	899
Ownership of dwelling	12	27	45

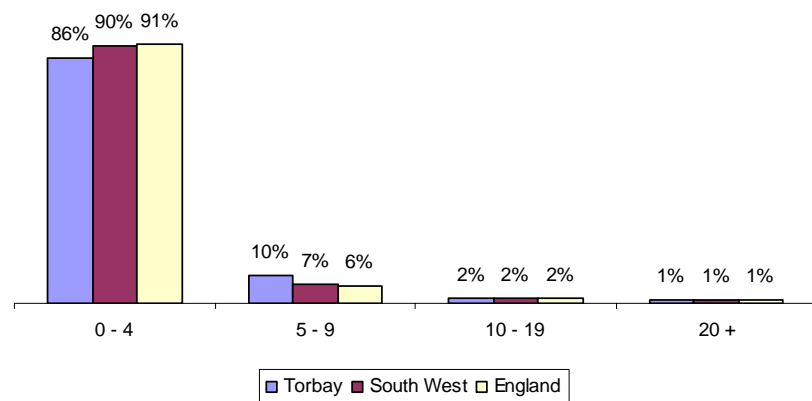
Source: South West Growth Scenarios, Oxford Economics, June 2010

Although the economy nationally appears to have stopped contracting there is uncertainty about how quickly it can recover and the same is true for Torbay. The impact of public sector cuts remains an unknown quantity but there is little doubt this will affect the local economy.

2.2 Enterprise and innovation: Gauge the levels of and trends in business start ups and closures, growth of small and medium-sized enterprises and self employment; and gauge the challenges and opportunities to employment and growth in knowledge intensive industries and other high growth sectors. Local authorities should also explore the extent to which universities and other higher education institutions are linked up to local businesses.

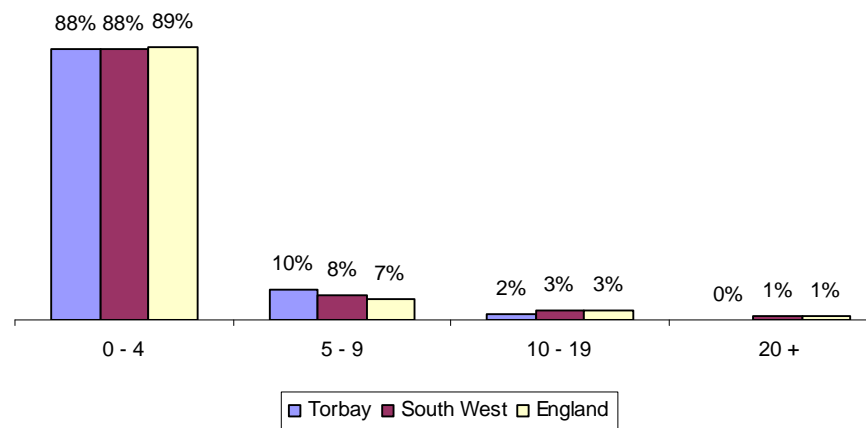
As demonstrated in the previous section, Torbay has a high proportion of small & medium-sized enterprises and this is underlined by the rates of business start ups and closures in different size bands. In 2008 there were 440 enterprise start ups in Torbay, 86.4% of which employed between 0 and 4 people, during the same time period 520 enterprises ceased trading, 88.5% of which were in the 0-4 size band.

Figure 18: Birth of new Enterprise – 2008



Source: ONS Business Demography 2008

Figure 19: Death of Enterprise – 2008

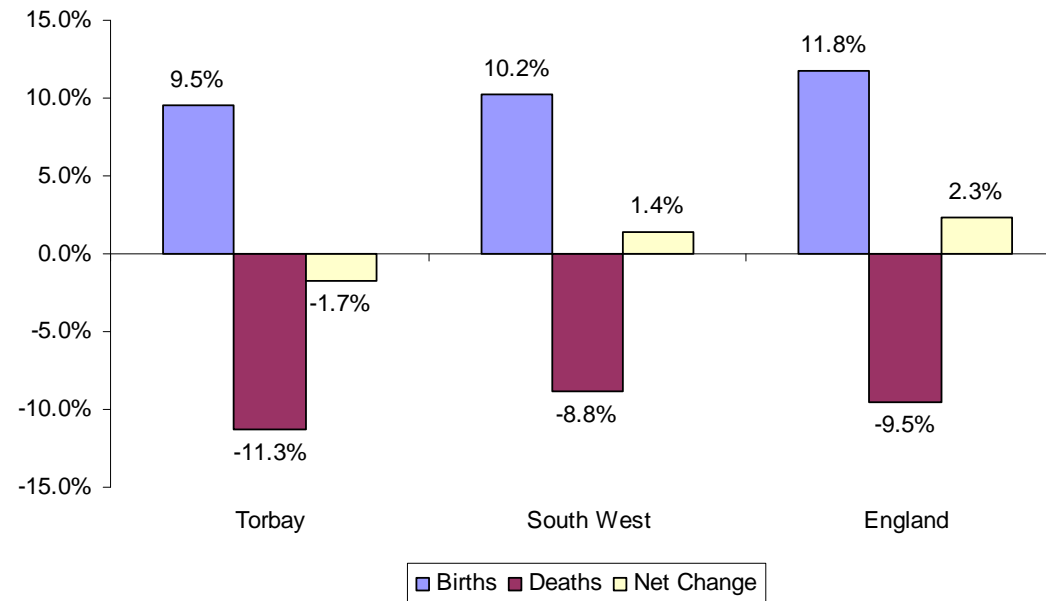


Source: ONS Business Demography 2008

The number of micro business start ups in Torbay is slightly below the regional and national averages. There are a number of reasons for this, including a desire from business owners to stay below the VAT threshold, earning enough to support themselves, but not employing any additional help. In this respect many of the businesses within Torbay can be regarded as part of a lifestyle choice, with owners moving to the local area for the quality of life and seeking to support themselves. They

therefore do not seek to increase turnover beyond a certain level, and as a result of this do not create more jobs in the local economy or appear in the business demography figures.

Figure 20: Births & Deaths as a proportion of enterprise stock - 2008



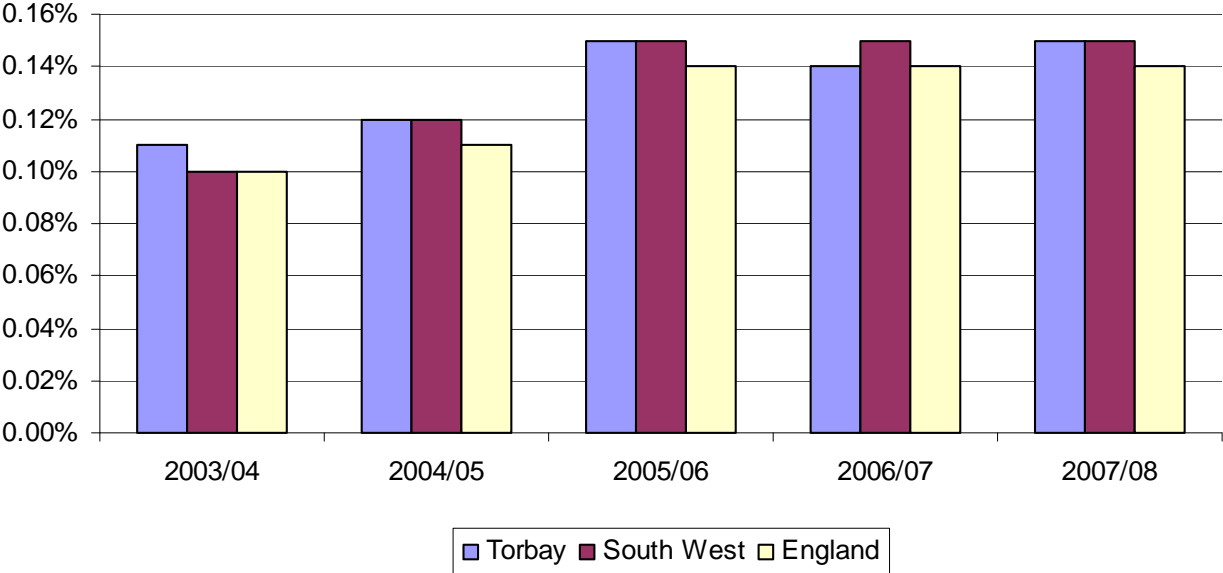
Source: Business Demography 2008, ONS

In 2008 the proportion of business start ups in Torbay was 9.5% of the enterprise stock. This was lower than both the South West and English totals. Deaths were also higher, meaning Torbay had a net decrease of 1.7% of stock enterprise, whereas across the country there was slight growth. This paints a picture of a difficult trading environment in Torbay, as more businesses than average are closing and less starting up, suggesting a challenging local economy. This trend is also emphasised by the proportion of enterprises started and closed per 10,000 adult residents. In Torbay 39.4 businesses registered, compared to 49.0 in the South West and 57.2 in England. At 46.4 closure rates were similar to the national average, however the lower start up rate means there was a net change of -7 enterprises per 10,000 in 2008, well below the South West figure of 6.7 and the English total of 11.0.

Business Growth

In 2007/08 0.15% of small businesses in Torbay showed employment growth. This is the same as the South West and slightly higher than the English average of 0.14%. Growth has increased from 0.11% in 2003/04, an increase of 0.04%, in line with the national average and only slightly behind the South West growth of 0.05%.

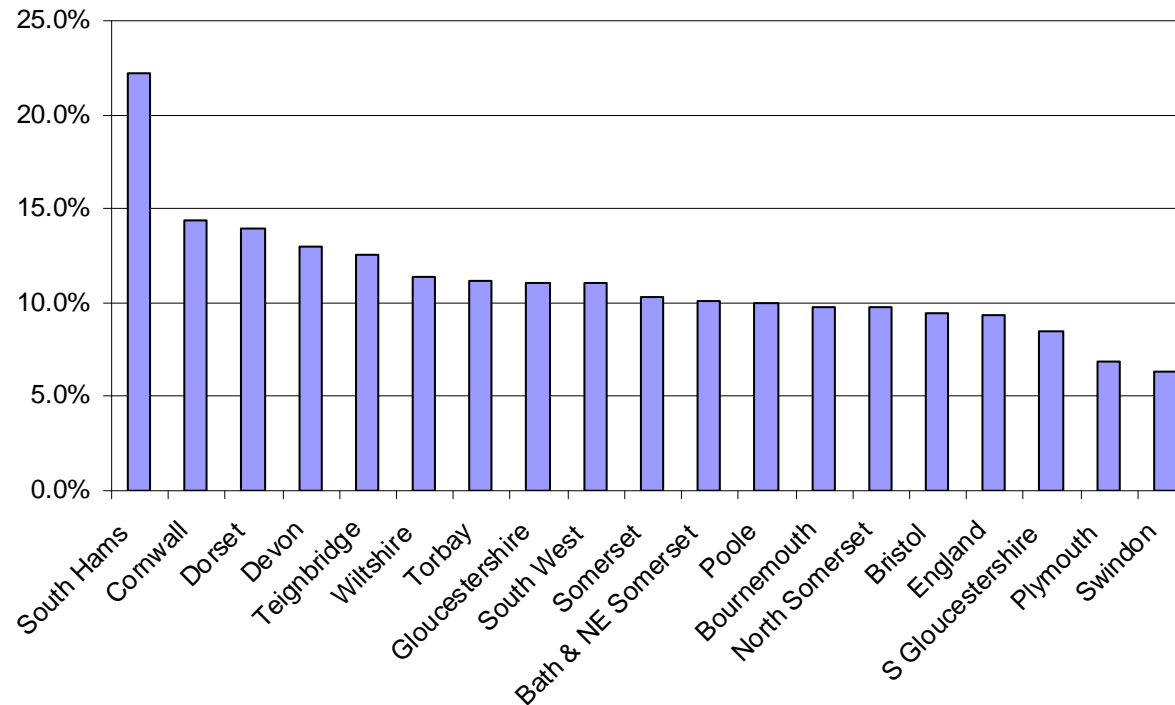
Figure 21: Percentage of small businesses showing employment growth



Source: Dept for Business Innovation & Skills through ONS local profile

Self Employment

Figure 22: South West Self Employment levels 2009 – percentage of economically active working age population

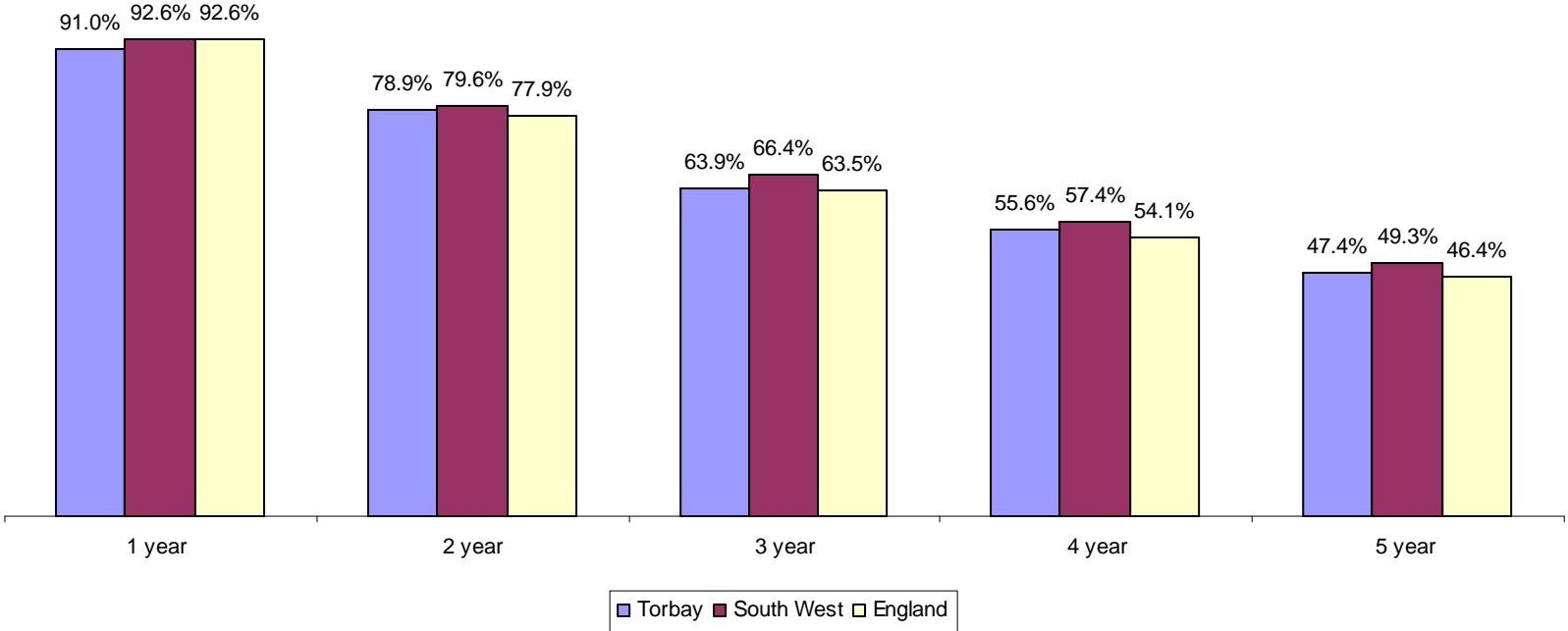


Source: Annual Population Survey

At 11.2% self employment levels in Torbay are 2% above the national average of 9.3%, and roughly in line with the region at 11%. There is however, a marked difference between the numbers of self employed working age residents in Torbay and in the neighbouring districts of Teignbridge and South Hams. This is likely to be an extreme reflection of the general picture across the South West that rural areas have a higher count of self employed people than urban centres.

Overall business survival rates in Torbay are very similar to the national average, although slightly below the South West total. Of businesses started in 2003 47.4% were still in operation 5 years later.

Figure 23: Business survival rates – 2003 start ups

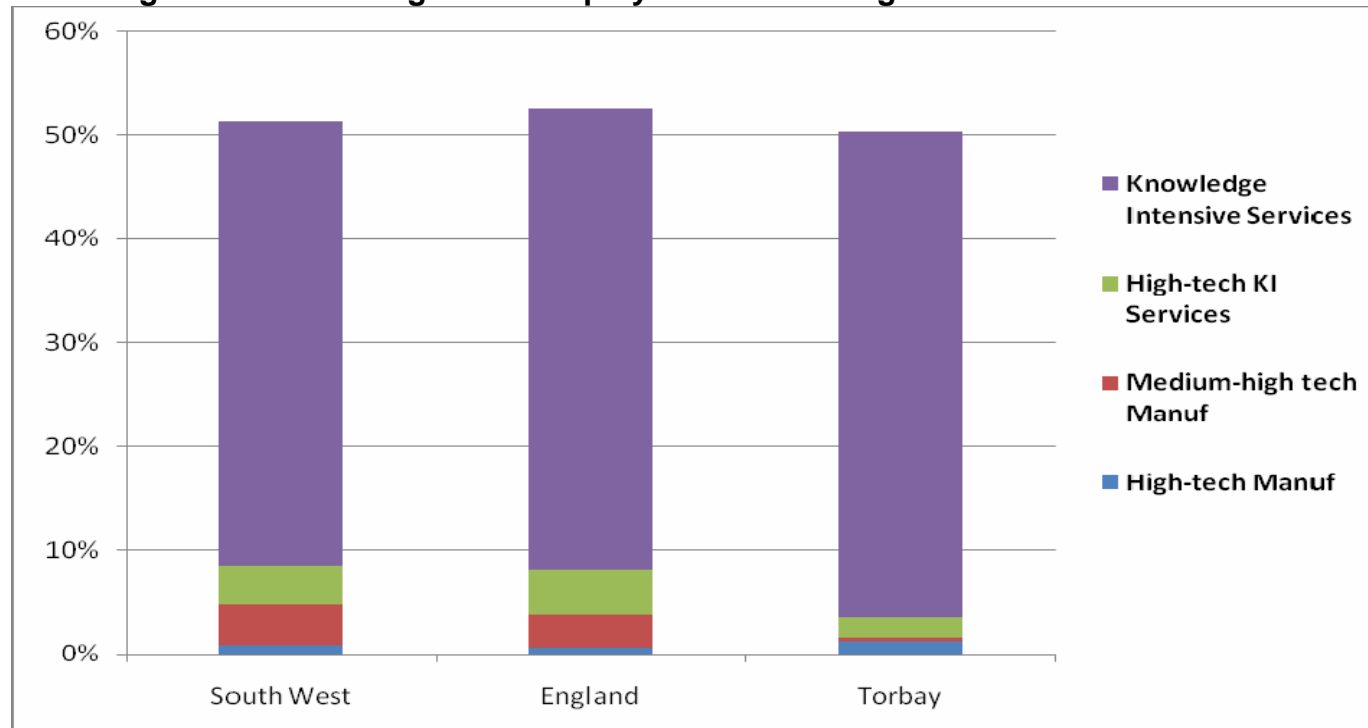


Source: ONS Business Demography 2008

Knowledge Intensive Enterprise

Torbay’s Inward Investment strategy has identified key growth sectors for the area, and among these are the knowledge intensive advanced electronics, healthcare, environmental and marine industries. Under the Eurostat definition (see Appendix 2 for more detail), 50.3% of Torbay’s employment would be classified as within knowledge-intensive sectors. This is below the regional total of 51.2%, and the national total of 52.6%.

Figure 24: Percentage of all employees in knowledge intensive sectors – 2008



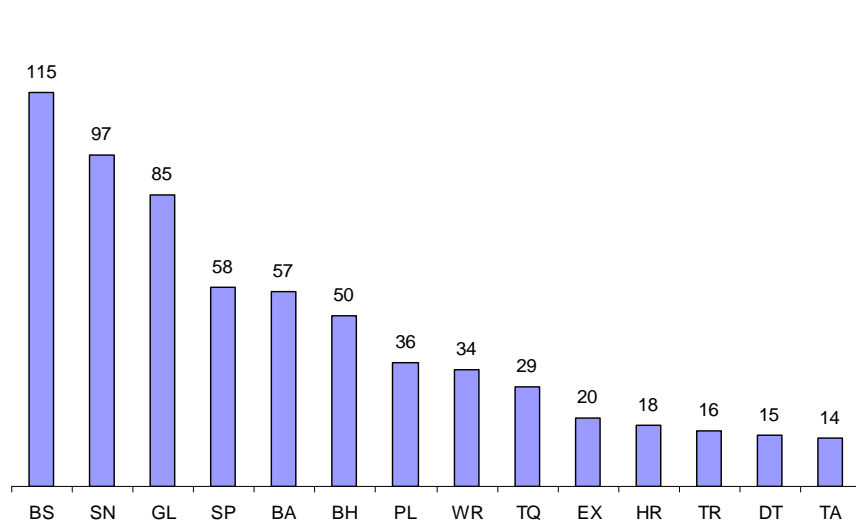
Source: ABI, NOMIS and SLIM Sub-regional Employment and Skills Analysis 2010

The knowledge-intensive sector breakdown within Torbay also varies from the rest of the region, with 47% of employment in knowledge intensive services, compared to 42.7% across the South West as a whole. This is perhaps unsurprising given this category contains those employed in education, health & social work and recreation, sport and culture, all sectors we are aware have a high density within the Torbay economy. High-tech manufacturing is also a comparative strength, with 0.4% more of the population employed in this sector than the regional average. The areas of the knowledge-intensive sector which Torbay lags behind the region on are within high-tech knowledge intensive services, and medium-high tech manufacturing. This demonstrates a lack of research & development, computing and some types of manufacturing.

Patent Applications

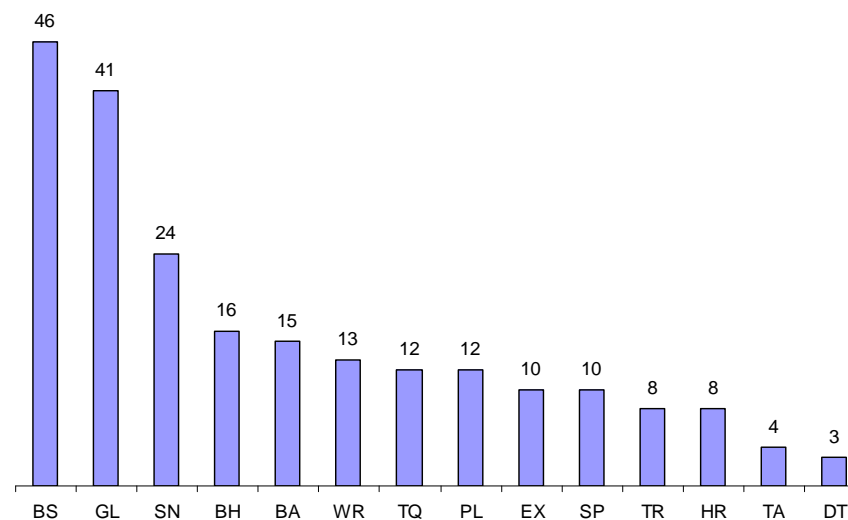
Another way of gauging levels of enterprise and innovation is through the number of patent applications published and granted.

Figure 25: Number of A publications in 2009



Source: Intellectual Property Office

Figure 26: Number of B publications in 2009



Source: Intellectual Property Office

BA	BH	BS	DT	EX	GL	HR	PL	SN	SP	TA	TQ	TR	WR
Bath	Bournemouth	Bristol	Dorchester	Exeter	Gloucester	Hereford	Plymouth	Swindon	Salisbury	Taunton	Torbay	Truro	Worcester

Patent applications are published twice, once in their original form (A document) and again after a grant has been allowed (B document). Essentially an A document is a patent pending, and a B document means a patent has been granted. In 2009 Torbay postcodes had the same amount of patents granted as Plymouth, and more than Exeter. Given the lack of a university in Torbay this is perhaps surprising, and shows there is a level of innovation within the Bay. It must be taken into account the

TQ postcodes also cover much of South Devon and do not stop at the Torbay administrative boundaries, but this is still a positive figure.

2.3 Business needs: Gauge the views of local businesses on what is contributing to and what is hindering business investment and economic growth, how well local authorities engage local businesses and local business networks, and the extent to which their core services, such as their regulatory services, support local businesses.

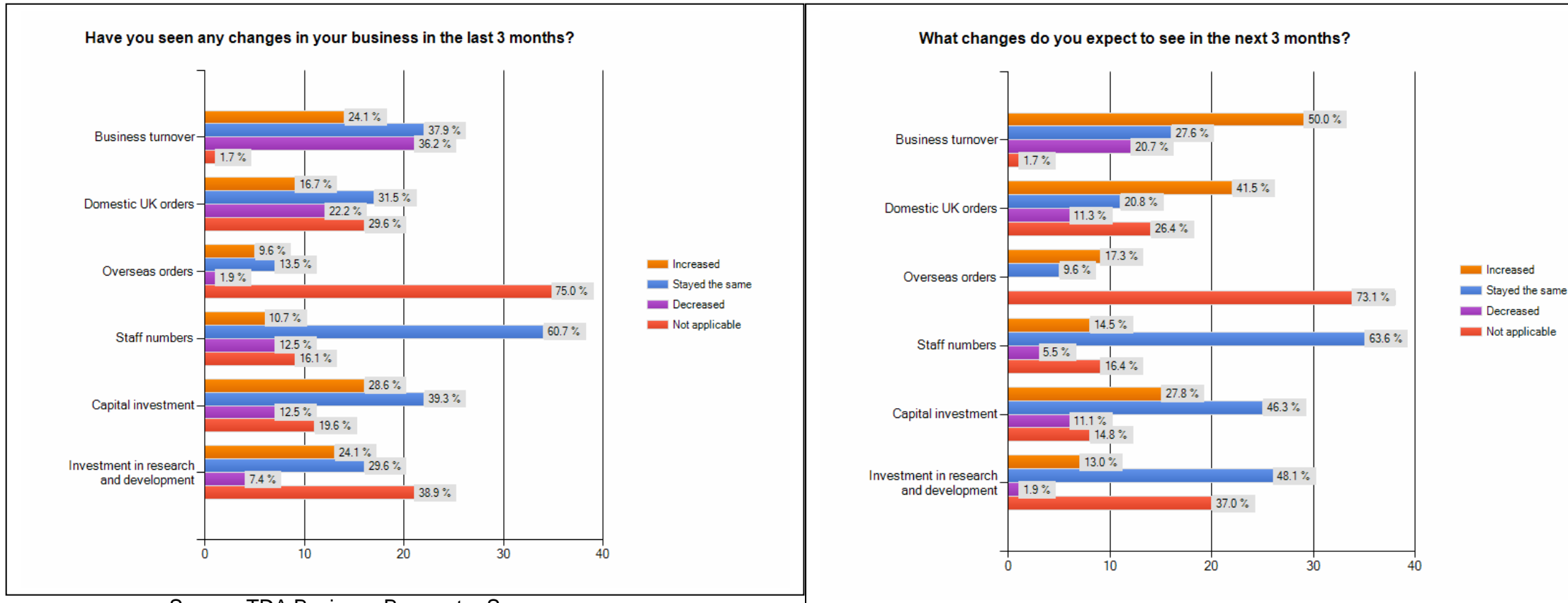
In order to begin gauging the views of local businesses in early 2010 Torbay Development Agency launched its Business Barometer. This rolling survey is designed to find out how local businesses feel about market trends and the economy, challenges and opportunities and use of ICT. Further editions of the survey will be carried out online at www.torbaydevelopmentagency.co.uk, and recipients can request a copy of results.

