Torbay Economic Strategy 2017-2022

Evidence Base

February 2017

www.torbay.gov.uk

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Introduction

This document has been produced to inform the refreshed Torbay Economic Strategy. In 2010 the TDA produced the Torbay Economic Assessment[1] which set out in detail the local economic picture. In reviewing the Economic Strategy, 2017-2022, this evidence base provides a brief update on the latest economic data to inform the refreshed Strategy. The revision of the evidence base draws upon the latest data to provide a robust foundation and sound understanding on changing circumstances from which to make informed policies. These policies and actions will form the backbone of the revised Economic Strategy.

Headline Summary

Economy

- Gross Value Added (GVA) in Torbay was £2.08B in 2015. It has grown on average 1.2% per year over the past 10 years.

- In 2015 GVA per head in Torbay was £15,600, 38.5% lower than the UK average. The gap in GVA per head across Torbay compared to the UK has continued to widen over the past 10 years.

- Torbay's competitiveness, based on the measure of the UK Competitiveness Index has slowly been declining. In 2016 Torbay was 22.2% less competitive compared to the UK average.

- Gross Domestic Household Income (GDHI) in Torbay was £16,525 in 2014, around 92% of the UK average.

Business and Enterprise

- In 2015, the number of active businesses in Torbay was 4,010, up 9% compared to 5 years ago.

- Survival rates of businesses in Torbay exceed the national average over the first 2 years of trading; however survival rates drop below the national average in the third year indicating greater business intervention is required to support businesses medium term growth.

- Overseas tourist's figures have been steadily rising, up 11.1% from 2010.

- Torbay has seen a 40.7% decline in public sector employment over the past 5 years.

- Health, finance and hi-tech are growing sectors with emerging opportunities for growth and collaboration.

People & Communities

- Torbay's demographic is 'greying'. The change in Torbay's demography shows greatest decline in 30-44 year olds, while the proportion of the population aged 65-79 is increasing.

- Torbay's workforce has remained broadly the same over the past 5 years (while the population has increased), compared to national and regional increases in their workforce numbers.

- Full time average weekly resident earnings (£443.30) are higher in Torbay compared to workplace earnings (£421.80).

[1] http://www.torbaydevelopmentagency.co.uk/dbimgs/torbayeconomicassessment-july2010.pdf

- Torbay is a net contributor of labour to the wider regional economy with over 4,386 workers migrating out of Torbay for employment in 2011.

Housing Stock

- Since 2012, 1,459 new houses have been built in Torbay and the Council has an aspiration to accelerate the rate of delivery through the Local