The results of the first survey were released in March 2010, and give an insight into how local businesses are feeling. It is clear businesses have been impacted on by the recession, with 36.2% of respondents seeing business turnover decrease in the three months preceding the survey and 22% experiencing a fall in domestic orders.

There is some encouragement however, as 50% of businesses expect to see turnover improve over the next three months. 41.5% expect domestic orders to also increase. It will however, take time before this confidence filters down into employment and wider investment as the bulk of businesses reported that they expect to see staff numbers, capital investment and research & development remain at the same level over the next quarter.

In terms of business support, the survey suggests that for the majority of businesses their own accountant is the first port of call for advice (51.9%), closely followed by banks (28.8%) and Business Link (26.9%). This suggests that the local authority needs to work closely with these services, in order to ensure businesses have access to all the information and support available to them.

Figure 27: Business Barometer Results



Source: TDA Business Barometer Survey

Gaining and retaining new business in Torbay is currently one of the biggest challenges for Torbay. In order to try and address this an inward investment strategy was launched in 2009. This defines what Torbay has to offer, sets out priority sectors and identifies how success can be measured. As part of this strategy it is essential that the needs of the business community are assessed and that resources such as office space are provided where they are needed and not where it is easiest to put them. More information on the availability of employment land within Torbay can be found within the transport and infrastructure section of this document.

There is evidence that work is being done to engage and support local businesses, particularly in the retail sector, through the formation of the Torbay Town Centre Company (TTCC) by Torbay Development Agency and the private sector. This was established in October 2008 to act as a bridge between the public and private sectors and support the improvement of the town centres in Torbay. Notable progress has been made, and in March 2010 businesses in centre of Torquay voted to support the creation of a Business Improvement District (BID). Businesses within the BID area have agreed to contribute an amount, based on their rateable value, which the TTCC will use to improve the town centre's appeal to residents and visitors alike. It is hoped that this will encourage shoppers to stay within Torbay, rather than shop in the bigger cities of Exeter and Plymouth.

Other interaction between the private and public sector takes place through the Business Forum. Made up of members of the business community and with input from the Council through the Torbay Development Agency the Forum meets bimonthly and is an opportunity for the Council to keep businesses up to date and for key drivers in the private sector to make their feelings known.

To gain further information from businesses as to what they think is helping and hindering investment and growth a strategy forum event was held in May 2010. While the aim of the event was to inform the economic strategy refresh, there was also feedback on a SWOT analysis for the Torbay economy. This indicates that businesses feel one of Torbay's key weaknesses is a lack of clear vision about where it is going. There is a belief that Torbay needs to identify its niche and for the public and private sector to work together to carve this out. While a strong local college is identified as a strength, the lack of good graduate opportunities for young people is seen as a weakness and a knowledge drain.

Public/private partnership and interaction is identified as an opportunity as particularly small businesses seek to work through red tape. Businesses want to be engaged in what the local authority is doing, and there is scope through this engagement to further develop existing groups such as the business forum.

Table 16: Torbay Economy SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Business services growth ▪ Enterprising economy ▪ Attractive natural location ▪ Quality of life ▪ Reputation as a tourism destination ▪ Active business community influencing the public sector ▪ Programme of business support from local and regional partners is coherent ▪ Clear vision for physical regeneration of the area ▪ Outstanding South Devon College, already providing some courses linked to identified growth sectors. ▪ Cost advantages to businesses ▪ High quality healthcare and research through the hospital Creation of Economic Development Company and approval of use of public assets can generate speed in delivery of regeneration ▪ Language schools and education ▪ More positive on potential of tourism impact ▪ Heritage and quality of life ▪ Opportunities for young people – water park etc. ▪ Facilities for young families – e.g. safe seaside ▪ Close proximity to Exeter Airport and local cities of Plymouth and Exeter ▪ Size of the area means it is easier to turn things around quickly – affluence can potentially spread to other areas ▪ Location – can go to other places, not stuck in one corner 	<ul style="list-style-type: none"> ▪ Peripheral location ▪ Transportation links in particular by road ▪ Low levels of flexibility & skills in local labour market, particularly higher level skills ▪ Lack of serviced premises for employment ▪ Too few businesses growing past VAT threshold/Lifestyle businesses ▪ Low GVA per head, linked to the decline in higher value employment and manufacturing ▪ Increasing levels of deprivation and worklessness – in particular child poverty ▪ Low levels of job density ▪ Ageing population ▪ Lack of R&D and weak links with universities ▪ Reputation as holiday destination rather than a business centre ▪ High levels of economic inactivity and benefit claimants ▪ Omitting goals for unskilled workers ▪ Need more emphasis on tourism ▪ Limited external funding – must fully engage with private sector/community ▪ Reputation historically needs addressing ▪ Structure of Torbay Council is not ideal ▪ Torbay does not shout loudly enough about its strengths ▪ Lack of cultural pride in the area ▪ No clear focussed message across all areas ▪ Lack of theatre/gateway/significant promotion to help people understand what is on offer as they approach the area ▪ Problems with engagement – cultural resistance to change – older generations and people moving into area in a ‘bubble’ ▪ Lack of consistency in planning policies ▪ Not enough facilities for bright, young people to attract them to stay ▪ Retail area – perhaps too big for Torbay ▪ Lack of aspiration

Opportunities	Threats
<ul style="list-style-type: none"> ▪ Development of key sectors in particular high tech engineering, healthcare ▪ Develop retail offer ▪ Implementation of tourism strategy ▪ Green economy ▪ Skills development ▪ Growth of Higher Education within the Bay & the development of stronger links with Universities for knowledge transfer and graduates ▪ Development of speculative employment space i.e. Castle Circus for key sectors ▪ Use of Innovation Centres to foster new growth ▪ Utilise demands of ageing population to develop healthcare further ▪ Utilisation of current political agenda ▪ New business start ups as a result of public sector cuts. With the right support these could flourish. Business start up pack to pull together what is on offer ▪ Knowledge and expertise from an older more experienced population ▪ Independent traders – less reliance on big chains ▪ Retail centre improvements ▪ Develop private sectors ability to supply public sector ▪ Better promotion of Torbay’s success stories to encourage investment and growth ▪ Potential collaboration with Exeter and Plymouth to create a sub-regional hub ▪ Make more of overseas opportunities and visitors ▪ High end tourism ▪ Torbay Council to help businesses through ‘red tape’ ▪ Workforce loyalty ▪ More engagement with the private sector ▪ South Devon College – grow into a university with specialised courses to match inward investment ▪ Establish an expertise in partnership ▪ Embrace and encourage internet based businesses ▪ Find a niche or common theme related to the culture of Torbay ▪ Improvement of existing attractions ▪ Curriculum development ▪ Key inward investment to generate momentum 	<ul style="list-style-type: none"> ▪ Continued decline of Tourism & Hospitality sector ▪ Inability to increase full time employment ▪ Increasing sectoral reliance on public sector (37% of workforce) and potential for public sector cuts ▪ Knowledge drain – higher median earnings for those who live in Torbay, than those who work in Torbay – commuting out. ▪ No university means a lack of 18-30 workers ▪ Resident resistance to change ▪ Competition from other areas of the region, e.g., Exeter, Newton Abbot, Plymouth and Taunton, particularly in relation to inward investment ▪ Climate change and flood risk ▪ Reduced funding for regeneration & economic development ▪ Political instability ▪ Lack of investment in transport links ▪ Lack of investment in town centres ▪ Concentration by RDA on other areas in the South West ▪ Not tackling deprived communities ▪ Cheaper labour costs overseas ▪ Investment incentives from other areas

3. People and Communities

3.1 Demography and geography: Take account of the demographic profile of the area (including trends) and its geography, such as population density and location, and the impact this has on economic performance.

Torbay is comprised of three towns, Brixham, Paignton and Torquay, and the surrounding areas, located on the unique and beautiful South Devon coast. The geography and location of the area brings with it both strengths and challenges. The 22 miles of coastline is home to beaches popular with tourists and local people alike, however it also provides transport challenges and limits the routes roads and railways can take.

This image of Torbay as primarily a holiday destination also provides a challenge regarding inward investment and business investment. Businesses outside the tourism industry do not necessarily see Torbay as an obvious area to establish themselves in, a perception which needs to be challenged if the Torbay economy is to grow and develop. This issue is examined in more detail later in this document.

The separation of the three towns which make up Torbay mean it is not immediately considered to be an urban area; however many of the problems facing the economy are those inherent to large cities. High level of deprivation, worklessness and unemployment are traditionally seen as inner city problems; however with them come the benefits of a large conurbation – good transport and communication links, cultural and shopping centres and a sense of identity. As three interlinked towns, facilities such as these which exist within Torbay are diluted, with each town having its own small shopping centre, which struggles to compete with the larger local retail centres of Plymouth and Exeter. Also, while residents of each town have a sense of community and identity, few would immediately associate themselves as being part of the wider area of Torbay. All of this makes for a unique and challenging economic area.

In contrast to the neighbouring districts of Teignbridge and the South Hams, and the county of Devon in which it sits, Torbay is not a rural authority. Information from the Mosaic profiling tool suggests that nearly 14% of residents are single people in the centre of small towns. This compares to 1.5% nationally, and while it is simplistic to look at Torbay as a whole, this group features within the top 3 in 10 of the 15 wards within the local authority. The tool also suggests a significantly higher than average retired population which is examined in greater detail later in this chapter.

Table 17: Mosaic Profile of Torbay

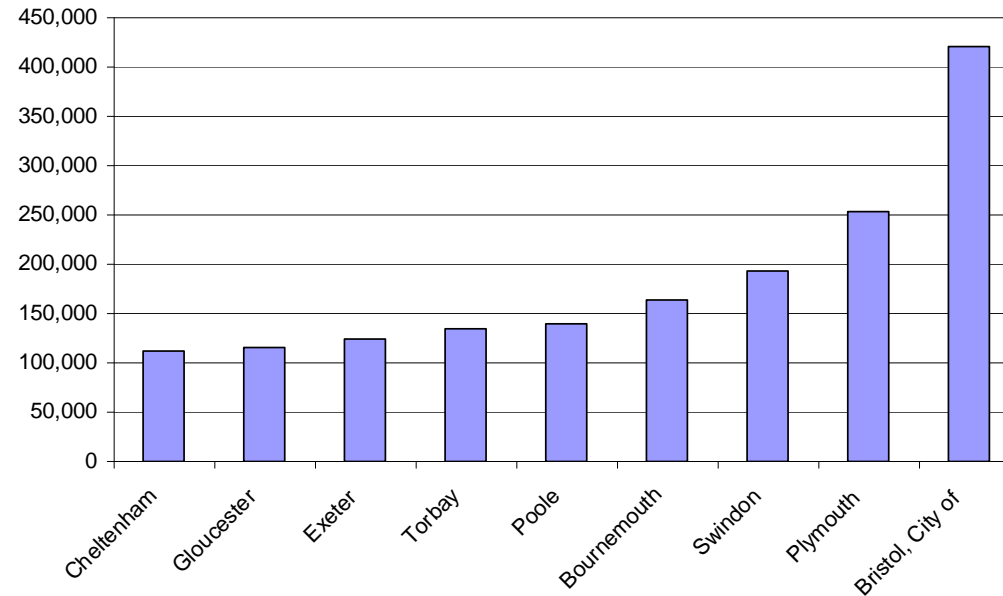
Mosaic Public Sector Types	Torbay %	England %	Index (average = 100)
Mixed communities with many single people in the centres of small towns	13.74	1.43	960
Self employed trades people living in smaller communities	8.42	2.37	356
Often indebted families living in low rise estates	7.53	2.49	302
Transient singles, poorly supported by family and neighbours	7.12	1.26	563
Residents in retirement, second home and tourist communities	5.82	0.74	791
Low income families occupying poor quality older terraces	4.23	2.49	170
Better off empty nesters in low density estates on town fringes	4.12	3.09	133
Low income communities reliant on low skill industrial jobs	3.88	2.99	130
Capable older people leasing / owning flats in purpose built blocks	3.66	1.22	301
Retired people of modest means commonly living in seaside bungalows	3.60	1.85	195

Source: Mosaic (Experian)

The total population of Torbay in 2008 was estimated at 134,000, an increase of just over 4000 since the 2001 census. ONS population predictions suggest that resident numbers could rise to 150,000 by 2020. Residents of Torbay make up almost 3% of the region's total population.

Torbay also sees population numbers significantly increase in the summer months, putting an added strain on an already busy transport infrastructure. When compared to the other urban areas of the South West, the significance of Torbay as a population hub becomes clear.

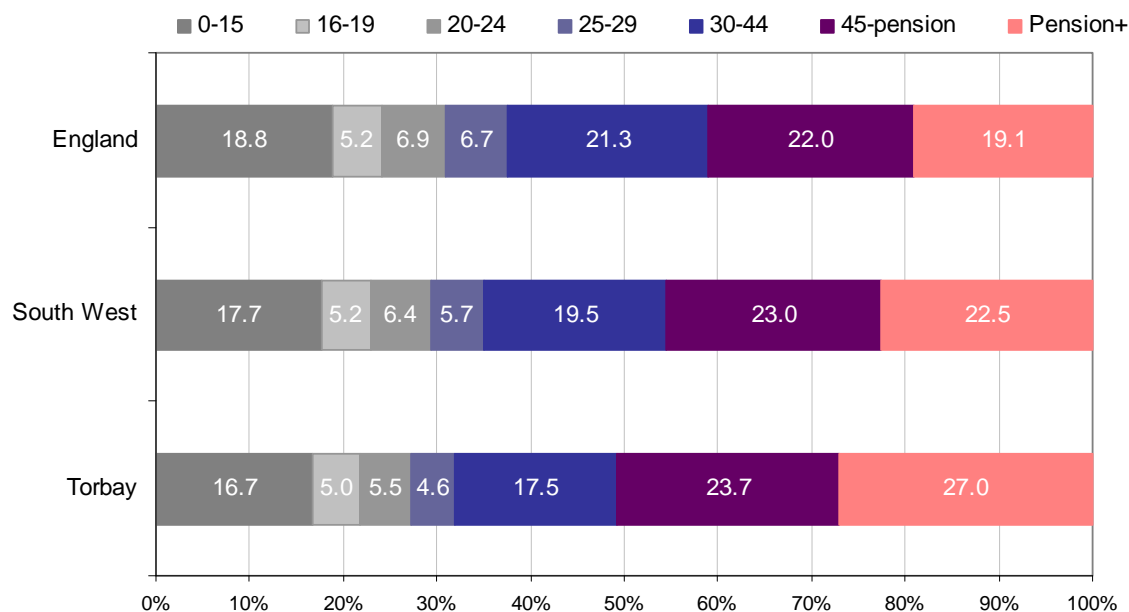
Figure 28: Mid-2008 Population Estimates



Source: ONS Mid-2008 Population Estimates

The location of Torbay makes it an attractive area for older people, and it is a popular destination for those wishing to retire to the South West. This is reflected in the population age structure of the area, which shows there are almost 8% more residents at or above pension age than the national average. There are also higher numbers of residents aged 45 to retirement age than in England or the South West as a whole, and less aged 30-44. This can be attributed to the number of people who move to the area and set up a small business as a lifestyle choice to fund their retirement in Torbay, and is echoed in the high numbers of businesses below the VAT threshold. At the other end of the age spectrum Torbay has a 16-19 population in line with both the regional and national averages, however there are fewer than average 20-29 year olds, suggesting an outward trend for students in search of Higher Education who then work elsewhere and do not return to Torbay until much later in life.

Figure 29: Percentage of resident population by age band, mid-2008



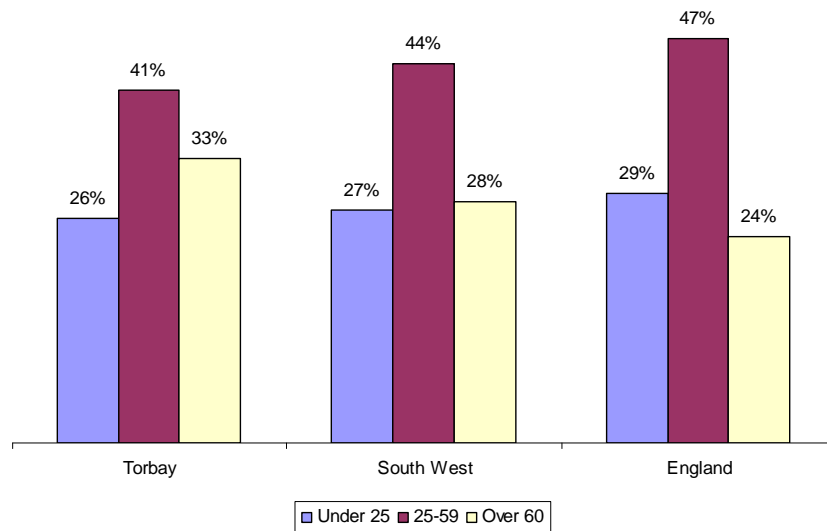
Source: Mid-Year Estimates, Office for National Statistics

The population of Torbay is expected to increase by 12% between 2008 and 2021, slightly faster than the English average and slightly slower than the increase for the South West. ONS predictions suggest that it is unlikely that the existing population structure within Torbay will alter greatly over the next ten years.

The proportion of residents under 25 (26%) is close to the regional and national averages of 27% and 29% respectively, while those aged between 25 and 59 are predicted to be 3% below the South West total and 6% lower than the English figure. The over 60's will make up 33% of the population, compared to 24% in the whole country. It is therefore essential that the Torbay

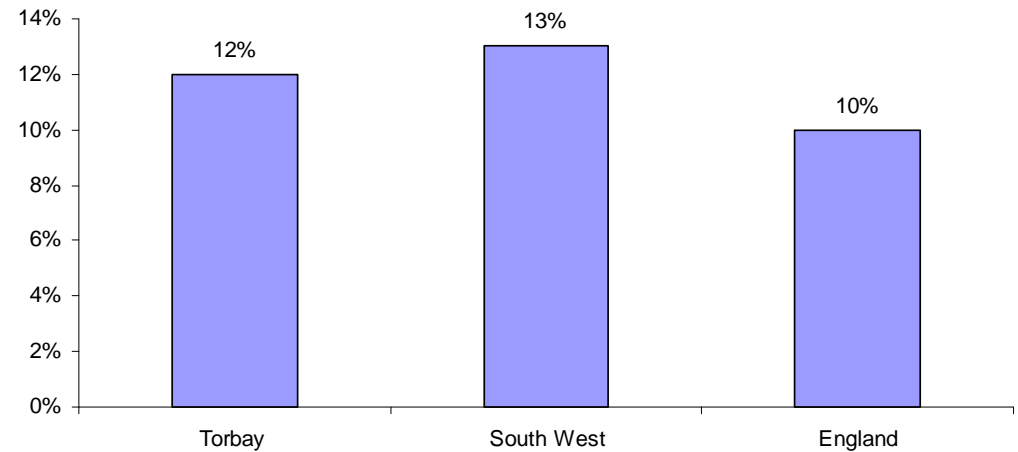
economy and infrastructure is able to support this continuing trend of an ageing population and fewer new entrants into the labour market.

Figure 30: Torbay predicted population structure – 2020



Source: ONS 2006-based subnational population projections

Figure 31: Projected population growth – 2008-2021



Source: ONS 2006-based subnational population predictions

Consumer profile

Consumer profiling research carried out for Torbay Town Centres Company using the ACORN geo-demographic tool further demonstrates the impact older, affluent residents can have on the local economy. Consumer profiles are created by using demographic statistics and lifestyle variables to categorise postcode areas, and these profiles are used to define consumer groups. According to the CACI profile, in 2008 there were an estimated 156,000 people living within a 20 minute drive time of Torquay town centre. Further analysis indicates that in comparison to the UK there are higher than average numbers of those categorised as affluent customers. The most significant groups on the Torquay area are defined as prudent pensioners, blue

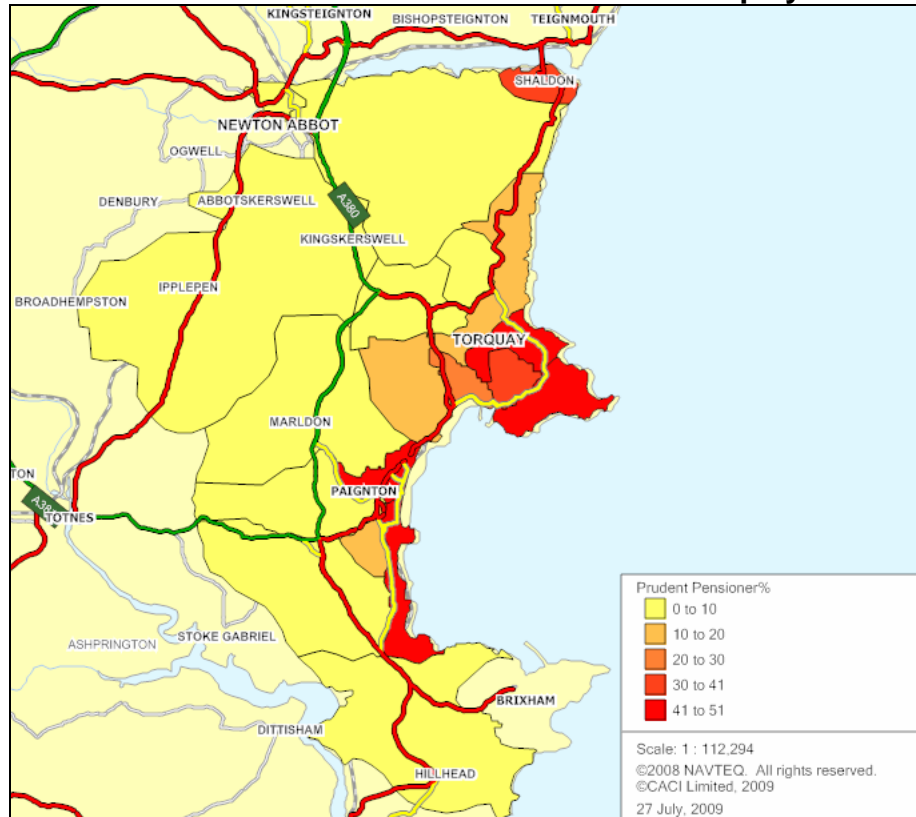
collar roots and affluent greys. Between them the affluent grey and prudent pensioner groups make up 28.3% of the population section examined compared to the national average of 10.7%.

The blue collar roots group are generally communities where most residents are in traditional blue collar jobs; this group are not generally perceived to have a high level of disposable income. Prudent pensioners are seen as comfortably off retired people who are well educated and have above average levels of savings and investments. Affluent greys tend to be prosperous people, living mortgage free in rural areas. Both these groups have a high proportion of disposable income not reflected in the below average wage levels common in Torbay⁹.

While the 20 minute drive time radius around Torquay does not all fall under the administrative jurisdiction of Torbay, it is sensible to suggest that this income could be brought into the Torbay economy. Currently much of the disposable income of these groups is not spent in Torbay, but as they are estimated to form over a quarter of the population this is the target market which, should the shops and services they require be provided could help rebuild the Torbay economy.

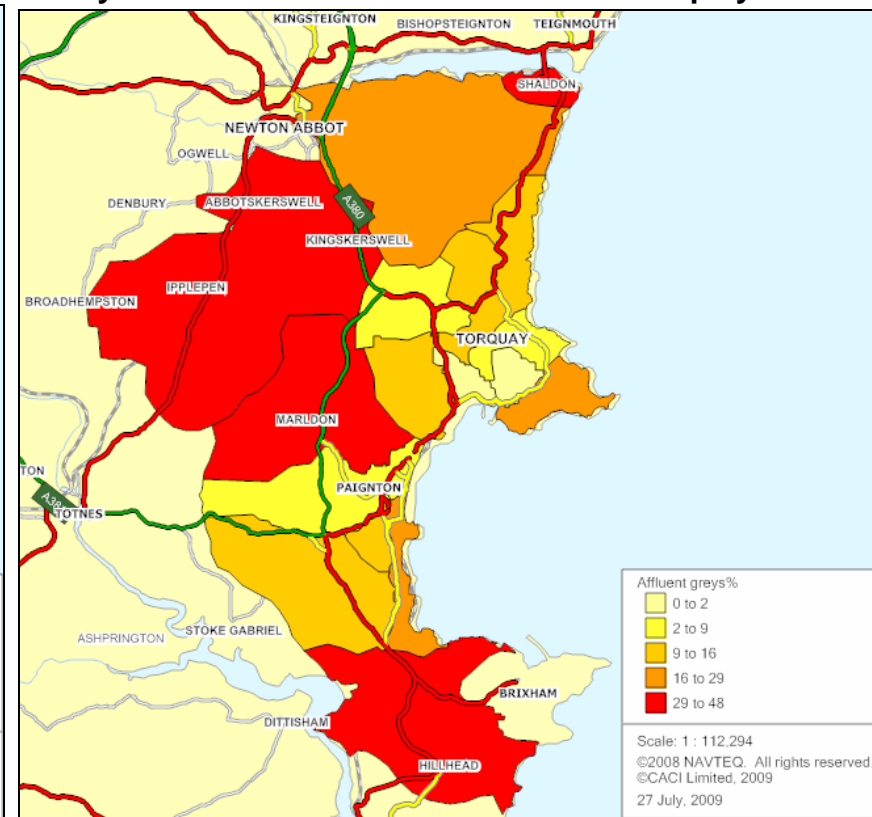
⁹ Source: Consumer profile of Torquay, CACI Limited 2009

Figure 32:
Proportion of resident population classed as Prudent Pensioners within a 20 minute drive time of Torquay



Source CACI Limited 2009

Figure 33:
Proportion of resident population classed as Affluent Greys within a 20 minute drive time of Torquay



Source CACI Limited 2009

Migration data

Migration figures show that both Torbay and the South West as a whole have relatively low international and cross border migration. Internal migration figures however, are significantly higher in Torbay. Although the net total migration is only 0.3% above the regional average, the percentages of people actually moving in and out are much larger.

Table 18: 2006 migration summary projections (thousands)

		2010		2016	
South West	Total Population	5317.7		5620.4	
	All Migration Net	44.2	0.8%	42.3	0.8%
	Internal Migration In	129.8	2.4%	134.4	2.4%
	Internal Migration Out	97.7	1.8%	102.0	1.8%
	International and Cross Border Migration In	63.0	1.2%	63.0	1.1%
	International and Cross Border Migration Out	50.9	1.0%	53.2	0.9%
Torbay	Total Population	137.6		145.2	
	All Migration Net	1.5	1.1%	1.5	1.0%
	Internal Migration In	7.2	5.2%	7.5	5.2%
	Internal Migration Out	5.6	4.1%	5.9	4.1%
	International and Cross Border Migration In	1.1	0.8%	1.1	0.8%
	International and Cross Border Migration Out	1.1	0.8%	1.2	0.8%

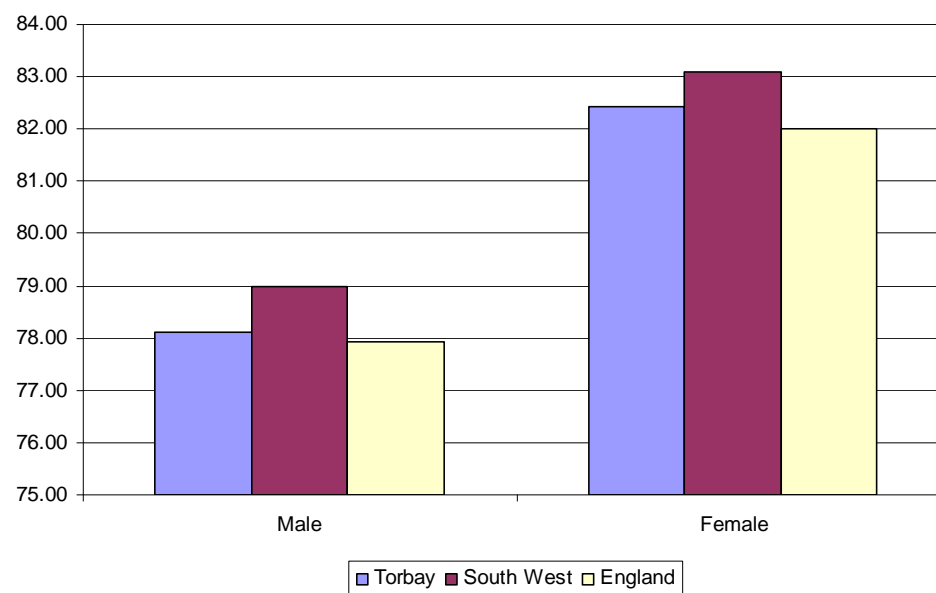
Source: ONS 2006-based subnational population projections

The projections show that in 2010 5.2% of the total population are expected to migrate out, with the equivalent of 4.1% coming in to the Bay. This compares to the South West projections of 2.4% in and 1.8% out. There are a number of possible reasons for this. In terms of outward migration, there is no higher education or university provision in Torbay which suggests that any students wishing to continue their education must relocate elsewhere. The geographical location of Torbay is seen as a draw for many who wish to improve their quality of life. This combined with those who retire to the area goes some way to explaining the high levels of inward migration.

Tourism also creates another kind of migration into Torbay. Despite declining visitor numbers, in 2007 the English Riviera welcomed over one million overnight visitors and two million day trippers. As a result the population swells dramatically in the summer, bringing in significant revenue, and reinforcing the view that Torbay is a population centre for the South West¹⁰.

Life Expectancy

Figure 34: Life expectancy at Birth



Source: ONS Life expectancy January 2006 – December 2008 data

Life expectancy at birth for both men and women in Torbay is above the English average, but below the total figure for the South West. Men in Torbay can expect to live to 78.1, compared to 77.93 nationally and 79.0 regionally. In a similar picture to the rest of the country women can expect to live longer, 82.44, compared to 82.02 and 83.09 nationally and regionally respectively.

¹⁰ Source: Torbay Development Agency - Turning the Tide for Tourism in Torbay

3.2 Labour market: Assess the local occupational structure, including employment and unemployment rates and earnings. In analysing labour market conditions, local authorities should give particular regard to levels of worklessness and the economic and social factors behind these, including travel to work patterns. Worklessness assessments, recommended under the Houghton Review, should be integrated into the wider local economic assessment. Local authorities should develop a detailed understanding of numbers and characteristics of benefit claimants to ensure wider economic development planning considers the needs of these groups.

Benefit Claimant data

Torbay suffers from low levels of wages, and a high benefit claimant count. Between 2000 and 2009, the total percentage of the working age population claiming benefits rose from 17.6% to 20.6%. This is higher than the increase for both the South West (1.4%) and England (1%). In the 2006 Economic Regeneration Study the high proportion of benefit claimants was raised as an area of concern, and if anything this issue has grown rather than decreased.

Table 19: Total claimant count, % of working age population – 2000-2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Torbay	17.6%	18.0%	18.6%	18.3%	18.1%	18.0%	18.5%	18.2%	18.7%	20.6%
South West	11.8%	11.6%	12.1%	12.0%	11.7%	11.6%	11.8%	11.5%	11.7%	13.2%
England	14.5%	14.1%	14.6%	14.4%	14.1%	13.9%	14.0%	13.5%	13.6%	15.5%

Source: DWP benefit claimants (yearly in August), NOMIS

Figure 35: Total claimant count, % of working age population – 2000-2009

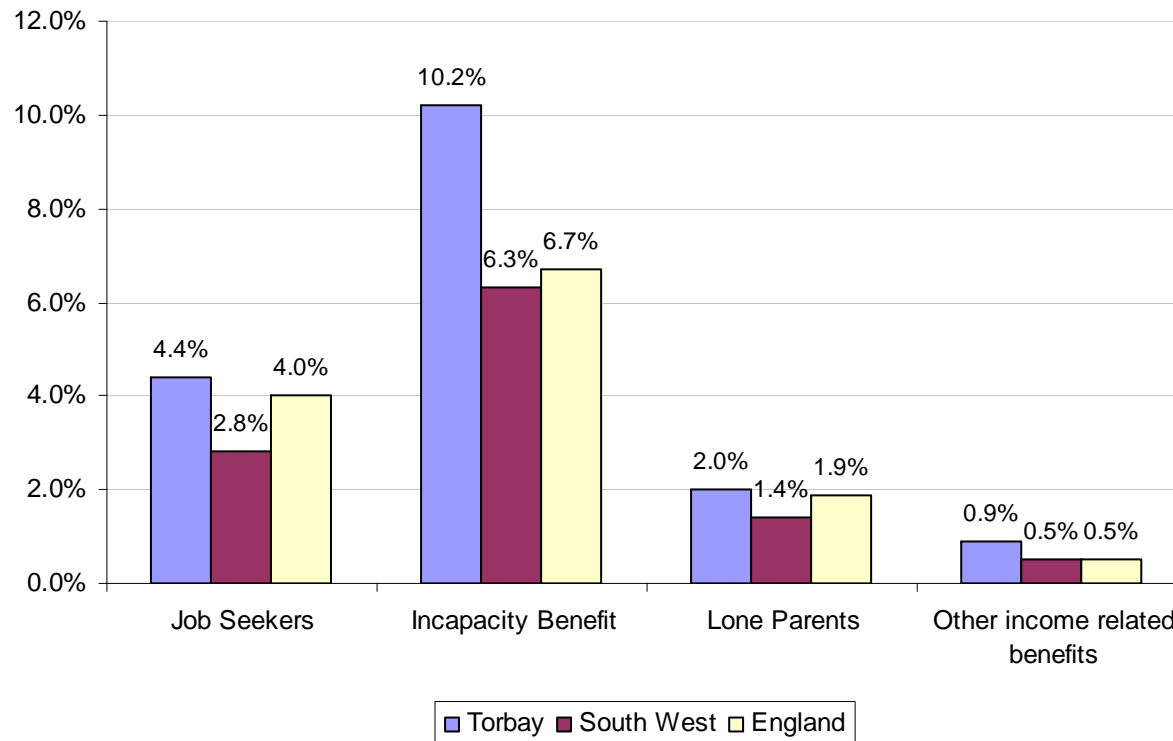


Source: DWP benefit claimants (yearly in August), NOMIS

Of particular concern is number of working age people claiming key out of work benefits. The figure of 17.5% for Torbay is considerably higher than the South West average of 11%, and the national total of 13%. As shown below, in 2009, Torbay was slightly above the English average in terms of job seekers, with 4.4% claiming this benefit, compared to 4.0% nationally. However, this was significantly higher than the regional figure of 2.8%. Lone parent and other income related benefits were also slightly higher than the regional and national average, but not significantly.

The out of work benefit with by far the biggest claimant count in Torbay is incapacity benefit/employment support allowance (ESA). While this is also true for the rest of the country, levels in the Bay are significantly higher than the national average with a total of 10.2% in 2009, one in ten people in Torbay were claiming incapacity benefit. In the South West the figure was 6.3%, and across England 6.7%.

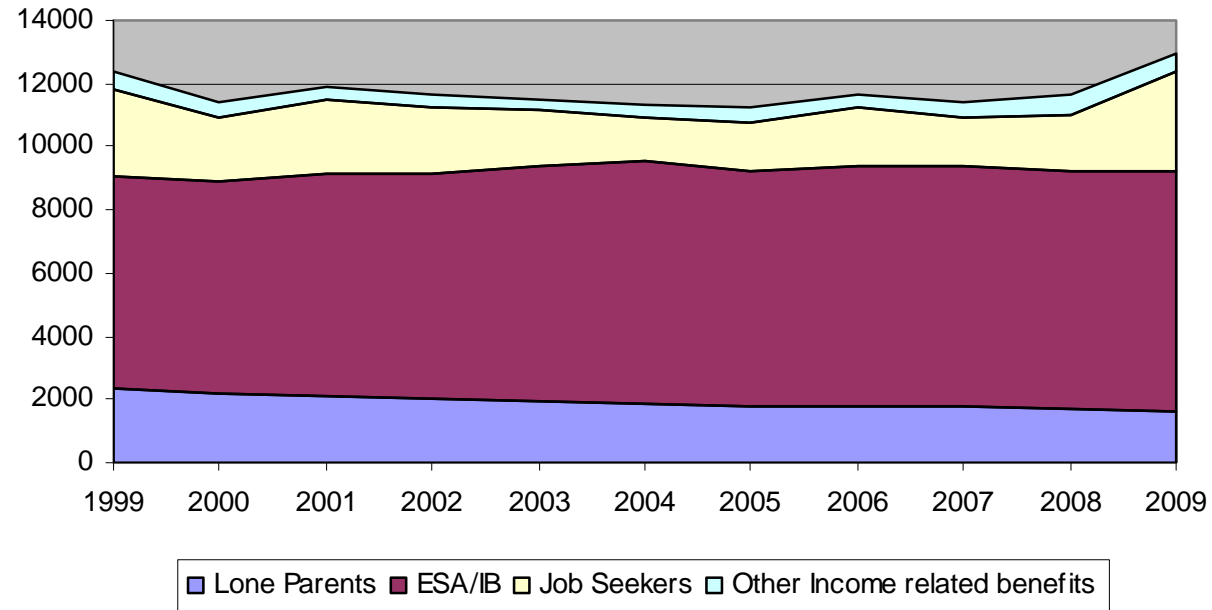
Figure 36: Working age population claiming key out of work benefits – November 2009



Source: DWP Claimant information November 2009, NOMIS

Incapacity benefit claimant counts in Torbay started at a high level, and have continued to grow since 1999. The issue was highlighted as a particular concern in the 2006 Economic Regeneration Strategy, but little impact seems to have been had since this document was produced. The graph below demonstrates the extent to which incapacity benefit increases the worklessness rate in Torbay, and while this pattern is also to some extent across the country as a whole, the very high proportion of claimants in Torbay suggests that this is where efforts to encourage people back into work should be focussed.

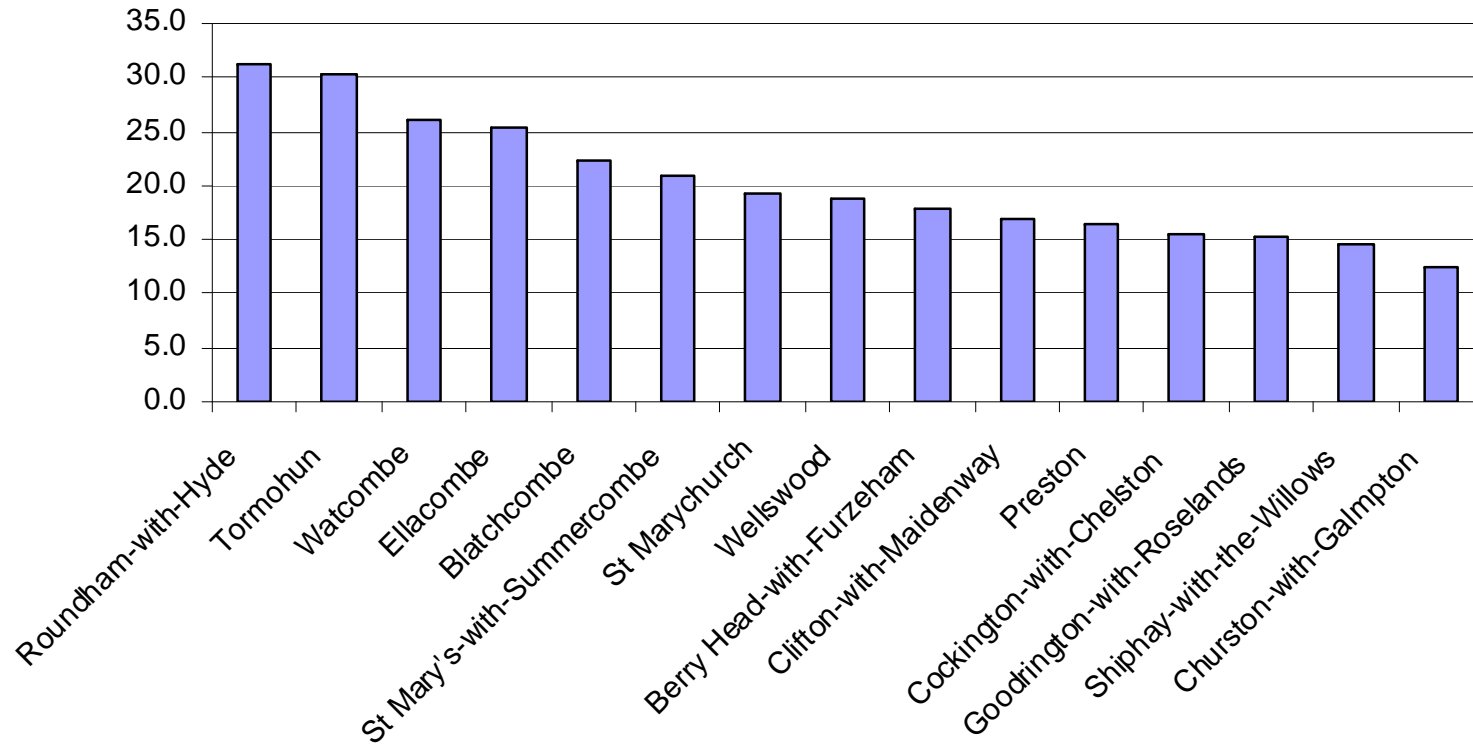
Figure 37: Changes in main Torbay worklessness benefits 1999-2009



Source: DWP benefit claimants – working age claimant group

The level of benefit claimants, as in many areas across the country, is varied in Torbay. Roundham with Hyde, Tormohun, Watcombe, Ellacombe and Blatchcombe are the wards with the highest proportion of claimants and as demonstrated later these are also the wards with the highest levels of deprivation.

Figure 38: Claimant rate of working age population by ward - 2009



Source: DWP Claimant information, NOMIS

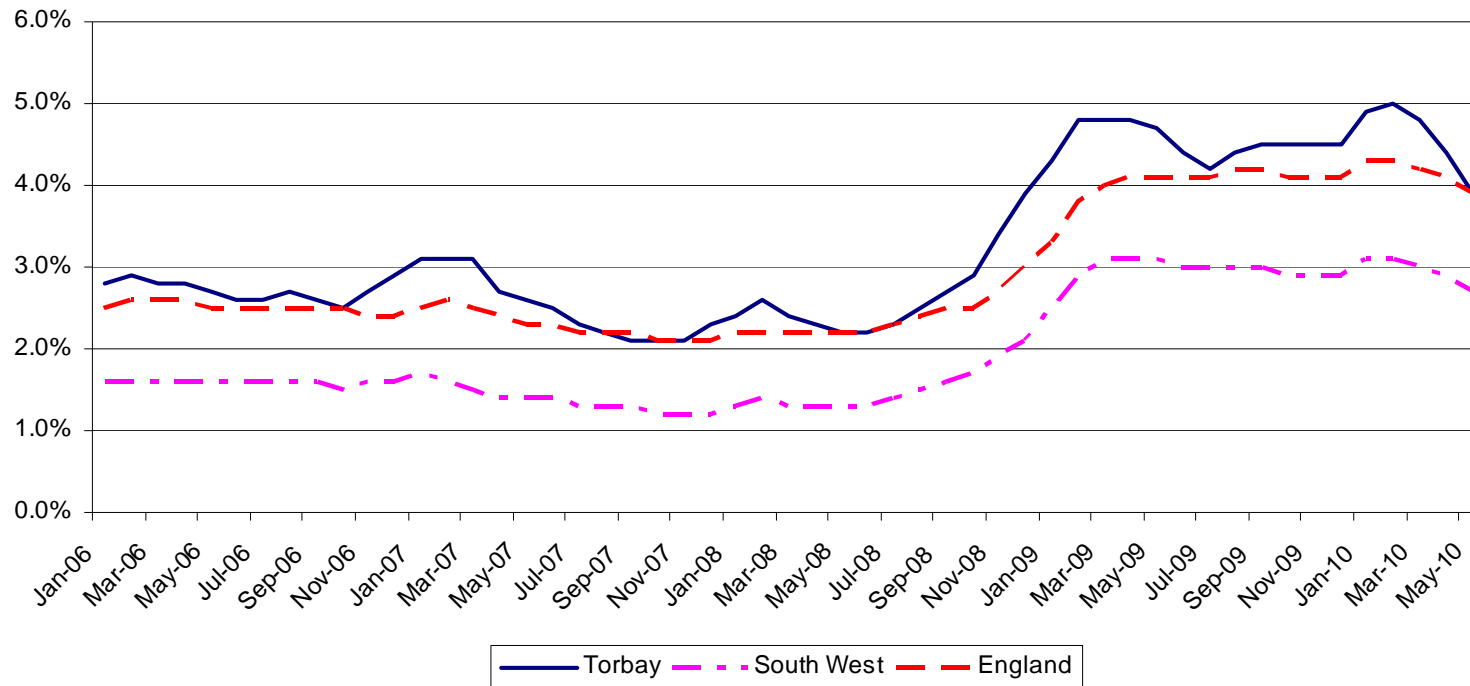
The latest Job Seekers Allowance (JSA) data, for May 2010 suggests a slightly more positive picture for Torbay, as claimant levels fell below 3000 for the first time since December 2008.

Table 20: May 2010 total Job Seekers Allowance claimant count

	April 2010	May 2010	% of Population	Change on Month	May 2009	Change on Year
Torbay	3,298	2,967	3.9%	-10.0%	3,551	-16.4%
South West	89,074	83,751	2.7%	-6.0%	96,527	-13.2%
England	1,294,911	1,238,928	3.9%	-4.3%	1,311,683	-5.5%

Source: DWP Claimant information, NOMIS

Figure 39: JSA Claimant Count, seasonal trends January 2006 – May 2010



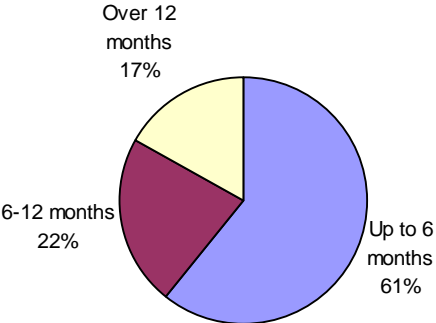
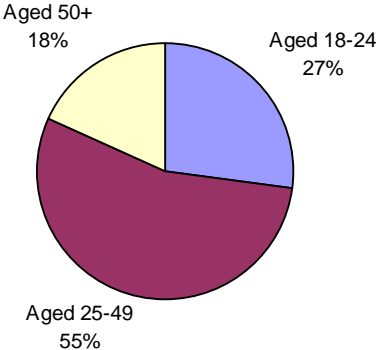
Source: Claimant count rate, NOMIS

This decrease follows a gradual decline in claimant numbers since a peak in February 2010 of 3,777 (5.0%). Although this is a move in the right direction, as demonstrated in the graph above, the Torbay economy is seasonal, with claimant counts rising in the winter months and decreasing during the peak tourist season. With the summer many seasonal jobs will have begun so to gauge a true picture of JSA claimant levels the rates need to be reviewed again in the winter.

The breakdown of this claimant count shows the proportion of 18-24 year olds in receipt of Job Seekers Allowance is level with the national and regional averages of 27.4% and 27% respectively. This is in contrast to the relatively low numbers of young people not in employment education or training (NEETs) in Torbay, and suggests there is a potential issue in the transfer of young people from education into work. The breakdown of length of time of claimants is in line with the national average.

Figure 40: Age breakdown of JSA claimants – May 2010

Figure 41: Length of time of JSA claimants – May 2010



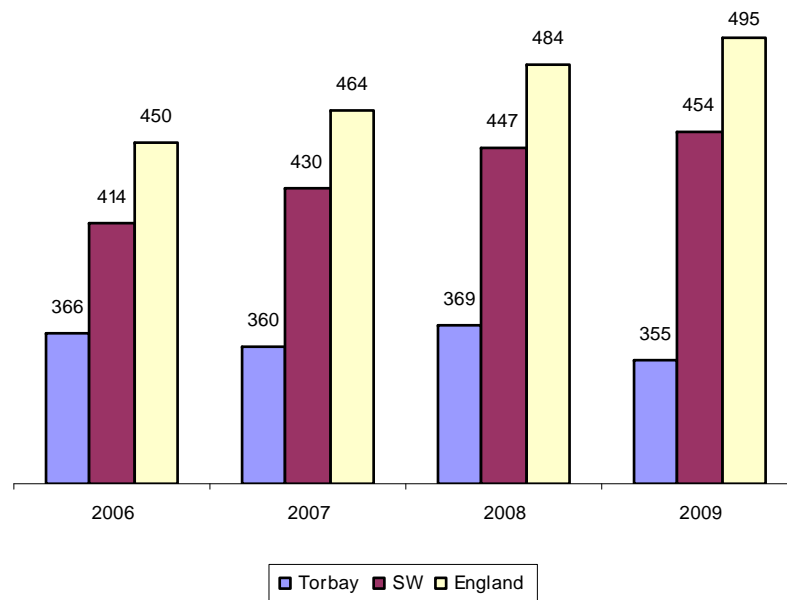
Source: DWP Claimant information, NOMIS

Source: DWP Claimant information, NOMIS

Earnings

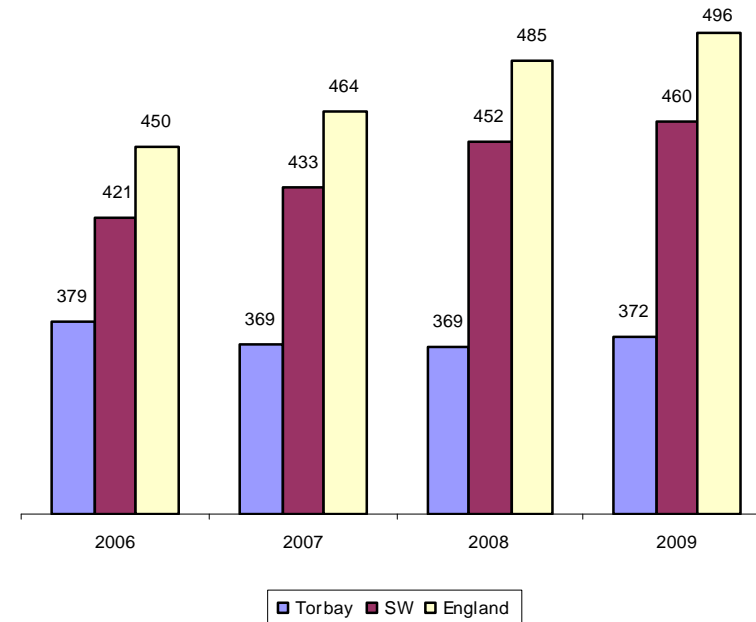
For those in employment, Median full time earnings across the South West are below the average of England as a whole, and those in Torbay are lower again. The tables below demonstrate a declining trend in wage levels across Torbay in comparison to the South West, in 2006 average earnings for workers in Torbay were 88% of the regional average, and by 2009 this figure had dropped to 78%. Unlike both the regional and national trends, Torbay resident's earnings in 2009 were below the level of 2006, with an average of £372, against the previous figure of £379. There is an even more stark contrast between resident earnings in Torbay, and those of the neighbouring district of South Hams. In 2009 South Hams residents earned on average £514 per week, a huge difference in a small area, and evidence that there are high earners in the vicinity of Torbay.

Figure 42: Median Gross Weekly Pay – Workplace



Source: ASHE 2009 Workplace Analysis – NOMIS

Figure 43: Median Gross Weekly Pay - Residents



Source – ASHE 2009 Residents Analysis – NOMIS

This downward earnings trend is also true for the workplace analysis in Torbay. Between 2006 and 2009 average workplace earnings dropped by £11, from £366 to £355. Across the same time period South West median workplace earnings increased by £44, from £414 to £454, and the English average rose £45 to £495.

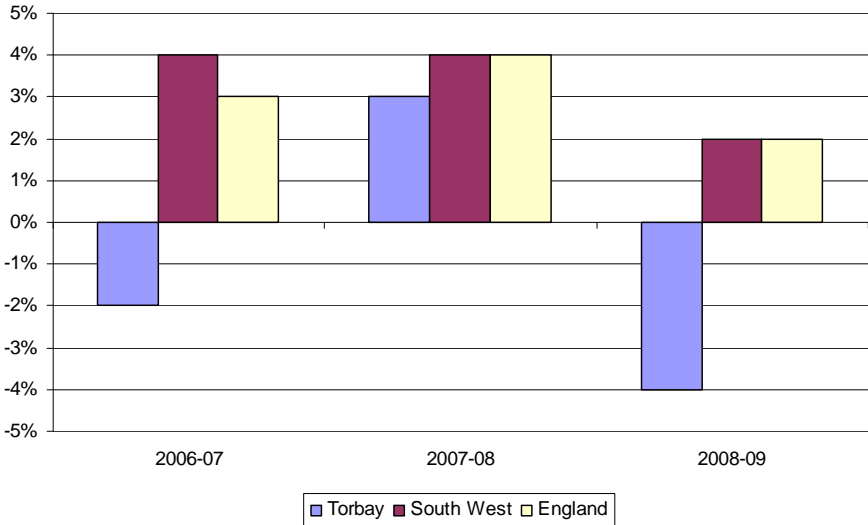
Another notable point is the difference between the gross weekly pay for residents of Torbay and those working there. The higher figure for residents suggests that while those in higher skilled/better paid jobs choose to live in the area due to quality of life, some at least also commute out to work elsewhere.

Figure 44:
Median gross weekly pay as a % of the South West average



Source: ASHE Resident analysis – NOMIS 2010

Figure 45:
Workplace earnings percentage change year on year

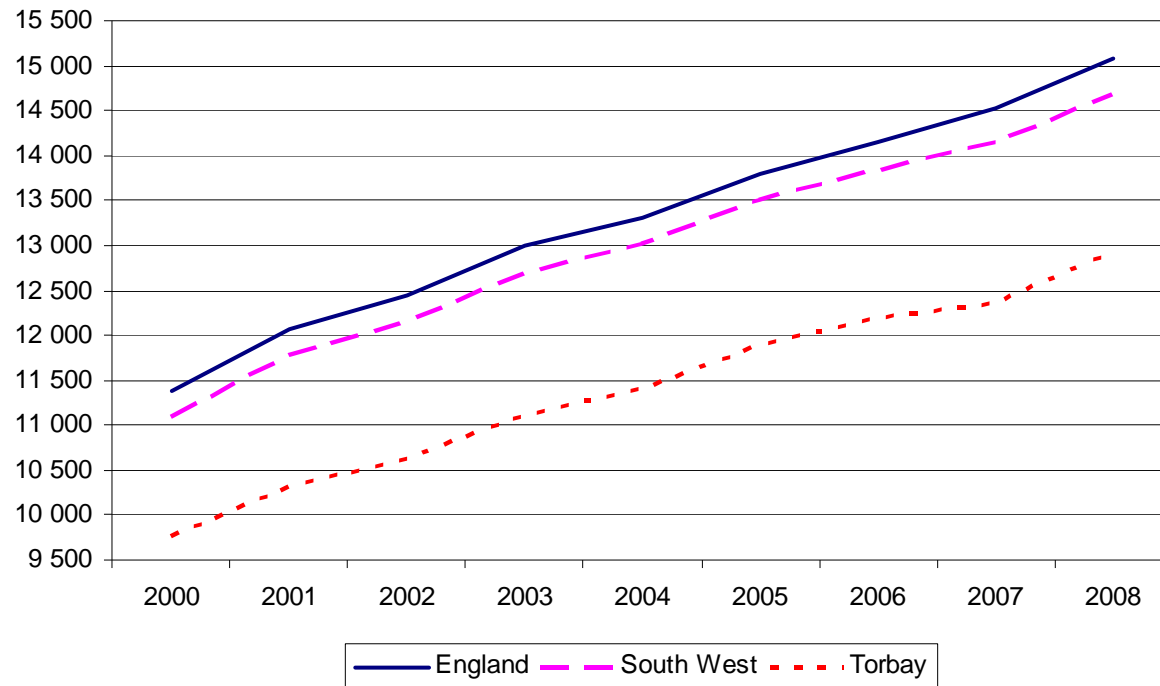


Source: ASHE Workplace analysis – NOMIS 2010

Gross Disposable Household Income (GDHI) is a residence based indicator, and a key determinant of the welfare of people living in a region. It represents the amount of money available to households after taxes, National Insurance and property costs (including interest payments) have been deducted. It is interesting to note that the gap between Torbay’s GDHI and the South West average, while significant, is not as large as that of average wages or GVA per head. In 2008 GDHI was 88% of

the regional average, and this gap has remained relatively static since 2006. In contrast both resident and workplace median earnings have dropped to 82% and 83% of the South West average respectively. There could be a number of reasons for this, including lower than average house prices, and a significant older population who would have negligible interest payments.

Figure 46: Headline Gross Disposable Household Income per head



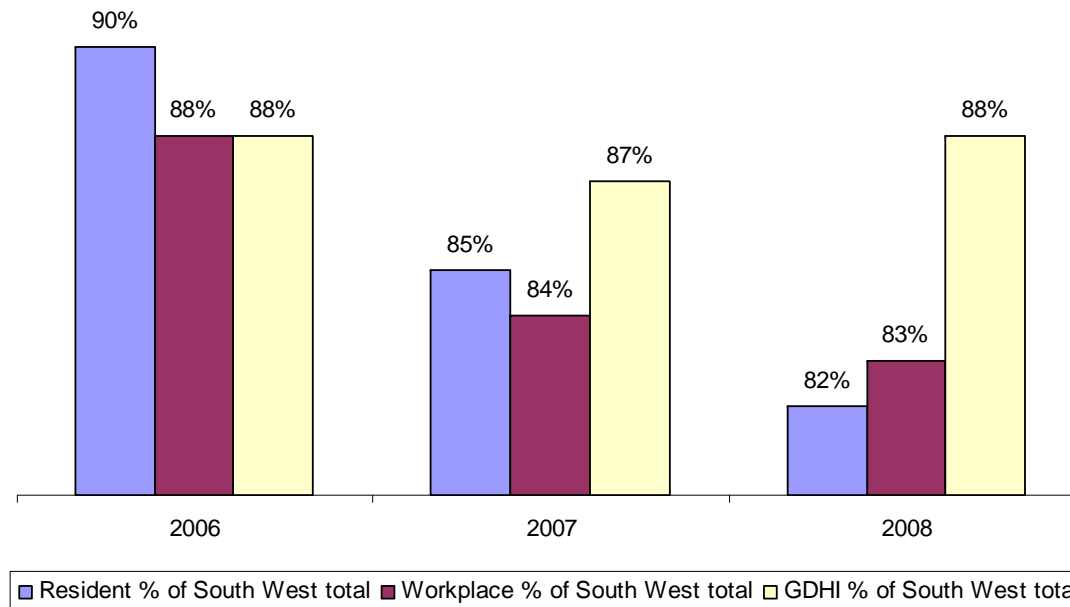
Source: ONS NUTS3 Regional Household Income data

Table 21: Headline Gross Disposable Household Income per head

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Torbay	9,774	10,316	10,632	11,111	11,404	11,900	12,212	12,365	12,935
South West	11,084	11,776	12,157	12,699	13,017	13,508	13,850	14,156	14,680
England	11,377	12,070	12,443	12,994	13,298	13,786	14,155	14,536	15,090

Source: ONS NUTS3 Regional Household Income data

Figure 47: GDHI and Median Earnings as a percentage of the SW total

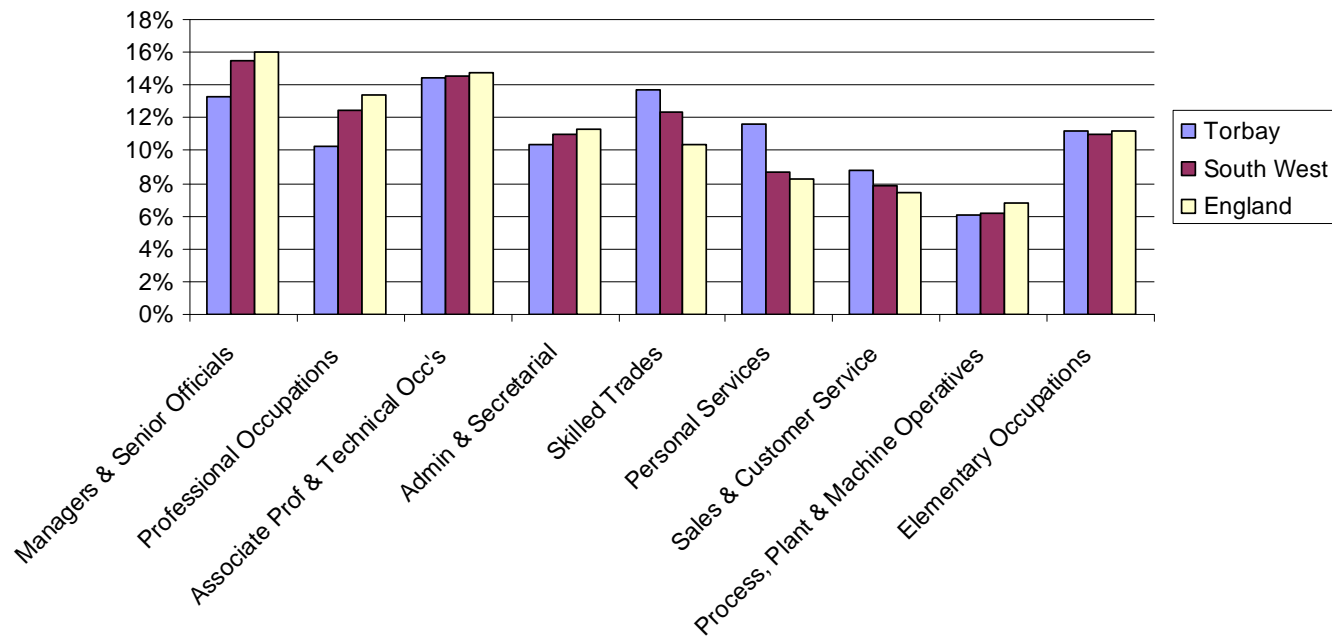


Source: ASHE and NOMIS GDHI Data as above

Composition of Employment

The composition of employment within the Bay can be seen as a contributing factor to low median wage levels. Within Torbay the number of people employed as managers & senior officials, in professional occupations and in associate professional & technical occupations is below both the South West and national averages. In the case of managers & senior officials this gap is most obvious, with these roles forming 13.3% of Torbay's occupational structure, compared to the South West at 15.5% and England at 16%.

Figure 48: Composition of Employment - July 2008-June 2009

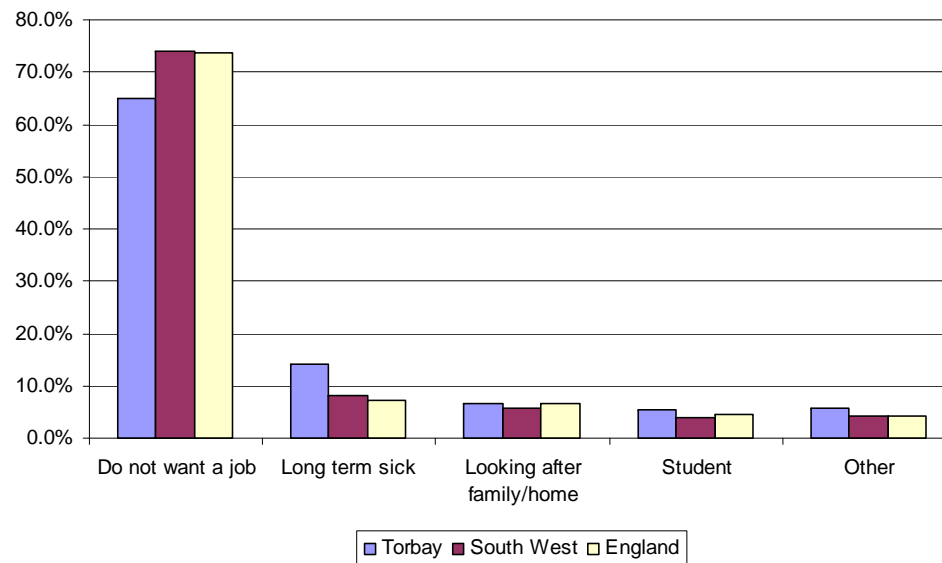


Source: Annual Population Survey, NOMIS

Economic Inactivity

Coupled with a lower than average wages, Torbay also suffers from relatively high levels of economic inactivity, particularly when compared to the South West region as a whole. Torbay's inactivity figures for the period between June 2008 and July 2009 were 21.1%; compared to 18.2% in the region, meaning nearly 3% more of population at working age were economically inactive. Torbay's figures however, are in line with the national average of 21.3%¹¹. Of those people of working age who are economically inactive within Torbay 64.9% of them do not want a job. This figure is lower than both the regional and national averages, suggesting that there is an issue with worklessness and the number of available jobs in Torbay.

Figure 49: Composition of Economic Inactivity, July 2008 – June 2009



Annual Population Survey, NOMIS

¹¹ APS, NOMIS

The 2008 Place Survey suggests a mixed picture across the wards as to whether residents feel job prospects are improving. According to the survey the percentage of people who felt that job prospects had improved or stayed the same ranged from 45.3% in Watcombe to 13.6% in Blatchcombe.

Table 22: Place Survey 2008 – Q27 Job Prospects

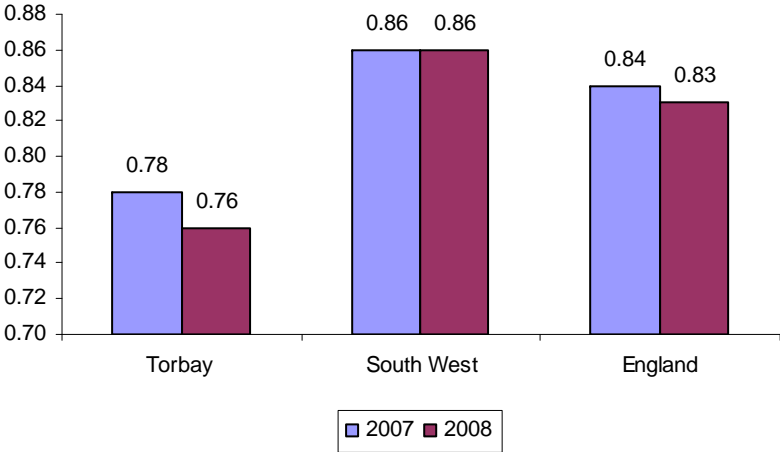
Have job prospects:	Not improved?	Improved or stayed the same?
Blatchcombe	86.40%	13.60%
Ellacombe	81.90%	18.10%
St Mary's-with-Summercombe	79.50%	20.50%
Roundham-with-Hyde	78.50%	21.50%
Churston-with-Galmpton	78.40%	21.60%
Clifton-with-Maidenway	76.90%	23.10%
Cockington-with-Chelston	76.40%	23.60%
Goodrington-with-Roselands	75.90%	24.10%
Tormohun	73.70%	26.30%
Preston	72.90%	27.10%
Berry Head-with-Furzeham	72.00%	28%
St. Marychurch	70.10%	29.90%
Shiphay-with-the-Willows	68.10%	31.90%
Wellswood	62.60%	37.40%
Watcombe	54.70%	45.30%

Source: Torbay Council Place Survey 2008

There appears to be no immediate link between a perceived lack of improvement in job prospects and the wards with the highest levels of benefit claimants. While the residents of Blatchcombe, Ellacombe and Roundham with Hyde are all in the top five wards for benefit claimant levels and also for lack of improvement in job prospects, the residents of Watcombe and Tormohun are more positive about job prospects.

Job density figures and the high number of part time workers also support the argument that there is a shortage of full time jobs. Job density is defined as the number of filled jobs in an area divided by the number of people of working age resident in that area. With a figure of 0.76 in 2008, below both the regional and national density, and a drop of 0.02 from 2007 to 2008 it is clear that insufficient job availability is contributing to economic inactivity within Torbay.

Figure 50: Job Density



Source: ONS job density

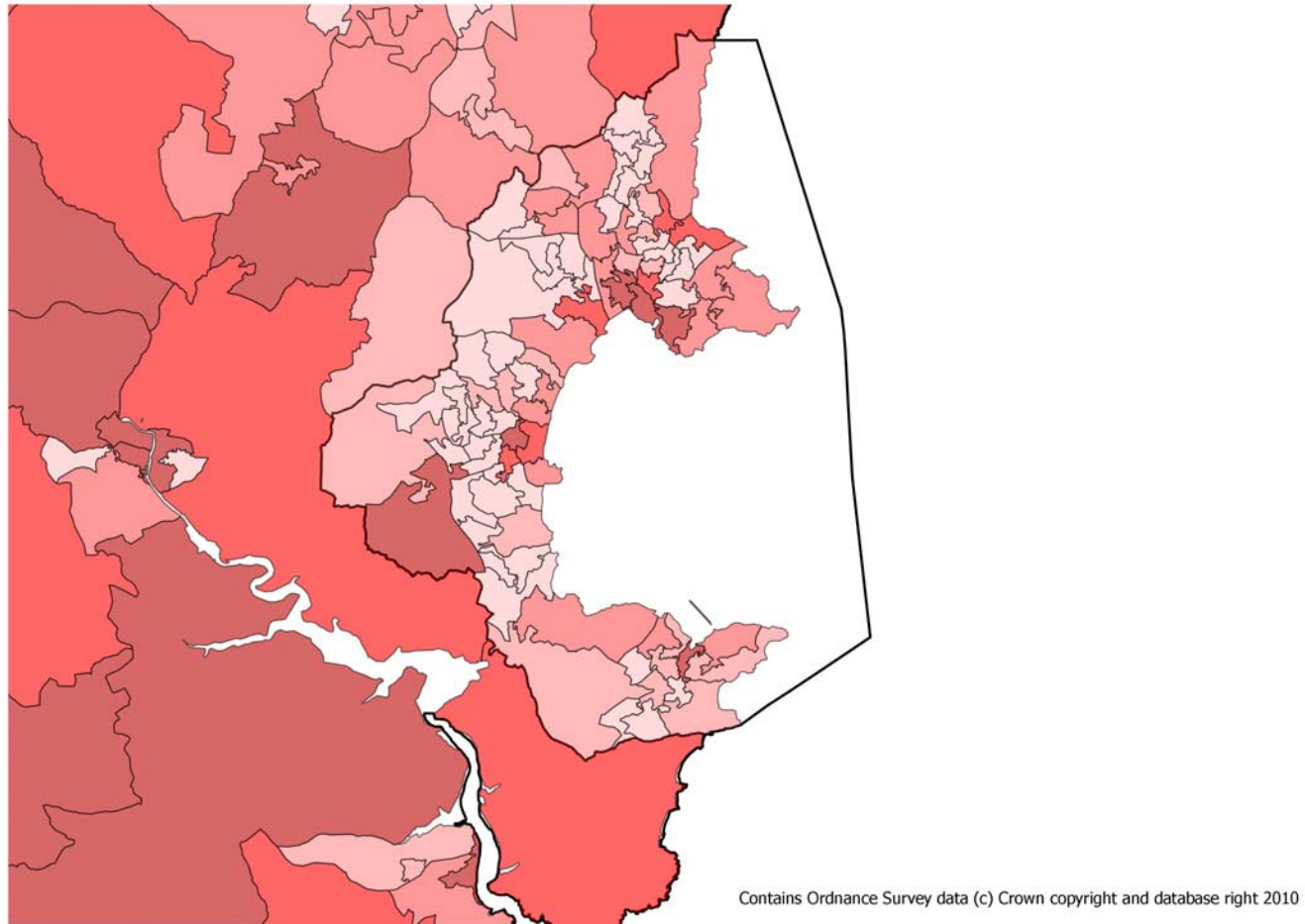
Table 23: Full Time/Part Time job breakdown

	Part Time	Full Time
Torbay	41.6%	58.3%
South West	35.3%	64.7%
England	31.0%	69.0%

Source ABI 2008

Job density also varies within Torbay. On the map below the LSOAs with a job density of between 0.07 and 0.69 are denoted in dark red, there are 5 within the local authority boundary, 3 in the centre of Torquay and 1 in each Paignton and Brixham. While it is common to have the highest job densities within town centres, both Exeter and Plymouth have a larger proportion of higher density LSOAs, suggesting there is an issue with job availability within Torbay.

Figure 51: Job Density by LSOA



Source: Spatial Economic Analysis Tool, South West Observatory

While there will always be a proportion of the working population who choose to work part time, a high proportion of the working age population in part time employment can suggest a lack of full time jobs. In 2008 41.6% of workers in Torbay were employed part time, 10.6% higher than the national average. As well as contributing to economic inactivity this can also be seen as a contributing factor to the low productivity levels outlined earlier, and also below average earnings.

It is also worth noting that the labour market in Devon and Torbay in particular is changing. As demonstrated earlier, the population is ageing, and the number of young people in the workforce is declining. This has an impact on the size, skills and composition of tomorrow's workforce and will need to be taken into account by employers in the future.

3.3 Skills: Assess local skills levels, including educational attainment. Local authorities should also analyse any evidence of skills gaps and explore the extent to which local skills levels match the current and future needs of local business and businesses in neighbouring areas; and where lack of basic skills acts as a significant barriers to work – considering particularly whether these are concentrated by area or group. This should include consideration of the skills needed to support the move towards a low carbon economy and meet the demand of future growth sectors.

Torbay’s skill levels compared to the South West region and England present a mixed picture. While there are fewer people of working age in Torbay with no qualifications (8.2% compared to 9% regionally and 12.3% nationally), there are also fewer qualified to Level 4 (22.2% compared to 28.3% regionally and 28.7% nationally). Torbay has the second lowest percentage of working age population qualified to level 4 in the region, only Plymouth has a lower proportion.

Figure 52: Percentage qualified to levels 1- 4

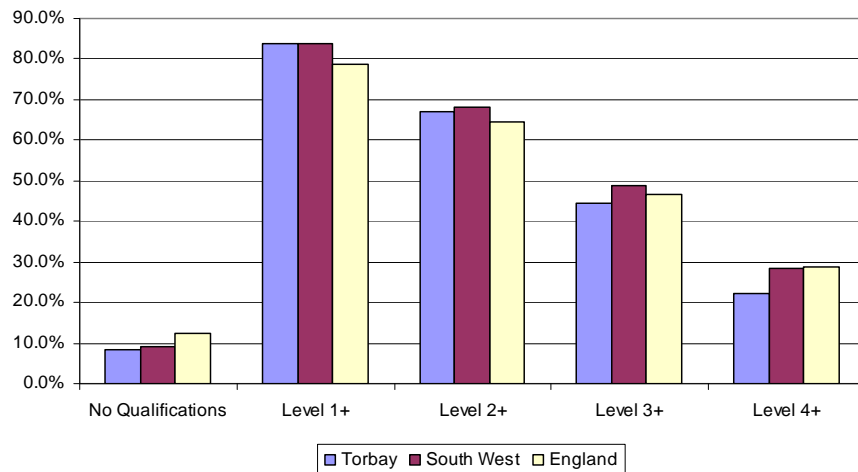
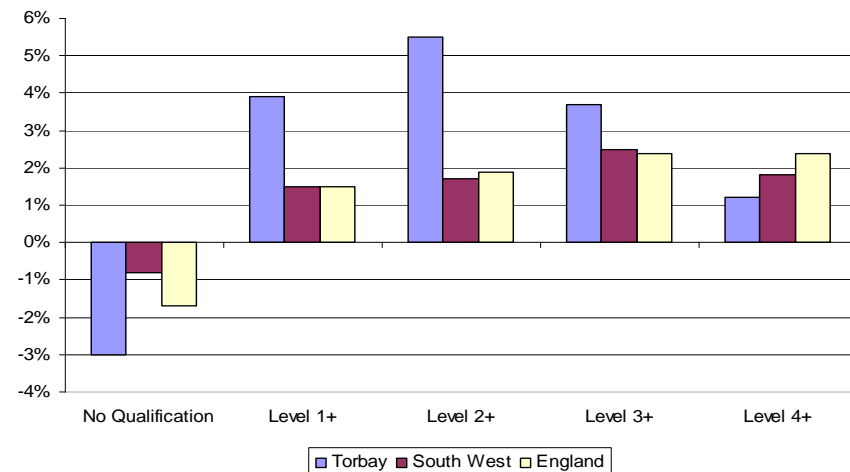


Figure 53: Percentage change skills: 2005-2008



Source: Annual Population Survey 2008 (percentage of working age population), NOMIS

Skill levels within Torbay appear to drop off as qualification levels increase. The percentage of the working age population with level 1 qualification levels (83.8) is level with the region, and 5% higher than the national average (78.8%). Level 2 qualification

levels are also above the national average at 67.2% compared to 64.6%, although at this level the area does fall below the regional average of 68.1%. This gap between the regional average and Torbay's figure (44.3% against 48.8%) grows at level 3, and at this point skill levels in the Bay are also below the national average of 46.5%. As level 2 qualifications are usually considered to be the minimum for employability, this suggests the lack of level 3 and 4 qualifications could be holding Torbay's economy back.

This lack of higher level skills is also raised as a contributing factor to Torbay's low economic resilience score. The Ekosgen report highlights the shortage of residents qualified to level 4 and above, particularly when compared to the neighbouring districts of Teignbridge (28.5%) and South Hams (31.8%). This could be due in part to higher skilled workers choosing to commute into Torbay from the surrounding area, but it puts pressure on the economy if higher skilled jobs cannot be filled locally, and could affect the speed at which the Torbay economy would recover from an economic downturn¹².

Despite below average higher skills levels there is a positive trend in skills levels within the workforce. With the exception of level 4 and above, all skill levels within Torbay have increased faster than both the regional and national average between 2005 and 2008. The percentage of the working age population with no skill has also decreased at a greater rate.

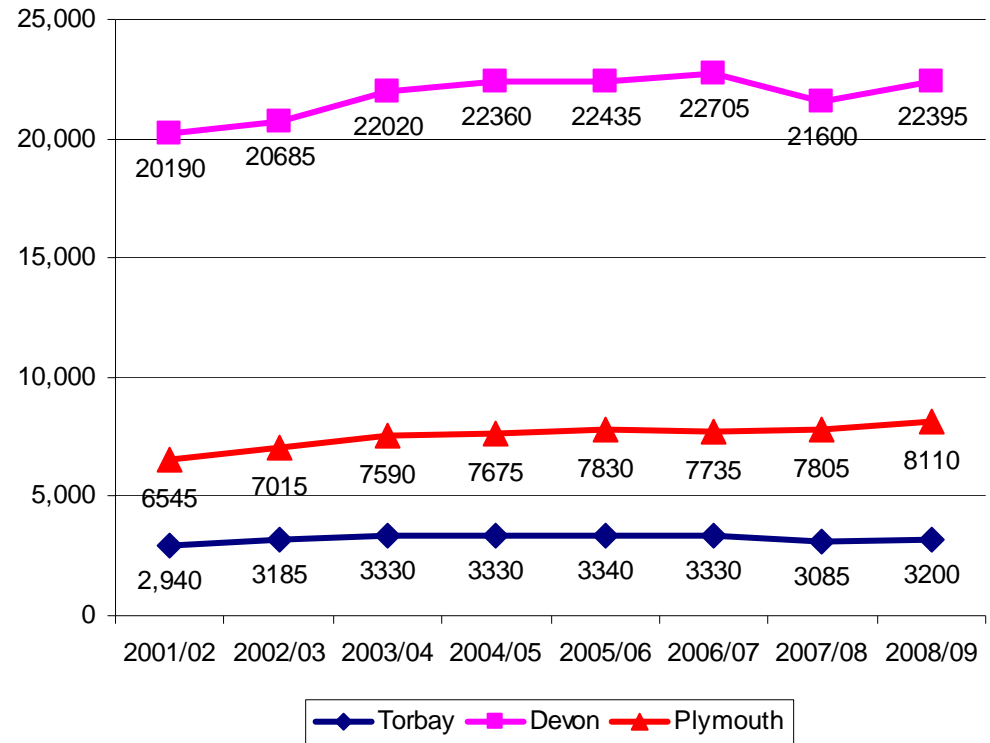
It is worth noting that Torbay performs well in terms of both GCSE and A level achievements. In 2009 53.6% of pupils in Torbay achieved 5 or more GCSEs at grades A*-C (including Maths and English). The national average is currently 49.7%, and the South West figure 51.6%. At A level, Torbay is second only to Bournemouth on average points score per entry; this is 7.4 points (per entry) higher than the national average¹³. This raises the question of what happens to these young people which is resulting in the low proportion of working age population with higher level qualifications. One explanation is the lack of higher education (HE) in Torbay, although South Devon College offers some HE courses there is no university. As suggested within the migration section of this document it is possible that young people leave the area to further their education and either do not return at all, or come back to the South West later in life to retire.

Using data from the Higher Education Statistics Agency (HESA), it is possible to examine the number of students from Torbay who progress to HE.

¹² Source: Ekosgen – Torbay's Economic Resilience, August 2009

¹³ Source: DCSF from the Sub-regional Employment and Skills Analysis 2010 - SLIM

Figure 54: Number of HE students from Torbay, Plymouth and Devon



Source: HESA data from Torbay & South Devon Work and Skills Analysis by SLIM, 2010

Since 2001 the general trend has been for an increase in participation across the UK (with the exception of a fall in 2007/08 due to funding changes), and this has been mirrored in Torbay. However increases in student numbers from Torbay have been slower than in the rest of Devon as a geographic region, and the UK as a whole. Between 2001 and 2009 there was a 9% rise in the number of students from Torbay in HE. This is a 2% slower growth than Devon, but 15% below Plymouth.

Figure 55: Students in HE – 2001-2009 percentage change

Indexed 2001/02 =100	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Torbay	100	108	113	113	114	112	105	109
Plymouth	100	107	116	117	120	118	119	124
Devon	100	102	109	111	111	112	107	111
UK	100	104	108	110	112	113	111	115

Source: HESA data from Torbay & South Devon work and Skills Analysis by SLIM, 2010

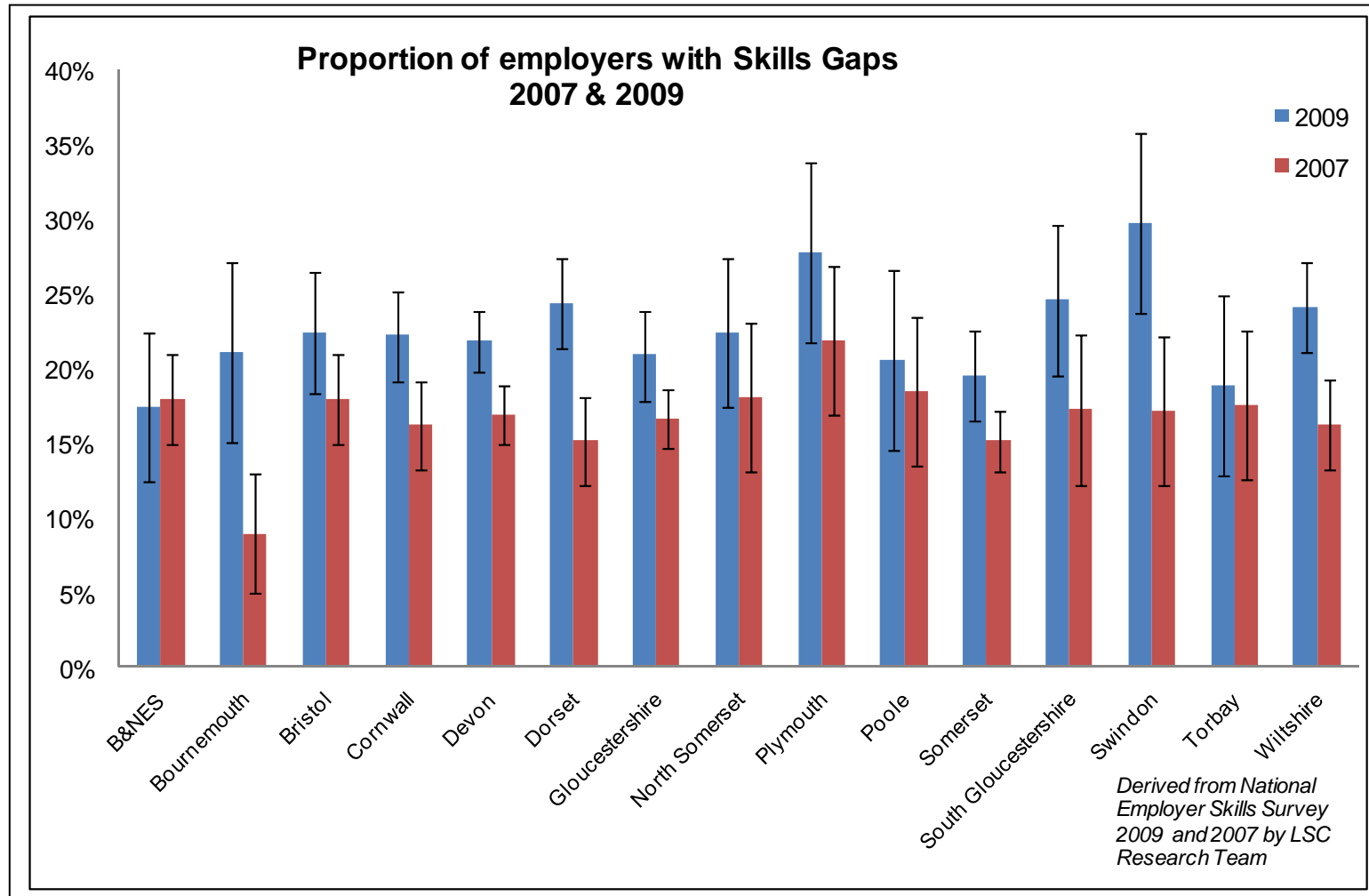
Skills gaps and training

There is evidence that employees within Torbay are receiving training. In the year to September 2009, 12.1% of those in employment stated that they had received some sort of job related training. This is higher than the English average of 10.1% and the South West figure of 10.7%¹⁴. While this is positive, it is also worth considering if employers have to carry out this training as workers do not already have the right skills for the job.

Further skills analysis available from the National Employer Skills Survey 2009 (NESS) suggests this is perhaps not the case. This is a nationwide survey of businesses designed to highlight skills gaps and shortages. While the information is interesting, it must be noted that when examined at local authority level the samples are relatively small, so cannot be considered totally reliable, similarly the confidence levels of such small data samples are extremely high. The survey highlights some positive findings, suggesting that at 18.8% Torbay has the second lowest number of employers reporting skills gaps in their workforce in the region. The regional figure is 22.3%, while the national average is 19%. While the number of employers reporting skills gaps has increased slightly between 2007 and 2009 (from 17.5% to 18.8%), this is the case across the whole region (with the exception of Bath and North East Somerset), and Torbay has actually seen a smaller increase than most.

¹⁴ Source: Annual Population Survey, NOMIS

Figure 56: Proportion of Employers with skills gaps



Source: NESS 2009

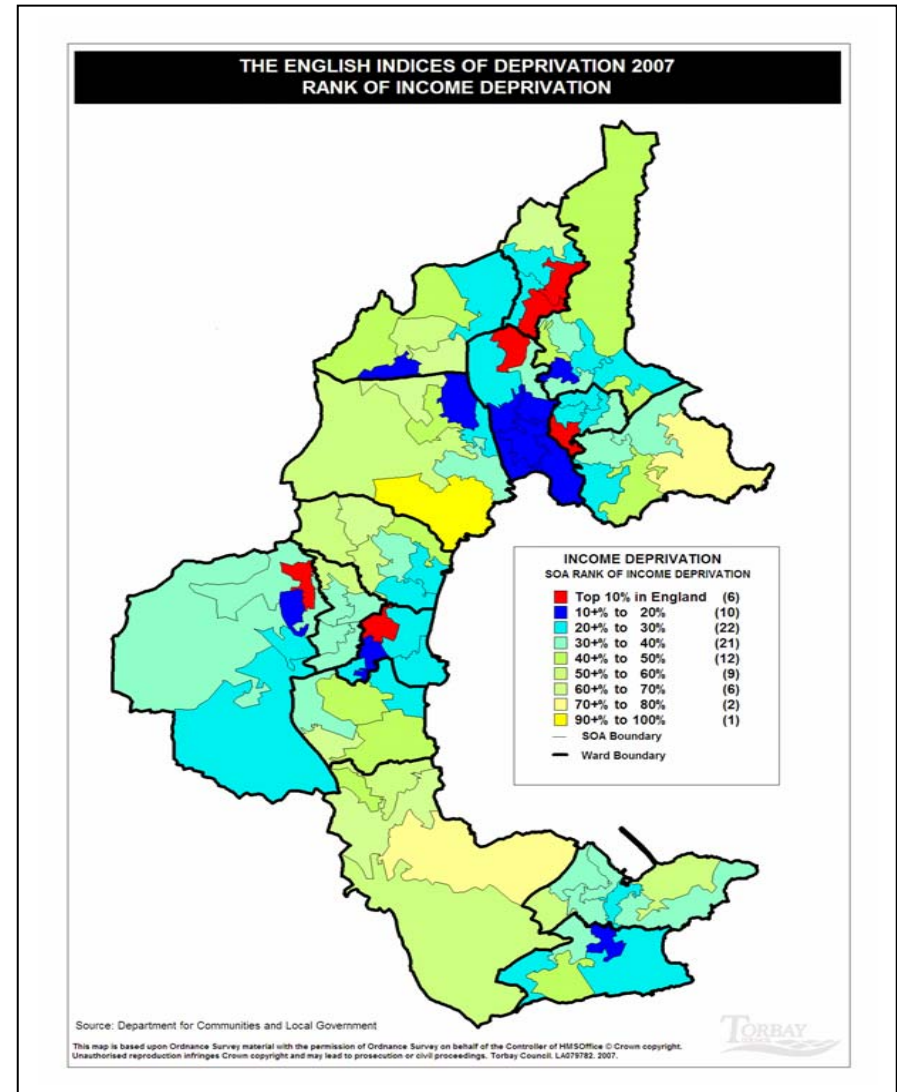
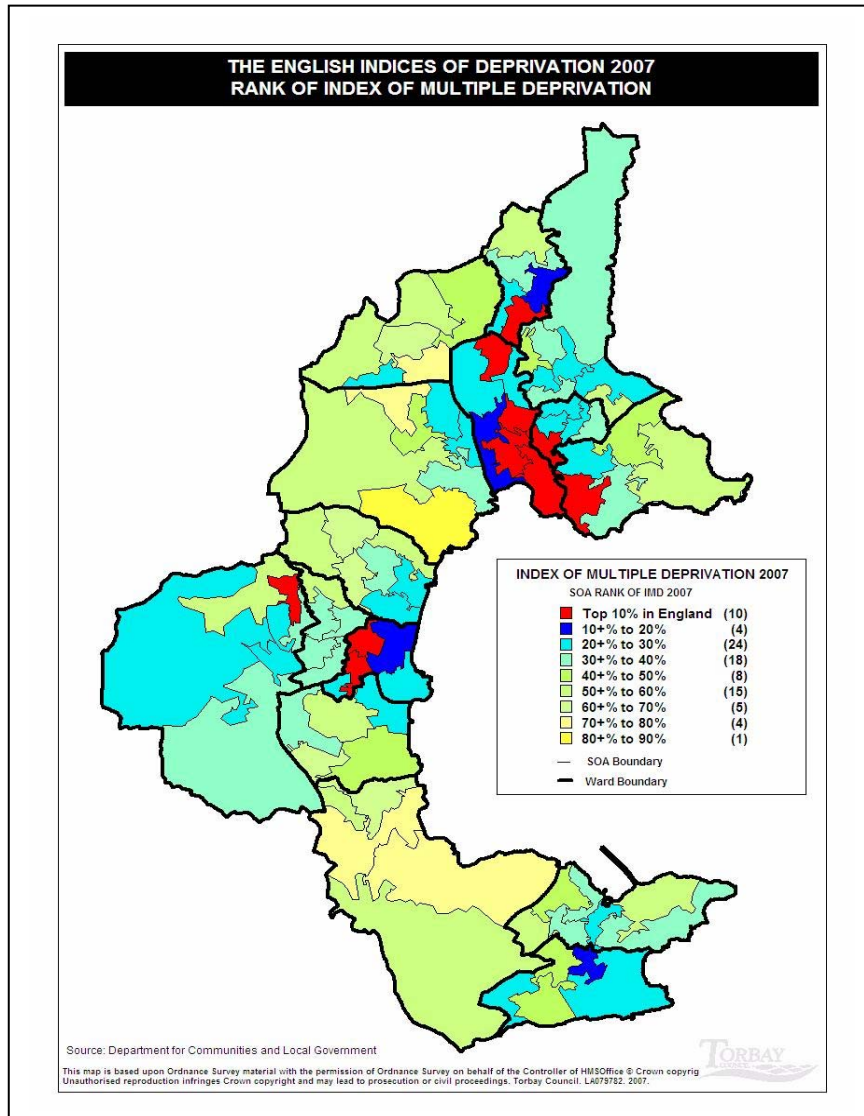
3.4 Economic and social exclusion: Identify communities or particular demographic groups that face high levels of deprivation, economic and social exclusion and identify the key underlying economic and social barriers to economic participation. Where applicable, local authorities should draw out the connections between economic exclusion and wider social issues around child poverty, risks to deep seated social exclusion, health and crime.

The key indicators of economic and social exclusion are generally believed to be the Indices of Deprivation (IMD). These combine a number of indicators, chosen to cover a range of economic, social and housing issues, into a single deprivation score for each small area in England. This allows each area to be ranked relative to one another according to their level of deprivation. Torbay has relatively high levels of deprivation and is currently ranked as the 71st most deprived area in England out of 354 by the IMD 2007. This is a 23 place drop from the last results in 2004¹⁵. Compared to its local authority neighbours of South Hams (230), and Teignbridge (179) Torbay fares badly, but is more in line with other large urban centres in the region such as Plymouth (76), and Bristol (64).

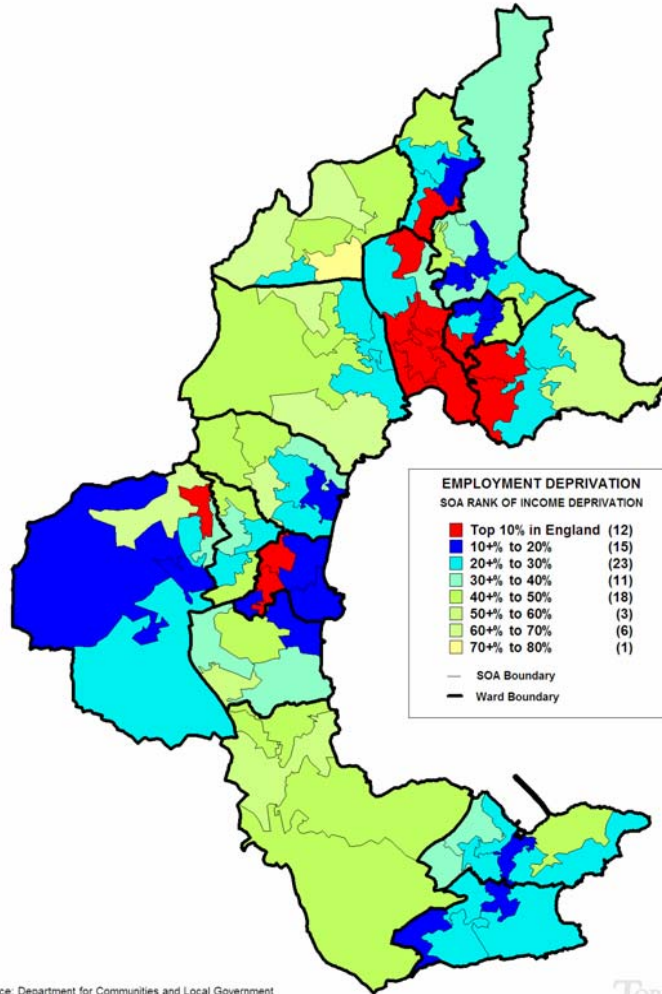
The IMD also identifies 10 of Torbay's lower super output areas as within the top 10% in England, and 4 within the top 10-20%. These most deprived areas are concentrated primarily within the Tormohun and Roundham with Hyde wards, and to a lesser extent within Blatchcombe, Ellacombe, Watcombe and Wellswood.

¹⁵ <http://www.communities.gov.uk/communities/neighbourhoodrenewal/deprivation/deprivation07/>

Figure 57: Indices of Multiple Deprivation



**THE ENGLISH INDICES OF DEPRIVATION 2007
RANK OF EMPLOYMENT DEPRIVATION**

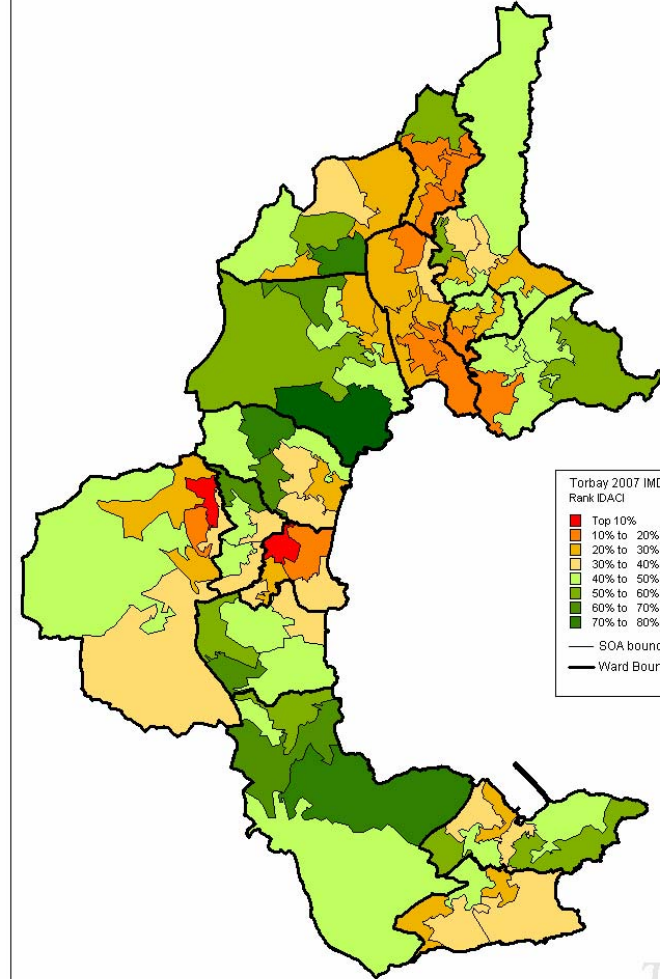


Source: Department for Communities and Local Government

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**ENGLISH INDICES OF MULTIPLE DEPRIVATION 2007
RANK OF INCOME DEPRIVATION AFFECTING CHILDREN (IDAC)**



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In terms of population, 11.5% of Torbay's residents currently live within an area that forms the top 10% of most deprived in England and Wales. A further 4.8% live in the top 10-20%. The figures for employment deprivation are even higher and more concentrated, with the wards most affected situated in and around the centre of Torquay and to a lesser extent Paignton. Overall levels of employment deprivation have increased noticeably from the 2004 data, with 12 super output areas now considered to be in the top 10% of the most deprived in the UK, up from 7 in 2004.

Table 24: Percentage of residents in deprivation

% of people who are living in the most deprived areas in Torbay		
Rank of overall Deprivation	Number of people	% of population
Top 10% most deprived nationally	14952	11.5%
10% to 20%	6205	4.8%
20% to 30%	34881	26.9%
Total	56038	43.2%
% of people who are Income deprived		
Rank of overall Deprivation	Number of people	% of population
Top 10% most deprived nationally	8868	6.8%
10% to 20%	15164	11.7%
20% to 30%	32464	25.0%
Total	56496	43.6%
% of people who are Employment deprived		
Rank of overall Deprivation	Number of people	% of population
Top 10% most deprived nationally	17984	13.9%
10% to 20%	21579	16.6%
20% to 30%	33942	26.2%
Total	73505	56.7%

Source: IMD

Income and employment deprivation figures have been further analysed to create an Economic Deprivation Index (EDI). This is designed to demonstrate the economic changes in deprivation between 1999 and 2005. The challenges facing the local economy are highlighted by this, as in 2005 Torbay ranked as the 47th most economically deprived area, the lowest score of

any authority in the South West. With the exception of a slight improvement in 2000 Torbay's rank has remained consistently poor, particularly when compared to its immediate neighbours, South Hams and Teignbridge. Both these districts rank as less deprived in 2005 than they were in 1999, whereas the Torbay economy has remained static.

Table 25: Local Authority population weighted EDI Rank 1999-2005

	1999	2000	2001	2002	2003	2004	2005
Exeter	133	147	148	153	159	165	178
Plymouth	79	82	83	80	82	83	86
South Hams	196	214	196	197	200	212	217
Teignbridge	156	168	164	168	169	175	181
Torbay	47	62	50	50	47	46	47

Source: Tracking Neighbourhoods: The Economic Deprivation Index 2009, CLG

The next round of IMD data is due to be released shortly, and the suggestion from the more recent sources of information included in this assessment is that the results are unlikely to have improved. Deprivation is a critical issue for Torbay, and one that needs to be addressed in more detail in future economic strategies.

Child Poverty

Child poverty is one of the government's National Indicators of performance for local authorities. This is defined as the number of children in families in receipt of either out of work benefits, or in receipt of tax credits where their reported income is less than 60% of the median.

The latest data, taken as a snapshot on 31st August 2007 demonstrates that Torbay has a higher than average percentage of children living in deprivation; 23.6% compared to the national average of 21.6% and significantly higher than the regional figure of 16.1%.

According to the 2007 IMD data, 3.2% of children live within the top 10% of most deprived areas nationally. In total 42.5% of children live in areas classed within the top 30% of deprivation. The map suggests that child poverty is located in specific areas of Torbay, notably Roundham with Hyde, Blatchcombe, Tormohun and Watcombe. Benefit claimant levels are also high in these wards, meaning they should be considered a priority by the local authority.

Table 26: Torbay Child Poverty, NI116 – Family Type

	Children in IS/JSA families		Children in families receiving WTC and CTC, and income <60% median income		Children in families receiving CTC only, and income <60% median income		Children in families in receipt of CTC (<60% median income) or IS/JSA		% of Children in "Poverty"
	Couple	Lone parent	Couple	Lone parent	Couple	Lone parent	Couple	Lone parent	All families
England	421,560	1,339,430	279,905	58,760	104,585	193,410	806,050	1,591,595	21.6%
South West	26,845	92,135	19,015	6,395	8,145	16,920	54,005	115,455	16.1%
Torbay	1,135	3,315	725	225	295	515	2,150	4,055	23.6%

Source: HMRC, snapshot as of August 31st 2007

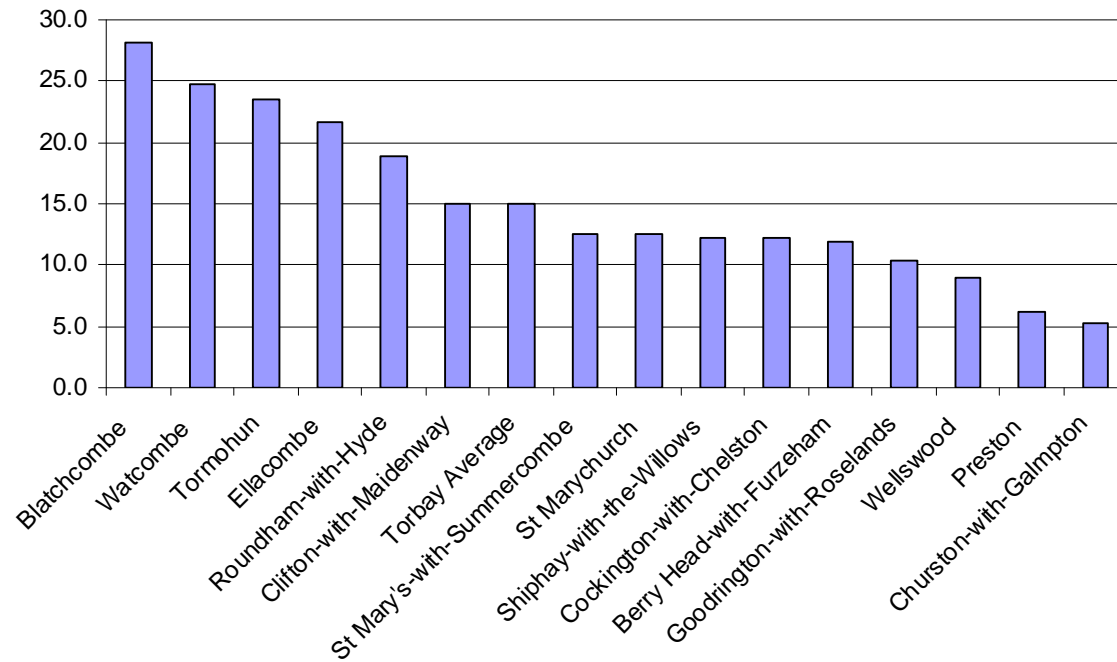
Table 27: Torbay Child Poverty, NI116 - Summary

	Children in IS/JSA families		Children in families receiving WTC and CTC, and income <60% median income		Children in families receiving CTC only, and income <60% median income		Children in families in receipt of CTC (<60% median income) or IS/JSA		% of Children in "Poverty"	
	Under 16	All Children	Under 16	All Children	Under 16	All Children	Under 16	All Children	Under 16	All Children
England	1,597,320	1,760,990	284,430	338,665	259,935	297,995	2,141,690	2,397,645	22.4%	21.6%
South West	109,000	118,980	20,865	25,415	21,920	25,065	151,785	169,460	16.9%	16.1%
Torbay	4,025	4,450	765	950	715	810	5,505	6,210	24.7%	23.6%

Source: HMRC, snapshot as of August 31st 2007

That the wards of Tormohun, Roundham with Hyde, Blatchcombe, Ellacombe and Watcombe are the most deprived in the Torbay area is further supported by free school meal data. The percentage of children receiving free meals within these wards is significantly higher than the Torbay average of 15%. Churston with Galmpton and Preston have lower than average take up of free school meals, which is also reflected in the IMD. Wellswood however, reflects the disparities between different lower super output areas (LSOA) in the same ward. As a ward it has the third lowest eligibility for free school meals, but it also includes a LSOA within the top 10% of most deprived areas in the country. This demonstrates that even wards within the Torbay area cannot be categorised or treated as one size fits all.

Figure 58: Percentage of children eligible for free school meals (primary & secondary)



Source: Torbay Council

NEETs

In order to prevent social exclusion later in life, the government has targeted children aged 16-18, with the aim of ensuring they transfer successfully from school to Further Education. Those who do not make this transition fall into the not in employment, education or training (NEET) category.

NEETs are an area which is a success story for Torbay. Over recent years, despite summer peaks, levels have dropped significantly faster than the regional and national figures. According to the Connexion Service, only 3.6% of 16-18 year olds in Torbay known to them were NEET in December 2009. This is significantly lower than the regional average (5.6%), and the

average for England as a whole (7.7%)¹⁶. Unemployment data suggests that while NEET reduction in Torbay is successful, more needs to be done for those aged 18-24. In February 2010 32% of JSA claimants were in this age range, 2% higher than the regional and national average. This could be related to the lack of full time jobs available in Torbay, or that competition for jobs means younger, more inexperienced candidates are missing out.

Table 28: Percentage of 16 to 18 year olds NEET, average from Dec 09 to Jan 2010

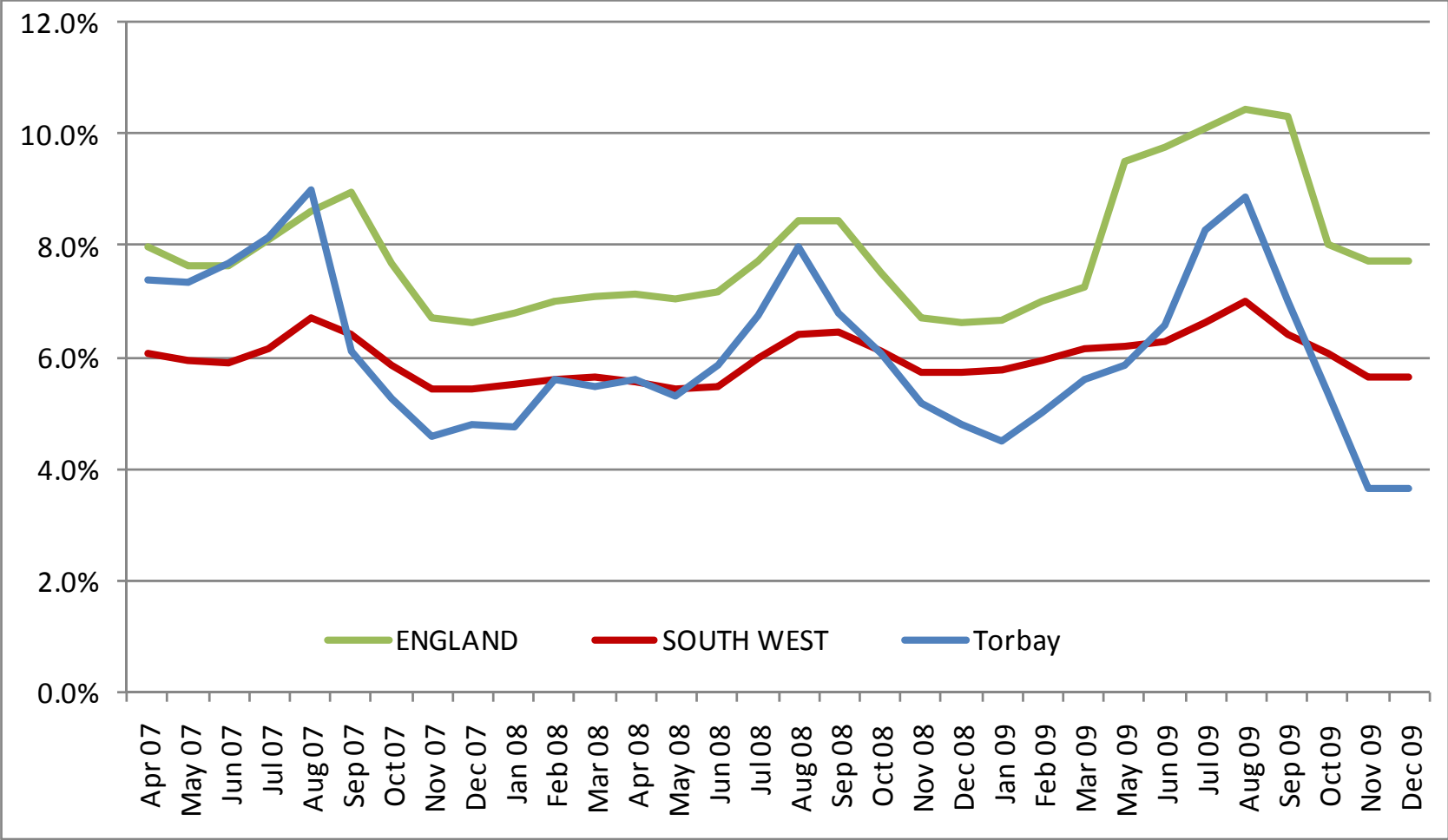
England	6.3%
South West	5.5%
Devon	5.8%
Plymouth	6.6%
Torbay	3.9%

Source: NCCIS

These numbers are volatile. The number of NEETs tends to rise in the summer months, due to young people taking time to settle into training or employment after leaving school or college, as shown below. In Torbay, the number of NEETs has tended to be above the regional average in the summer (at around 8%), falling to around 4% in the winter months.

¹⁶ SLIM – Sub-regional Employment and Skills Analysis 2010

Figure 59: 16-18 year old NEETs (percentage), Apr 2007 – Dec 2009



Source: SLIM – Sub-regional Employment and Skills Analysis 2010

4. Sustainable Economic Growth

4.1 The natural and historic environment: In considering the sustainability of the local economy, assessments should consider and make a judgement over the extent to which economic activities are supported by or impact negatively on the natural and historic environment and the positive contribution the natural and historic environment makes to sustainable economic growth. Local authorities should use their first assessments to relate economic activity levels and environmental indicators and limits such as carbon emissions, waste production and use of natural resources. This information might be collected for particular sectors. Where environmental risks and opportunities have been identified, including risks from the impacts of climate change and opportunities from enhancing the natural environment and making the best use of environmental assets, authorities should consider their impact on future economic activity. In that context, local authorities should consider the resilience of infrastructure and business to withstand environmental shocks.

Torbay's natural and historic environment is its biggest selling point for both visitors and residents alike, key to this are 18 sandy beaches along the 22 miles of coastline which make up Tor Bay. Coupled with this are seafront gardens, Victorian and Georgian architecture and two country parks at Cockington and Berry Head. There are 12 sights of special scientific interest within Torbay and the outstanding geology and archaeology of the area was recognised through Geopark status in 2007.

As examined earlier in this document, tourism is clearly a key driver for the Torbay economy, and as a result the natural environment which brings visitors to the Bay must be protected. That the beaches of Torbay are a natural asset which is cared for is confirmed by the four blue flags awards currently in place across the Bay. Two beaches in Torquay and one each in Brixham and Paignton have met the 32 criteria laid out by the Blue Flag association which include environmental information, water quality and safety. The Marine Conservation Society's Good Beach Guide also recommends several beaches around the Bay for their water quality. Other historic buildings in the area are also being highlighted to visitors, including home of Agatha Christie, Greenway, which has been opened by the National Trust and is located near Brixham. The famous author was born and lived in Torbay and much is now being done to highlight this to visitors, including a trail guiding walkers through the landmarks associated with her life in the Bay.

The coastal nature of Torbay as an economy also lends itself to particular sectors, namely environmental and marine technology. The Bay is already home to Brixham Environmental Laboratory, a leading industrial environmental science facility and part of Astra Zenica, a globally renowned pharmaceutical company. The success and investment in this facility can be held up to potential investors as an example of a big business working in Torbay. The Torbay Inward Investment Strategy has

highlighted the importance of both these sectors and work must now begin on using the natural environment to encourage the formation of a cluster in Torbay.

Being in a coastal position naturally puts Torbay at a risk of flooding as a result of climate change and this issue is exacerbated by the hills on which the towns are built funnelling water between them. The South Devon Catchment Flood Management Plan published by the Environment Agency in 2009 highlights Torbay as a risk area for river flooding which could affect homes, schools and health centres. The plan also suggests that further land development would put additional pressure on the sewerage system, and increase the risk of surface water run off. As a result flood risk has to be factored into both planning and regeneration policies, ensuring protection of housing, infrastructure and the local environment.

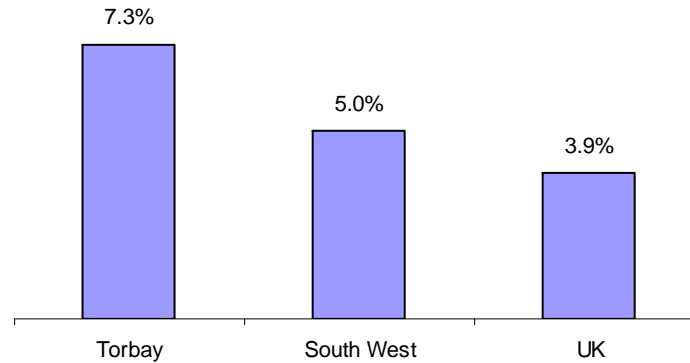
Torbay recognises the importance of the low carbon economy and has taken steps to move towards this. In 2008 the Carbon Management Plan was launched, committing the Council to reducing its own carbon emissions by 20% by 2012. A wider Climate Change Strategy was also adopted in 2008, and is designed to guide Torbay towards a new, low carbon economy.

Within the strategy a target has been set to reduce carbon dioxide (CO₂) emissions from activities in Torbay by 30% from 1990 levels by 2020 and at least 60% by 2050. This complements current national climate change mitigation efforts and will require a 2.3% 'year on year' emissions reduction from 2008. Further action and the start of a review of this strategy was taken in the form of a Carbon conference in May 2010 at which the local authority and some local participants discussed ways in which the low carbon economy can be taken forward. This marked the beginning of the formation of a new climate change action plan.

Environmental Indicators

In 2007, Torbay produced 671 kt of end user CO₂, this figure has reduced by 7.3% since 2005 (down from 717 kt), above the 5.0% reduction achieved by the South West as a whole, and 3.9% UK average. The highest proportion of end user emissions in Torbay in 2007 came from domestic sources, accounting for 44% (292 kt), followed by industry and commerce with 33% (221 kt). 3 kt of CO₂ was produced by land use and land use change & forestry. The emission breakdown in Torbay varies significantly to both the South West region and the UK. Industry and Commercial CO₂ make up 37.7% and 45.4% of emissions regionally and nationally respectively, while in the South West the Domestic sector contributes 30% of CO₂ and the UK figure is 28.4%. This suggests that the industry and commercial sectors are underrepresented within Torbay in comparison to the rest of the country.

Figure 60: Percentage of CO2 reduction between 2005-2007



Source: Local and Regional CO₂ Emissions Estimates for 2005-2007, DECC

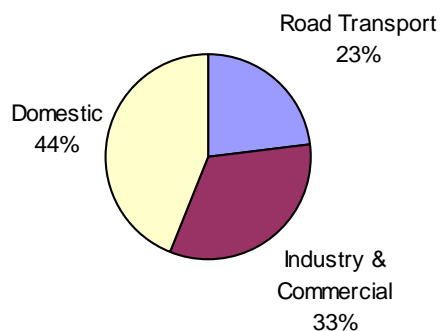
Positively, between 2005 and 2007 per capita emissions reduced by almost 8% in Torbay, from 5.4 kt to 5.0 kt.

Torbay residents were responsible for a total of 5.0 tonnes of CO₂ per capita in 2007, 35% lower than the 7.6 tonnes average for Devon and 40% lower than the South West 8.2 tonnes per capita. This was the lowest amount recorded by an authority in Devon, and the second lowest in the region. They also used an average of 4,032 kWh of electricity per consumer in during 2008, 4% (449kWh) lower than the regional average of 4,481 kWh and 11% (166 kWh) lower than the national average of 4,198 kWh¹⁷.

¹⁷ Source: South West Observatory – Torbay Environment Profile

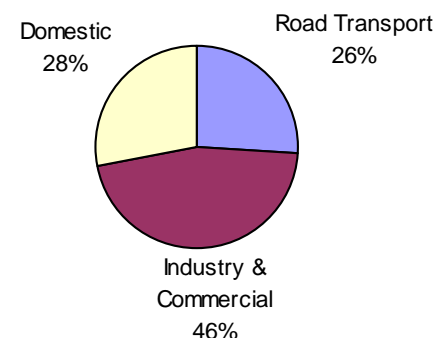
Figure 61: CO2 Estimates by Sector

CO2 Estimates by sector - Torbay



Source: CO2 Estimates, DECC

CO2 Estimates by sector - UK



Source: CO2 Estimates, DECC

Waste and Pollution

Between 2005 and 2008 there were no incidents of significant pollution to air or water, but there were seven incidents of major impact to water and one to air. Six out of the seven water related incidents were sewage related.

During the year 2008/09 Torbay has residual waste of 657.57kg per household. This was the second highest figure in the region. In the same time period Torbay's recycling rate was 32.75%, placing it 15th out of the 52 waste collection areas in the South West. 63% of waste (48 thousand tonnes) was sent to landfill, a reduction of 8% from 2007/08 figures¹⁸.

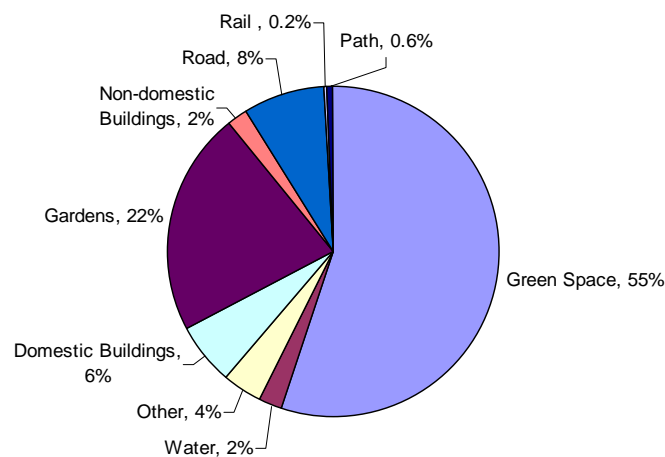
¹⁸ Source: South West Observatory – Torbay Environment Profile

Land Use

The largest proportion of land in Torbay is classified as green space, accounting for 34,681 thousand square metres or 55% of its total area. This is significantly lower than the Devon average of 92% and South West average of 91% and reflects the urban nature of Torbay within a predominately rural county. When compared with other urban areas Torbay's figure seems less extreme, green space makes up 51% of Exeter's land use, 42% in Plymouth and 34% in Bristol.

Torbay also has a higher proportion of its land area covered by domestic buildings, with 6% compared to the county and regional average of 1%. There is also a significantly higher proportion of land covered by domestic gardens in the local authority area, with 22%, in comparison to both the county average 2% and regional average 3%. This can again be explained by a higher population density, needing more housing and being provided with more gardens. Around 8% of Torbay is covered by the road network, which is again higher than the county and regional average of 2%.

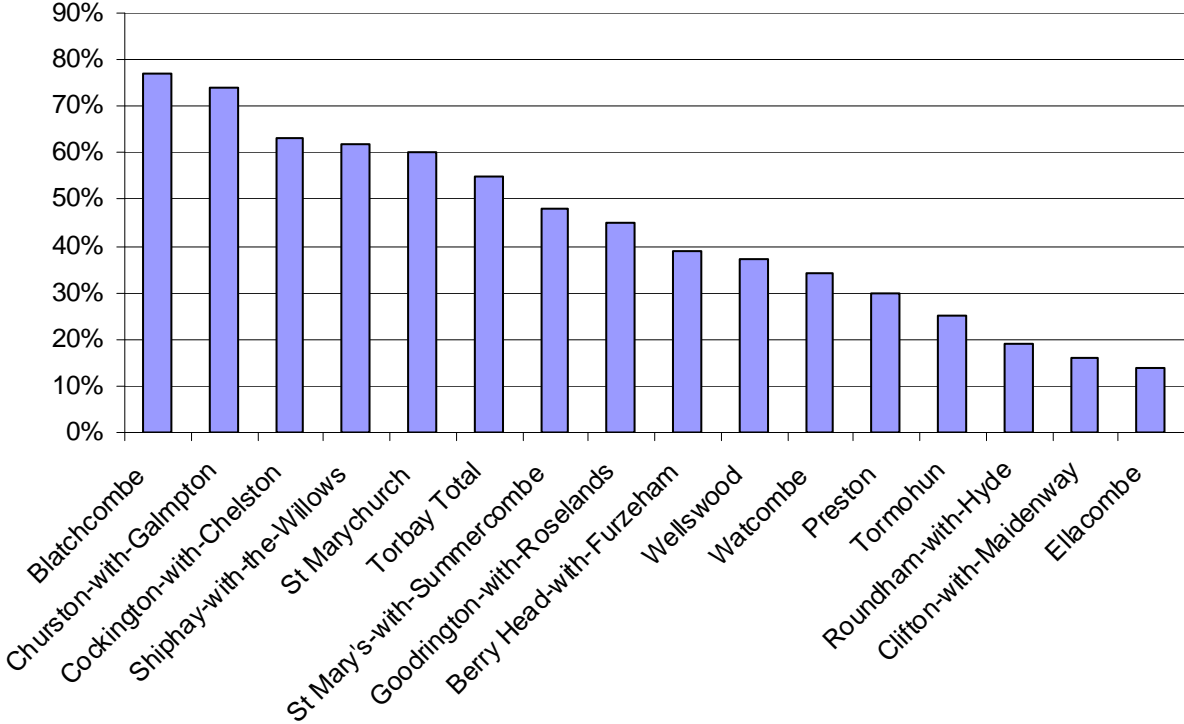
Figure 62: Land use statistics - 2005



Source: CLG through South West Observatory – Torbay Environment Profile

The density of green space varies across the Torbay wards from 14% in Ellacombe to 77% in Blatchcombe. There is a correlation between the areas with less space and the most deprived, with Tormohun, Roundham with Hyde, Ellacombe, Watcombe and Wellswood all having below average green space and having LSOA's within the top 10% of English deprivation.

Figure 63: Percentage of Green space by ward - 2005



Source: CLG through South West Observatory – Torbay Environment Profile

4.2 Low carbon economy: The Government has set ambitious plans for the low carbon economy. Local authorities should, in particular, examine the trends, challenges and the opportunities in environmental goods and services in the local economy, and how well placed local infrastructure is for the needs of such an economy.

The low carbon economy presents a huge opportunity for Torbay to develop new and lasting skills in emerging industries. The market for low carbon environmental goods and services currently employs 910,000 people in the UK, with that number expected to rise by over a million as quickly as 2015¹⁹. As a priority sector the government is supporting skill developments in these industries, and it essential that Torbay takes advantage of this.

In order to move forward in a low carbon economy Torbay needs to explore and take advantage of local specialism. For example, there is a history of window building within the Bay, and there is a possibility that the skills involved in this industry could be transferred to solar technology. Work is currently being done to explore which form of renewable energy will bring the most benefit to Torbay in terms of both carbon reduction and job creation.

If Torbay is to look to the future it is essential that training provision matches the industries targeted by the authority as developing sectors. The low carbon sector, for example, may not necessarily need new skills, but existing ones could be adapted. The Institute for Public Policy Research produced a report on Britain's green future⁵ which noted that green skills already widely exist, but workers will need to be able to transfer their current skills sets into new and emerging industries and roles. The report gave examples of jobs which could be 'topped up' in order to function in new low carbon industries. By working with local providers to put on this sort of course Torbay could ensure its skills base is looking to the future.

¹⁹ Source: LGIU – Meeting the Low Carbon Skills Challenge policy briefing

Table 29: Top up training for low carbon jobs

Table 5.3. Top-up training for low-carbon jobs

Current job	Core training requirement	Additional low-carbon skill requirement	New low-carbon job
Electrician	Apprenticeship, BTEC or NVQ/SVQ	Working on roofs; installation of solar PV panels	Solar PV fitter
Offshore oil or gas maintenance technician	Apprenticeship, BTEC or NVQ/SVQ	Offshore wind technology	Offshore wind maintenance technician
Aerospace technician	Apprenticeship, BTEC or NVQ/SVQ	Technology-specific knowledge	Wind turbine technician
Architect	Undergraduate degree, masters degree and paid work experience*	Energy efficiency and zero-carbon knowledge	'Low-carbon' architect
City trader	Undergraduate degree	Carbon literacy, understanding of carbon trading schemes	Carbon trader
Facilities manager	No specific qualification required	Sustainability and energy management issues	'Low-carbon' facilities manager

*These are requirements to become a registered architect with the Architects Registration Board.
 BTEC = Business and Technology Education Council qualification; SVQ = Scottish Vocational Qualification; NVQ = National Vocational Qualification

Source: Greening South West Skills: Green Skills Research Brief, SLIM

The low carbon economy is being investigated in Torbay. Research is being done within the authority to establish the best means of low carbon production for the area and the Carbon conference held by the Strategic Economic Partnership in May 2010 suggests the agenda is being given attention.

4.3 Transport provision and other infrastructure: Examine how intra and inter-urban transport provision, together with the provision of transport in rural areas, supports sustainable economic growth. Local authorities should examine what improvements, as part of a package of non-transport measures, would open up new economic opportunities and facilitate regeneration, by for instance, enabling people in deprived areas to access job opportunities elsewhere or by reducing congestion. Local authorities should also consider whether other infrastructure, such as energy and broadband provision, is sufficient to meet the current and future needs of the local economy.

Transport Provision

The natural geography of Torbay has a direct impact on both transport provision and infrastructure. While the long coastline and beaches are major contributors to the tourist industry, they also reduce access to the Bay to one side.

The main arterial route into Torbay is via the A380 from Exeter to the North. This is easily accessed from the M5, and generally runs freely as a dual carriageway as far as the Penn Inn roundabout at Newton Abbot, located 6 miles from Torquay. At this point the road becomes one of the busiest sections of single carriageway in the country, and begins to struggle with the volume of traffic; this is particularly bad at peak commuting times and during the holiday season. The suggested answer to this problem is the South Devon link road, a new 5 mile dual carriageway project which has been submitted and is now awaiting government approval (at the time of writing the new government was not in a position to commit itself either way).

This scheme is seen as fundamental to the regeneration of Torbay as it will remove the perceived peripherality and make Torbay a more attractive place to invest.

Routes between the three towns that make up Torbay also become heavily congested, making it difficult to move around the area as well as to move in and out.

To compound the isolated image of Torbay, there are no mainline railway stations. Although there are two local stations in Torquay (Torre & Torquay), and one in Paignton, these are not connected to the main rail network, and to gain access to the rest of the country travellers must change at Newton Abbot. While there is potential for better use of these stations for those wishing to move around Torbay itself, they are unlikely to prove a draw for businesses (and therefore an improved contribution to the economy) unless they are linked to the mainline with regular, reliable services.

Torbay is relatively well served with buses, and the 12 service runs frequently between the three towns and also links to Newton Abbot. There is however an issue with journey time reliability as buses have no priority over cars on the A380, meaning they too are often victims of congestion.

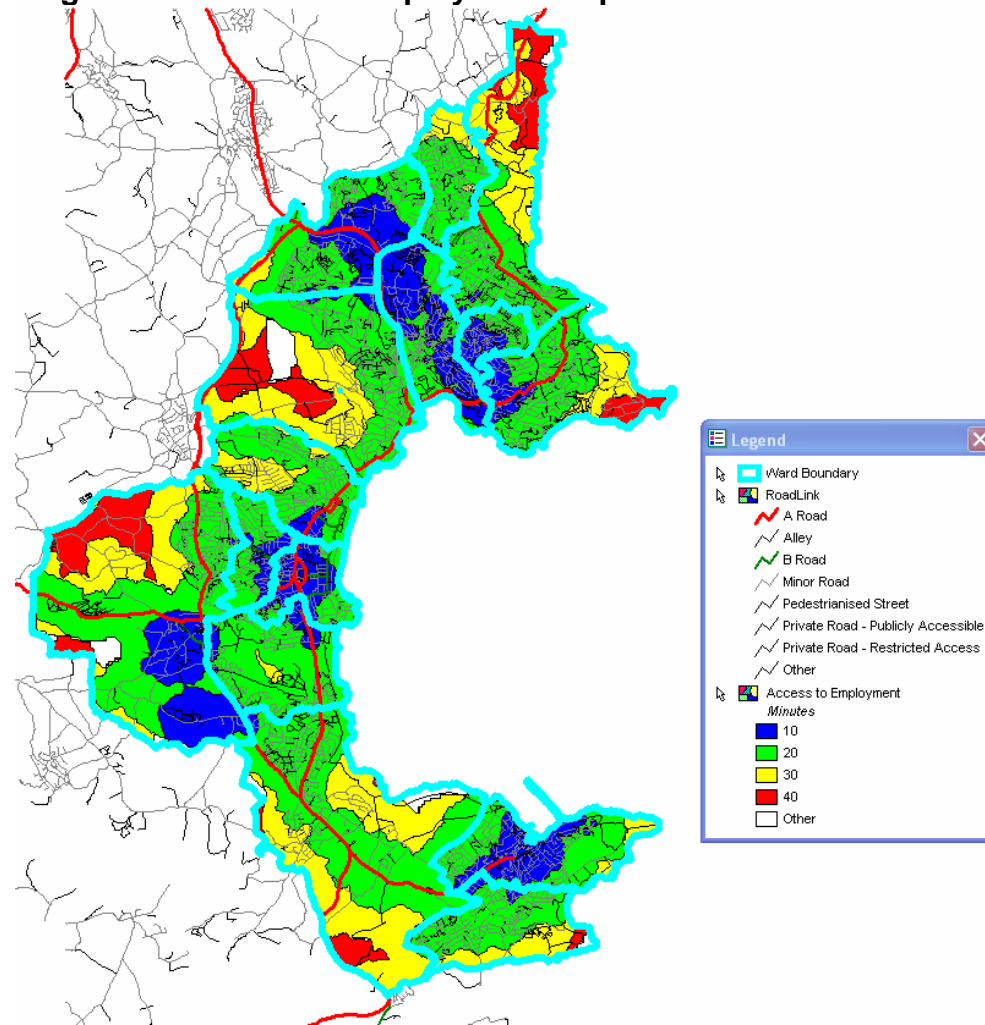
Within Torbay's Inward Investment Strategy road congestion and the lack of a mainline train station are identified as serious barriers to new business set ups in most sectors. While Torbay retains the image of being 'cut off' it is going to remain a serious challenge to attract new investment and new jobs, particularly from large employers and the benefits to the local economy they bring.

A number of transport policy objectives are addressed within Torbay's Local Transport Plan (LTP); these include improving accessibility, air quality and safety, as well as relieving congestion. Central government requires the provision of LTPs, and although Torbay's current document is due for renewal next year it does give an insight into the local authority's transport priorities and the identified strengths and weaknesses of local transport provision. Key findings suggest a good bus network exists, although the local Care Trust has raised concerns over the availability of affordable public transport within very deprived areas of Torbay. The plan also clarifies the issues raised above, including the development of South Devon link road, peak time congestion and the demography of Torbay.

Access to Employment

The map on the next page demonstrates the distance travelled to work by the residents of Torbay, and also illustrates the relatively low number of A roads in the local authority area. The bulk of those residents travelling 30-40 minutes to employment are in the less deprived and more outlying areas of Torbay. Those travelling shorter distances live closer to the town centres.

Figure 64: Access to Employment Map 2008



Source: Torbay Council

Employment/Commercial Property requirements

Torbay Council's latest Employment Land Monitor (2009) gives an overview of land availability and take up in Torbay. It is based on site inspections carried out in April 2009 and research into economic planning history. The monitor indicates that during 2008/09 2.3 hectares of employment land were completed (all in Paignton), a higher figure than the recent trend due to the completion of the Westfield Business Park. Between 1995-2008 20.63 hectares were taken up, around 1.6 hectares per year. In this time 5.6 hectares has been lost, making the average yearly employment land creation 1.15 hectares.

Planning decisions can be used to give an idea of the amount of development being planned and completed in Torbay. In the year up to December 2009 Torbay Council made decisions on 1,150 planning applications, 29 of which were for major developments. In the same year Plymouth made decisions on a similar amount (1,169) and Bristol on significantly more, 2,843. Plymouth and Bristol also had higher numbers of major applications (101 and 115 respectively); suggesting much of the proposed development in Torbay is on a small scale.²⁰

The bulk of Torbay's small business areas exist largely in established urban areas, which limits the scope for development. Although the monitor does not record office premises it does include reference to the successful development of two Innovation Centres created and run by the TDA. These were built in response to local demand, and are a good example of the local authority responding to the needs of the business community. The success rate of these Innovation Centres also demonstrates the viability of this kind of space within Torbay. Of the 28 companies that started at the Torquay site, only 1 has definitely failed and 2 are struggling; In Paignton, of the 33 companies 1 has failed and 2 have been dissolved. This suggests that at worst case 6 out of 61 businesses have failed, which is less than 1 in 10²¹.

As part of our research in infrastructure we have also examined the demand for employment land and commercial property within Torbay. As part of this we have liaised with four local agents to establish how the market currently sits. All four currently have clients on their books who are seeking commercial space within Torbay; however they agree that the market is still relatively quiet, with one citing the reluctance of banks to lend as a factor impeding recovery. To give an idea of turnover, between them the four agents have sold/let around 60 properties in the three months to March 2010.

²⁰ Source: CLG Planning application statistics, 2009

²¹ Source: Torbay Innovation Centres

The findings from this research suggest that where there is a demand for commercial premises, it is predominantly within the retail and hospitality sectors. Size of retail properties is also a common theme, with most prospective tenants/buyers looking for units under 1000 sq ft. Those who are looking for office or light industrial space are looking at no bigger than 5000 sq ft, suggesting reasonably small enterprises. There is little demand for employment land, with most clients seeking ready built premises. The agents also believe there is no shortage of retail and industrial land, but suggest the availability of good quality office space is an issue. This ties in with the suggestion by the Employment Land Monitor that there could be scope for more business incubation spaces. It is clear from the four agents who replied that demand for retail, light industrial and office space is centred in and around Torquay, with relatively strong demand also in Paignton. There is little or no demand for space in Brixham²².

The proposed employment land requirements for Torbay are set out in the Draft Core Strategy, which forms part of the Local Development Framework (LDF). Data in the document based on a report by Roger Tym and Partners completed in 2008 the strategy suggests there will be relatively low growth of traditional manufacturing and office (Class B) jobs at under 10%. Using the growth figures suggested in the Regional Spatial Strategy of 2.8% it is suggested that 7,900 new jobs will be created by 2026 with around 600 in B class occupations. If the economy was to grow at 3.2% (unlikely in the current climate) 10,100 jobs would be created with 930 in class B. As a result the study recommends that between 16,000 and 28,000 sq metres of B class office and industrial space should be provided in Torbay by 2026. This does not necessarily tie in with the growth areas of advanced engineering, public sector relocation and marine technology listed in the previous Economic Regeneration Strategy and the Inward Investment Strategy.

The Core Strategy suggests planning policy needs to be flexible and allow non B class jobs in traditional areas in order to encourage as much job creation as possible. As a result significantly more provision for flexible employment space is being included in the strategy. Any future growth options must include provision for the amount of land detailed below. These figures also take into account the Mayor's Vision, physical regeneration projects designed to improve the Bay and create new jobs. The retail information forecasts the bulk of growth to be in Torquay, and the strategy suggests that a 'town centres first' approach will be supported by planners due to the increased employment benefits offered by this.

²² This data is taken from a brief survey of four agents within Torbay and is their opinion only.

Table 30: Proposed land provision

Type of Development	Provision Made
B class jobs	3 hectares/12,000 sq metres
Flexible employment space (inc town centre retail)	30 hectares/120,000 sq metres
Convenience (food) retail	10,500 sq metres
Comparison (non-food) retail	48,000 sq metres

Source: Torbay LDF Core Strategy, Torbay Council, Sept 2009

The Valuation Office's breakdown of commercial and industrial floor space by bulk classes for Torbay demonstrates a dominance of retail premises well above the regional and national averages.

Despite this dominance of retail property there is evidence that number of town centre retail properties in all three towns is declining. In 2006 there were 652 units, compared to 593 in 2009²³, of which the highest concentration are in Torquay. Torbay faces stiff competition from new developments in both Exeter and Plymouth as well as the recession, something which is born out by the increasing numbers of vacant shops. In July 2009 there were just under 180 vacant units in the three town centres, with few on the 'main' shopping streets of Paignton and Brixham, but noticeable gaps within the shopping heart of Torquay. Focus is needed to reverse the declining trend and it is hoped that the Town Centres Company will be able to achieve this.

The data shows a significantly lower proportion of commercial space is offices, 13.7%, compared to 19.7% regionally and 23.6% nationally. When viewed with the agent research and popularity of the Innovation Centre space this suggests there is a real need for high quality office space if Torbay is to grow the high value knowledge intensive sector. Factory space is also below the levels elsewhere, with nearly 9% less space than the South West average. This is however, perhaps not surprising given the decline in manufacturing described earlier in this document²⁴.

²³ Source: Torbay Retail Monitor 2009, Torbay Council

²⁴ Source: Torbay Retail Monitor 2009, Torbay Council

Figure 65: Commercial and Industrial floor space by Bulk Classes - 2008

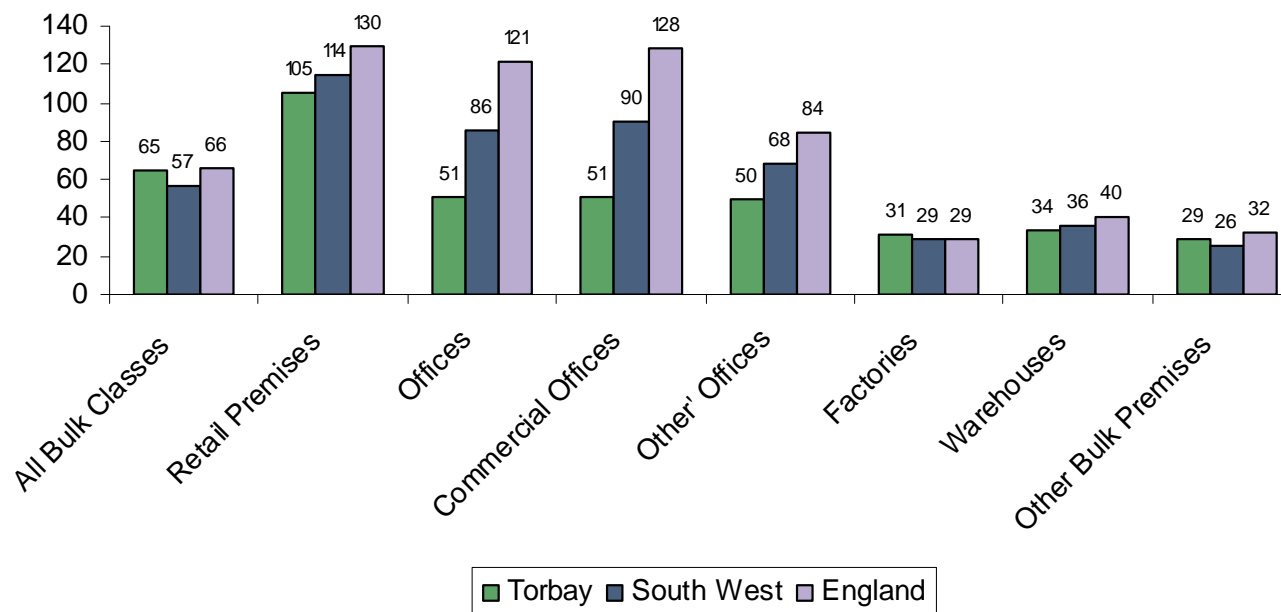


Source: Valuation Office Agency, taken from ONS Local Profile

Rateable values in Torbay are, according to Valuation Office figures, overall slightly higher than the regional average as £65 per square metre compared to £57. The national average is £66, in line with Torbay.

Office space is priced significantly lower than the regional and national averages, perhaps reflecting the quality of premises on offer rather than the demand. Given the higher than average proportion of retail premises in Torbay that this space is not priced at more that £9 per square metre lower than the South West figure is surprising.

Figure 66: Commercial and Industrial floor spaces rateable value (2005 valuation) per sq metre - 2008



Source: Valuation Office Agency, taken from ONS Local Profile

Broadband Access

The current Universal Service Commitment (USC) suggested by the government is to deliver universal speeds of 2Mbits/s by 2012. However, it is recognised that this needs to be a stepping stone to providing Next Generation Access. Some mapping work has been done by Analysys Mason for the SW Regional Development Agency which aims to show the percentage of areas within the region which do not currently meet this USC.

This research suggests that like many of the other more urban areas Torbay is actually reasonably well covered in terms of accessing 2Mbit/s speeds, in part because there is a degree of Virgin Media access.

Table 31: Analysis of areas which do not meet the proposed USC for broadband

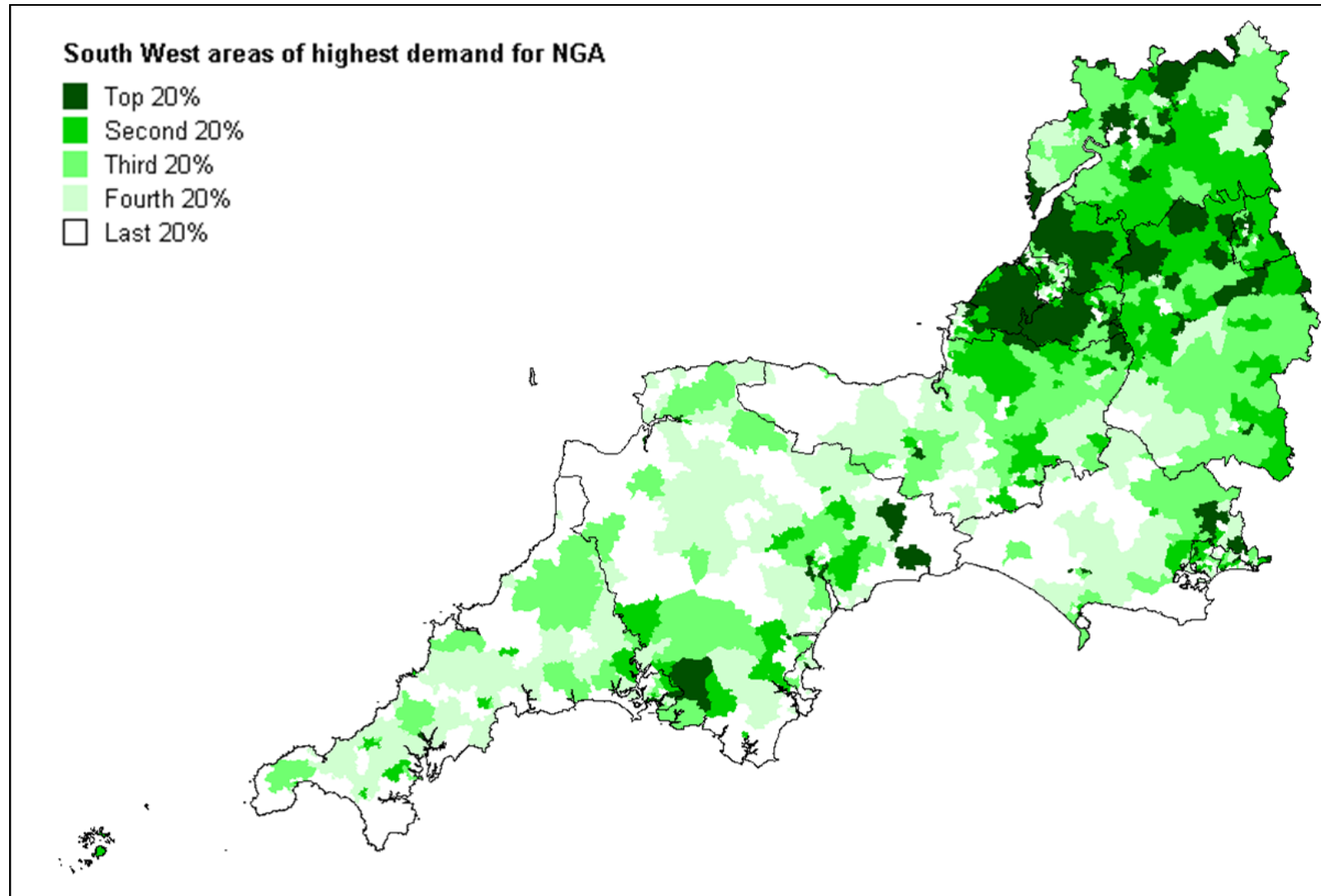
Local Authority	Proportion of all premises not meeting the proposed USC
Swindon	26%
Gloucestershire	25%
Devon	24%
Dorset	24%
Cornwall	22%
Isles of Scilly	22%
South Gloucestershire	22%
Bath & NE Somerset	21%
Poole	21%
Somerset	21%
Wiltshire	18%
Plymouth	13%
North Somerset	12%
Bournemouth	11%
Torbay	10%
Bristol	6%

Source: Next-generation access – Analysys Mason for SWRDA

However, the report also suggests that while Torbay is close to meeting the USC currently, they do not believe that Next Generation, faster speed, broadband is likely to have a huge demand in Torbay. This data is obtained by analysing the type of business in the area as well as public sector and residential demand. Torbay's low score is mainly due to the make up of businesses in the area and the large percentage of older residents not deemed to have high demand for faster broadband. These combined factors mean Analysys Mason rank much of Torbay in the bottom 20% of the South West for demand, a view which needs to be challenged if this agenda is to move forward. .

This presents a challenge for Torbay as the relatively poor transport links mean other forms of infrastructure must come under scrutiny to examine if they can in any way compensate, and this would not have been taken into account by the research. Broadband access is key to economic development, especially in the knowledge intensive and high-tech manufacturing sectors Torbay is targeting to attract.

Figure 67: Overall demand for NGA in the South West by quintile



Source: Analysys Mason

Torbay Development Agency sets out in its Inward Investment Strategy the aim of targeting companies within advanced engineering, healthcare research and technology, environmental and marine technology and public sector relocation. While these sectors deliberately do not necessarily need a strong road or rail infrastructure for distribution, they will rely heavily on the internet for communication. To develop broadband levels suitable for these industries will require a coordinated approach to ensure the broadband market does not pass Torbay by as it is not seen as a high profit area by telecoms companies. Similarly as priority for governmental funding is likely to be targeted at rural areas, Torbay may be considered too urban for support, therefore missing out on revenue from that source. To enable Torbay to compete effectively with other business centres, Next Generation broadband access must be a priority.

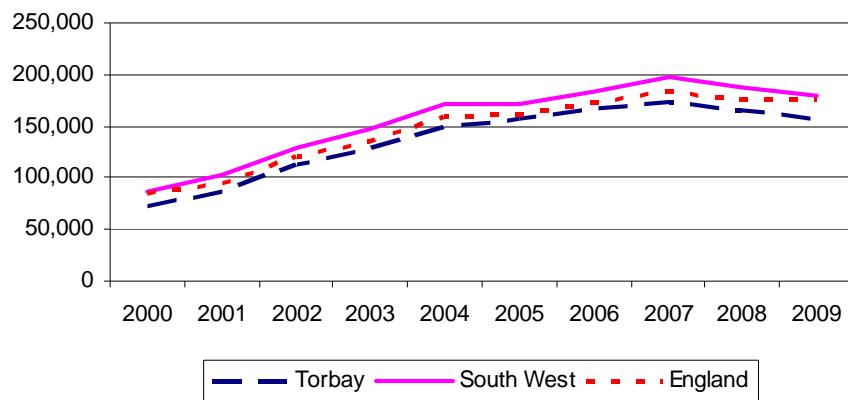
As part of the Business Barometer Survey, businesses in Torbay were questioned on their use of the internet and ICT. 56% of respondents reporting that support in better using technology and the internet in their business would be helpful. If businesses have identified this as a local need, the local authority needs to respond accordingly. Interestingly, 100% of respondents reported that the speed of their internet connection was sufficient. One explanation for this could be because the Business Barometer is an online survey, meaning those businesses without adequate connections are less likely to have participated²⁵.

²⁵ TDA Business Barometer Survey 2009/10

4.4 Housing: Examine the extent to which local housing provision meets the needs and demands of the economy. Drawing on the evidence assembled to underpin local development frameworks, such as housing market need assessments, local authorities should as far as practicable examine whether there is sufficient housing of the right size and affordability to support sustainable economic growth and economic inclusion.

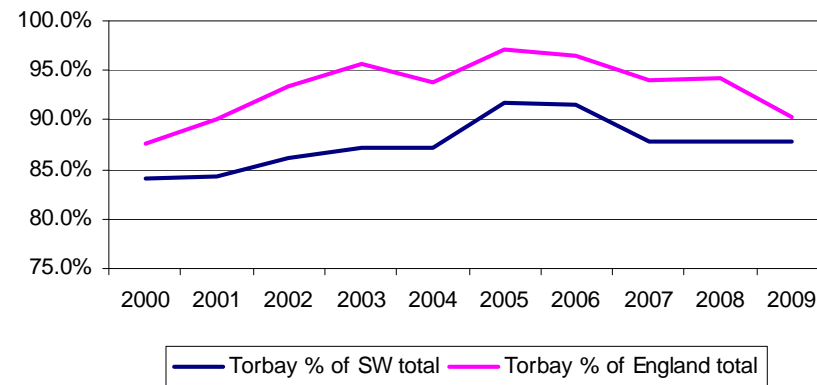
Since 2000, house prices in Torbay, in line with the regional and national figures, have more than doubled, from £73,500 to 158,000 in 2009. Like the rest of the country, prices peaked in 2007 and have since fallen. When Torbay’s median house prices are compared as a percentage of the regional and national average there has been a downward trend since 2005. At that point prices in Torbay were 91.8% of the South West total, and 97.2% of the English average. By 2009 this had dropped to 87.8% of the regional total, and 90.3% of the national

**Figure 68:
Median House Prices in Q3 – 2000-2009**



Source: CLG taken from Land Registry

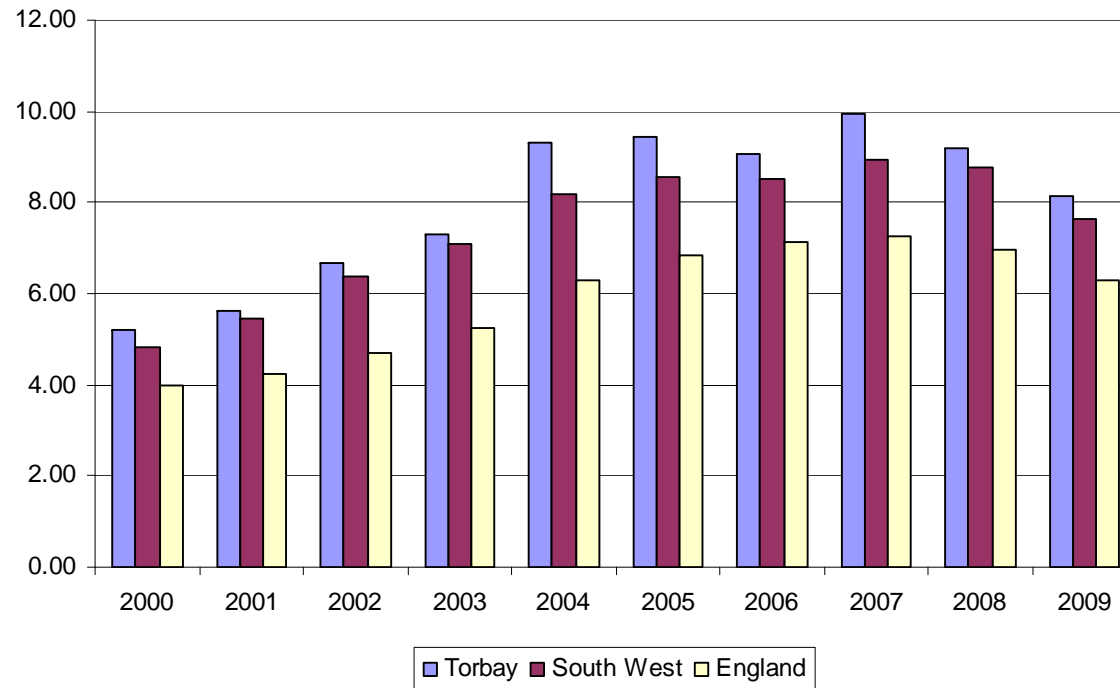
**Figure 69:
Torbay Median House prices as a % of England and SW**



Source: CLG taken from Land Registry

While house prices are lower than both the regional and national figures, housing affordability is still an issue in Torbay, as wages are also below average. As show in the table below, this is a particular issue for those on low incomes.

Figure 70: Ratio of lower quartile house prices to lower quartile earnings



Source: CLG from ASHE & Land Registry data

Affordability of housing is measured by the government as a ratio of the lowest quartile house prices to the lowest quartile earnings. For example, in 2000, a house in the lowest 25% of the market would have cost 3.97 times the salary of someone in the lowest 25% of earnings. The ratio of lower quartile house prices to lower quartile earnings in Torbay has followed a fairly similar trend to the rest of the region and England since 2000, however the ratio of 5.22 was significantly higher than national average of 3.98 to begin with, and this gap has not reduced. In line with median house prices, the affordability ratio peaked in 2007 at 9.43, and has since dropped back to 8.15 in 2009. However, with the ratio in Torbay still at 30% higher than the national average, and 7% above the South West average, it is clear that affordable housing in Torbay is in short supply.

The local authority within Torbay does not hold any dwelling stock, preferring instead to use registered social landlords/housing associations to manage social housing. In 2009 there were 4991 self contained units or bed-spaces being managed by social landlords in Torbay. This was a 6% rise from 2002 (figures prior to this are not compatible), compared to a 41% rise nationally, and a 26% increase regionally. As a result Torbay has a comparatively high number of privately rented homes, making the regulation of affordable housing harder.

This shortage of housing is further demonstrated by the affordable housing waiting lists. As of May 2010 there were 407 people on the Homebuy shared ownership list and 2494 on the housing association lists. Clearly the year on year rise detailed above is not going to provide provision for these, so affordable housing is something which needs to be addressed.

Homelessness figures for the final quarter of 2009 showed 19 households (0.3 per 1000) were deemed as homeless and in priority need. This is in line with the regional average and below the figures for the other large urban areas in Devon and Cornwall as well as the national average. Torbay's neighbouring districts of Teignbridge and South Hams have lower levels of homelessness, but are rural areas. As of 31st December 2009 92 households were housed by Torbay Council in temporary accommodation, and there were no households to which a duty was owed but no accommodation had been secured.

Table 32: Proportion of homeless households per 1000 – Q4 2009

Plymouth	0.6
Exeter	0.5
England	0.4
Bristol	0.4
South West	0.3
Torbay	0.3
Teignbridge	0.1
South Hams	0.1

Source: CLG Homelessness provision statistics, Oct-Dec 2009

Land Use

Land use data shows that between 2005 and 2008 74% of new dwellings in Torbay were built on previously developed land. This is slightly lower than the national figure, but 10% higher than the South West average. This is likely to be because Torbay is a more urban area than most of the region, therefore has less undeveloped space to use.

Table 33: Proportion of new dwellings on previously developed land

	2001-2004	2005-2008
England	66%	75%
South West	55%	65%
Torbay	47%	74%

Source: CLG Land use statistics

The proportion of new dwellings built in previously developed land has increased at a considerably faster rate in Torbay than the regional and national averages.

Table 34: Density of new dwellings

	2001-2004	2005-2008
Bristol	69	81
Plymouth	59	76
Exeter	57	63
Torbay	42	49
England	31	42
South West	34	38

Source: CLG Land use statistics

Between 2005 and 2008 there were 49 new dwellings per hectare built in Torbay. This is a greater amount than the 42 p/h in England and 38 p/h in the South West; however the amount of new dwellings being built is considerably less than in other local urban areas. The increase in number of dwellings built between 2001-04 and 2005-08 has increased faster than the regional average, but below the national rate.

CLG household projections estimated that there were 60,000 households in Torbay. Levels are predicted to grow by 35% to 81,000 by 2036, slightly slower than the 36% forecast for the region as a whole but 6 percent higher than the national average.

Table 35: Household estimates and projections

	2006 Households (thousands)	2031 Households (thousands)	Percentage Increase
Torbay	60	81	35%
South West	2,211	3,001	36%
England	21,515	27,818	29%

Source: CLG Household statistics

As part of the draft Regional Spatial Strategy (RSS) Torbay is required to provide provision for 10,100 new jobs and 15,000 new homes by 2026. Baker Associates (2008) carried out an assessment of how many homes would be needed to support the job growth predicted in the RSS. This report suggests that if the economy grows at 2.8% 6150 new jobs would be created by 2026, requiring 15,000 new homes²⁶. 2.8% GVA growth is the lowest forecast in the RSS, however given the current economic climate even this now seems ambitious. This figure has been questioned by the local authority who believe 10,000 will be adequate to support the predicted population growth. The impact that will be made by the scrapping of RSSs following the change of government in May 2010 is yet to become clear.

²⁶ Source: Torbay Strategic Housing Land Availability Assessment: Supplementary Report – Baker Associates, August 2008

5. Economic Competitiveness

5.1 Overall economic competitiveness of area: Taking account of the evidence gathered in relation to the above themes, as well as any evidence gathered around economic productivity, local authorities should seek to reach a judgement about the overall economic competitiveness and productivity of the area, drawing out specific strengths and weaknesses of the local economy.

Torbay is an unusual economy, in that it is largely urban, yet not a big city, and located in a predominately rural county. Its remote and beautiful location on the south coast of Devon is both Torbay's strongest selling point, yet also one of its barriers to growth. The economy is heavily reliant on tourism, but this can be largely seasonal and is one of the reasons for a proliferation of low skill, low wage jobs. Public sector reliance also puts the economy at risk should public spending be cut.

Productivity levels, measured through GVA and GDP, are undeniably well below both the regional and national averages. There are various reasons for this, however the fact remains that for Torbay to be considered as a competitive economy productivity levels must be increased.

Economic Resilience

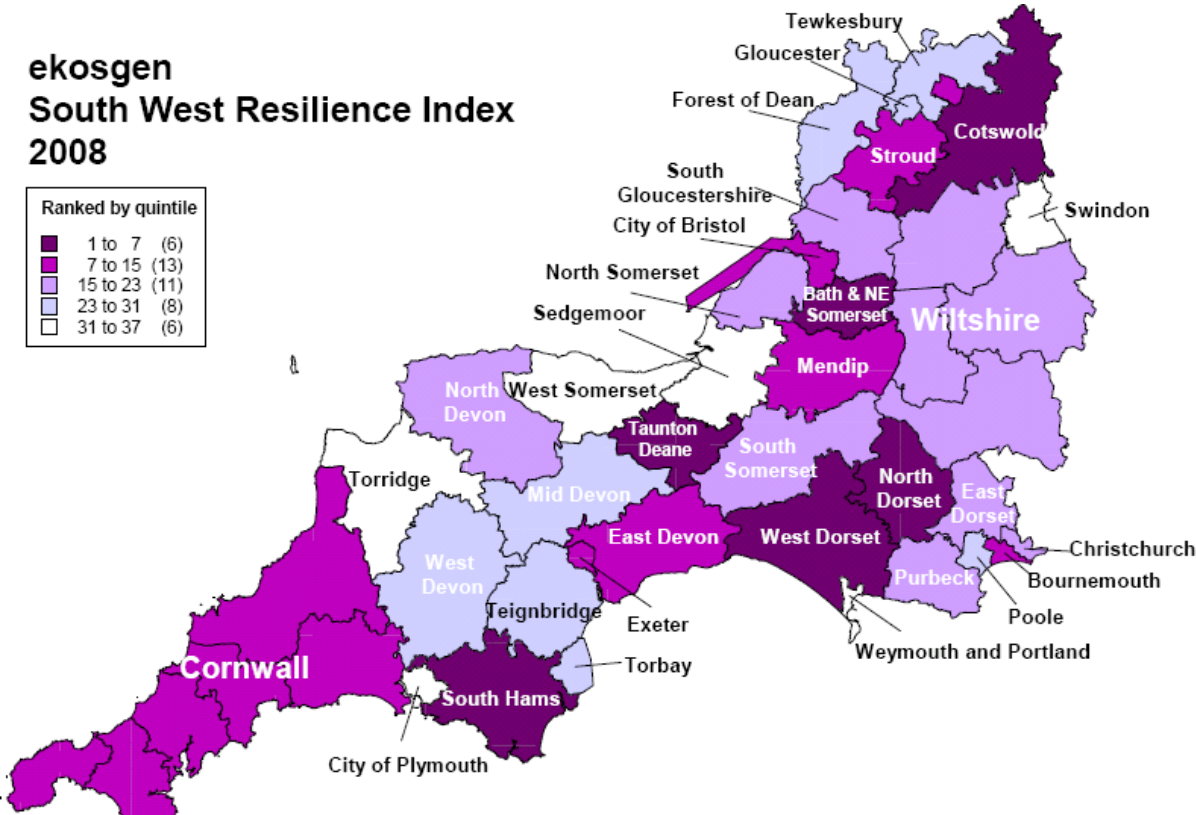
Analysis carried out by Ekosgen²⁷ in 2009 assessed Torbay's economic resilience against the following criteria:

- **Industry Mix** (diversity, vulnerable sectors etc)
- **The Workforce** (skills and flexibility)
- **Enterprise** (self employment, densities etc)
- **Labour Market** (the size and quality of the available labour-force)
- **Economic Dynamism** (the combined effects of local population, income and employment).

The analysis demonstrates that Torbay's challenges in relation to improving its resilience are similar to those faced by other coastal towns who share common issues around peripheral location, lack of diverse business bases, and skills. In some respects the picture in Torbay is one of a "typical" coastal town with typical economic challenges; however the wider evidence suggests that the extent of the challenge is one shared by a relative handful of resort towns.

²⁷ Torbay's Economic Resilience, Ekosgen

Figure 71: Ekosgen South West Resilience Index 2008



Within the South West region the report sets out the importance of raising levels of skills and the danger that lower skill levels within the labour force may hamper the ability of the local economy to respond quickly to improved economic conditions. The report also demonstrates that Torbay is not an economic island, and in the context of South Devon, it is accessible to those who may live outside the area, providing a more flexible wider pool of labour to support growth.

This further reinforces the need to ensure better connectivity between Torbay and other towns and concentrations of employment. Torbay also faces stiff competition from Exeter and Plymouth, and will need to ensure that it has a strong offer to new and growing businesses, including the provision of the right kind of business space, with the supporting infrastructure to attract and grow dynamic knowledge intensive businesses.

A broader comparison with other coastal resorts demonstrates that Torbay's greatest strength when compared with economies outside the South West is its levels of enterprise. However it is recognised that this is partially a feature of the large number of micro-enterprises in the tourism industry, and that this reliance makes it more vulnerable to economic downturn, especially as this results in less discretionary spending.

Key Findings and Policy Actions

The assessment demonstrates where the economy of Torbay is weak and it is clear from wider evidence the links between the weakness of the economy and the impact on deprivation and other areas such as health. The particular areas of economic weakness are:

- Productivity of the economy
- Demand for labour in particular for full time employment
- Earnings levels
- The sector base of the economy
- The infrastructure to support economic growth and economic development

This section summarises the key findings and policy actions with the detailed policy response being set out in the Torbay Economic Strategy.

Economic Geography:

Torbay's economic linkages extend beyond the local authority borders. Therefore it is important to work closely with neighbouring District and County Councils and other organisations to align economic development activity. This will allow the way in which the labour market, relevant infrastructure and supply chains develop to be facilitated by the public sector better.

Productivity:

The productivity of the economy, as measured by Gross Value Added per head, is in extremely weak for Torbay. It is essential that this position is improved as higher levels of productivity will contribute to improved wage levels, improved employment, improved quality of life and make for a more vibrant economy. A number of actions which can contribute to improving this productivity include:

- Supporting local businesses to grow and to access new markets, developing links between local businesses and business support available to them including support around research & development, knowledge transfer from further and higher education and exporting will be important.
- Encouraging enterprise development in high growth sectors in particular through the development of stronger links between those high growth sectors in Torbay already and through seeking ways to further develop these sectors through inward investment.
- Addressing poor business survival rates.
- Supporting a more diverse economy, the assessment demonstrates the over reliance of the local economy on public administration, education & health, and on the hospitality and tourism sectors. There are clear objectives for the Tourism strategy to develop its value to the local economy. Clearly though the dependency on public sector employment, where Torbay is the 9th²⁸ most dependent English upper tier authority, is a significant risk over the short to medium term. Therefore it is important to support the development of sectors including:
 - Advanced electronics
 - Marine related engineering, science, leisure
 - Tourism
 - Business & professional services
 - Retail

And to nurture sectors including the creative industries and environmental sectors that have the potential to grow and contribute to a stronger Torbay economy. These sectors will have different needs for growth and will require a combination of appropriate quality of physical space, access to support for skills development and the labour required to grow locally and may require policy changes for the local authority to help create or stimulate the local markets in

²⁸ ABI Jobs by industry - Employee analysis

particular around environmental sector. There is also a need for a strategic case to be made with regional partners and the national Government for further European aid post 2013 however this is recognised as a difficult challenge given the direction of European structural aid.

Enterprise and Innovation:

Partly as a result of this heavy sectoral reliance on tourism and the related service industries SMEs make up the bulk of employers in Torbay. While some of these small businesses are lifestyle choice, with the right support network others could grow and offer job creation opportunities. In order to help the economy grow it is essential that these small businesses are sign posted to the support available to them, and helped to take advantage of this.

Businesses are quick to state that they believe the biggest issue for them in Torbay is its infrastructure. In particular the South Devon Link Road/Kingskerswell by pass is raised as the major barrier. Economic assessments carried out for the road by SQW suggest in excess of 2,000 new jobs would be created by the road and there would be significant benefits to productivity. Other areas which the assessment suggests as important include:

- Development of transport links through the Bay in particular the ring road and improving access to the Long Road area in Paignton.
- The development of good quality employment space for all sectors but particularly office, light industrial and retail space.
- Reviewing planning policy particularly to test the appropriateness of planning tools such as planning zones and development orders
- Improvements to broadband speeds

Torbay has a 2% higher than average proportion of residents who are self employed. While to a degree this can be seen as entrepreneurial, in reality a lack of full time jobs in big businesses also influences these numbers. Overall business start up survival rates are very similar to the national average, although slightly below the South West total, however in 2008 Torbay has a net decrease in the number of enterprises in existence, compared to a national increase. The suggestion from this is that there is potentially more which could be done to help small businesses in their early years. While there is evidence of this to some degree in the form of 'Business Boost' courses, the net decrease in enterprise intimates that there is more which could be done in particular to link the public funded business support better to the private sector intermediaries including the banks, accountants, commercial agents, lawyers and others so that more of this support is drawn to Torbay.

Employment Land Availability:

Various studies and forecasts including the work by Oxford Economics have shown different predicted rates of growth for employment in Torbay. If the economy is to progress it is important that confidence is shown in planning for predicted land needs to allow development to happen. Basing requirements on the lowest available forecasts could have a negative impact as they do not take into account local policy changes or interventions which could move the economy forward more quickly.

Speculative development is often not viable in Torbay, leading to undeveloped allocated employment land. Therefore tools like accelerated planning zones need to be explored in order to help remove cost and time limitations from the process. This would potentially encourage development in areas and industries which would not otherwise progress.

Demography and Geography:

The demography of Torbay is dominated by an ageing population. With 51% of residents aged over 45 and population prediction suggesting this trend is likely to continue it is impossible to ignore the impact this group have on the economy. While many older people relocate to Torbay to retire or begin a lifestyle business so do not contribute highly to the regions GVA, that is not to say that they do not have any disposable income. According to the CACI profile many have provided well for themselves in later life, but cannot find what they want in Torbay. Regeneration of the town centres to make them more appealing could encourage these residents to put their money back into the local economy rather than going elsewhere.

The significant numbers of older residents also has an impact on the healthcare sector, 7.3% of VAT registered units in Torbay are classed as health, compared to 5.1% regionally and nationally. While many of those are small enterprises, the hospital is well regarded, and with the population profile unlikely to change there is potential to develop and invest in the medical research sector.

Labour Market:

The labour market in Torbay reflects to an extent the sectoral breakdown. The majority of jobs are in low paid, low skill roles within the tourism and leisure sector, with a below average proportion of managers and professionals. Wages and income are significantly lower than those elsewhere and in contrast to the rest of the country have fallen since 2006. Job creation by

delivering business growth and stimulating demand from businesses for labour is considered to be the appropriate way forward in addressing the inefficient labour market in Torbay.

Skills:

While it is positive that there have been clear improvements in lower skill levels in recent years, Torbay lags behind the rest of the country at Level 3 and above. As these higher level qualifications are necessary to fulfil higher earning (and therefore GVA contributory) positions this is an issue which must be tackled if Torbay is to move forward its economy forward. There are good results at both GCSE and A level's, but it can be assumed that many of these students then go onto higher education and not seeing a future in the area do not return. There are two good universities, Exeter and Plymouth, in close proximity to Torbay, and South Devon College is broadening its HE offer. In some respects however a correlation can be drawn between the skills available within the local labour market and prevailing demand therefore generating demand for higher level skills by stimulating growth in more knowledge and skilled intensive industries will be important. Appropriate actions will include;

- Improving awareness of skills development support in the more disadvantaged areas of Torbay and for businesses increasing take up of Train to Gain and other workforce development initiatives.
- Forging closer links between businesses and Higher & Further education institutes must be seen as a priority if the skills base at a higher level is to be improved.
- Ensuring that provision is flexible to take into account the needs of growing sectors or new investors

Economic and social exclusion:

Deprivation levels are high in Torbay, but be no means consistent across the different wards. The Indices of Deprivation and school meal data show that the wards of Tormohun, Roundham with Hyde, Blatchcombe, Ellacombe and Watcombe are the most deprived. Churston with Galmpton and Preston have lower than average take up of free school meals, which is also reflected in the IMD. As explored elsewhere in this document there is evidence of wealth within Torbay. Many of the older residents have provided well for their retirement and are comfortably off, only serving to heighten the gap between those living in deprivation and those who do not.

Wellswood, reflects the disparities between different lower super output areas (LSOA) in the same ward. As a ward it has the third lowest eligibility for free school meals, but it also includes a LSOA within the top 10% of most deprived areas in the country. This demonstrates that even wards within the Torbay area cannot be categorised or treated as one size fits all.

Child poverty and economic deprivation are real issues, with 23.6% of all children classified as living in poverty, 2% higher the national average. In 2008 Torbay was ranked as the 47th most economically deprived area in the country, the lowest score in the region. There are clear links between the lack of opportunity in the economy and the deprivation some of Torbay's communities endure. Appropriate actions to help address this will include:

- Adoption of the “first and most” principle so that programmes and interventions are targeted at areas in most need.
- Supporting improved pre employment training for those out of work.
- Supporting the community and voluntary sector in Torbay in testing the appropriateness of the community development trust model.

Low carbon economy:

As an emerging industry, the low carbon economy represents a clear opportunity for Torbay. There is support available from central government to develop projects which support renewable energy and technology, and this is an area Torbay could target to be a leader for the region. Appropriate actions going forward include:

- Determining the potential for Torbay to lead in any specific part of the low carbon agenda.
- Reviewing and developing skills within the local economy to support a move towards low carbon.

Torbay faces many challenges, but also opportunities, and the information provided by this assessment should be used to help develop future policy which will address the issues identified help move the economy forward.

Potential of the Torbay Economy

The evidence base set out here and in detail in the economic strategy demonstrates the challenges which face the local economy. It also indicates the potential to develop sectors and broader competitive advantage for Torbay. As this plan has already set out the generation of wealth through growing businesses, full time employment and attracting investment is crucial. Torbay therefore needs to have a clear focus and a realistic understanding of the prospects for attracting investment and developing sectors where there is future potential by encouraging local expansions and start ups.

Torbay has a small but impressive group of advanced electronics companies many of which exist as a result of the legacy from the Nortel investment. The remaining electronics industry is small but highly specialised and Torbay and the wider South Devon area can point to a number of very high quality companies including US based Oclaro and Spirent. Fortune 500 company Motorola is in nearby Ashburton; Norwegian owned Eltek Semiconductor is in Dartmouth.

Torbay's focus going forward should be to encourage the development of electronics businesses engaged in higher end activities such as design, product development or higher value, lower volume production.

Torbay is also at the heart of a strong sub-regional health research 'corridor' running from Exeter through Torbay to Plymouth. The corridor includes University research and the Peninsula Schools of Medicine and Dentistry. As part of this concentration of health care research and provision Torbay has particular opportunities for inward investment and the development of the sector. Torbay is also one of the UK's premier retirement areas so local hospitals have significant experience and data from caring for the older population.

There is potential to support better marine science, engineering and leisure in Torbay given that the area is ideally situated for marine industries. It is home to a cluster of entrepreneurial businesses while the local South Devon College delivers courses in marine engineering.

The retail sector in Torbay can develop further as an analysis by CACI in 2009 demonstrates that within a twenty minute drive time of the area is an above average consumer catchment of affluent consumers. In particular there are higher than usual groups of consumers categorised as Comfortably Off.

Torbay is situated in one of the most attractive coastline locations in Britain with access to excellent seafood and fish stocks. The area has been home to a fishing industry for centuries with Brixham synonymous with the British fishing tradition. Building

on this sea access, tradition and reputation there is scope for the development of fish and seafood farms and local value added processing which would support the aims of the tourism strategy in developing a higher value proposition for visitors.

A comprehensive programme of physical regeneration is planned under the Vision framework which will result in significant investments in a number of important locations in Torbay. This programme will provide new facilities for local residents and local businesses and will support the reinvigoration of the resort of Torbay with newer attractions and accommodation. With regard to employment land, land is allocated through the planning process however the depressed nature of the property market in Torbay has seen a limited number of quality developments come forward. Seeking ways to facilitate the supply of premises requires Torbay to use a number of tools which may include planning and finance measures such as gap funding from the public sector necessary to ensure that growing businesses have access to premises.

Transport infrastructure has been identified consistently by businesses as a critical issue in growing their business in Torbay. The South Devon Link Road remains vital to changing the perception of Torbay as a business location. Inside Torbay there is a programme of improvements planned to improve connectivity north to south which will see traffic flow more easily. Rail links are improving to London and key regional locations and there is potential for improvement in the physical environment of the stations meanwhile the growth of Exeter airport provides Torbay with good European connections.

South Devon College was graded 'Outstanding' by Ofsted in 2009 and awarded prestigious 'Beacon Status' by the Learning and Skills Improvement Service. It is also the first college in the South West to receive the Training Quality Standard, which makes it easier for firms to identify high quality training providers. South Devon College offers the widest range of courses in the South West and provide the latest state-of-the-art facilities at their award-winning multi-million pound campus. So when it comes to teaching quality, range of courses, tutor support and student lifestyle, there are few better places to study.

Torbay has good numbers of people educated to NVQ2 and equivalent and the most recent statistics demonstrate an improving trend. Wage costs are below the South West England regional average and very competitive with London and the South East. The location allows easy access to London, property costs are competitive and there is a strong service culture and employee base in the area.

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Appendix 1 – Definition of Seaside Tourism

Using the 2 digit codes from the 2003 SIC the key sectors covering jobs supported by seaside tourism are:

Retail Trade	Hotels and Restaurants
52: Retail trade	55.1: Hotels 55.3: Restaurants, cafes , takeaways 55.4: Bars, pubs and clubs 55.5: Canteens and catering
Campsites and Short Stay Accommodation	Transport
55.21: Youth hostels 55.22: Camping and caravan sites 55.23/1: Holiday centres and holiday villages 55.23/2: Self-catering holiday accommodation 55.23/3: Other tourist or short-stay accommodation	60.22: Taxis 60.23: Excursions and sight seeing 61.1: Ferries etc 63.22: Harbours 63.3: Travel agencies and tourist assistance
Recreation, Sporting and Cultural Activity	Fair and Amusement Parks
92.13: Cinemas 92.3: Theatres, arts facilities and entertainment (ex 92.33) 92.5: Libraries, archives, museums, historic buildings, zoos 92.6: Sporting activities and facilities 92.7: Gambling and other recreation, inc. parks, hire of beach equipment	92.23: Fair and amusement parks, inc. theme parks and preserved railways

Appendix 2 – Definitions of Knowledge-intensive Sectors

Using the 2 digit codes from the 2003 SIC the sectoral definitions of knowledge intensive sectors based on those used by Eurostat are as follows:

High tech manufacturing	Medium-high tech manufacturing
30: Manufacture office machinery and computers 32: Manufacture radio, TV/communications equipment 33: Manufacture medical, precision instruments, etc	24: Manufacture chemicals and chemical products 29: Manufacture machinery and equipment etc 31: Manufacture electrical machinery/apparatus etc 34: Manufacture motor vehicles, trailers, etc 35: Manufacture other transport equipment
High tech knowledge-intensive service sectors	Knowledge-intensive service sectors
64: Post and telecommunications 72: Computing and related activities 73: Research and development	61: Water transport 62: Air transport 65: Financial intermediation, etc 66: Insurance and pension funding, etc 67: Act auxiliary financial intermediation 70: Real estate activities 71: Renting machinery/equipment etc 74: Other business activities 80: Education 85: Health and social work 92: Recreational, cultural and sporting

Appendix 3 – Location Map of Torbay



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Appendix 4 – Torbay Ward Boundaries

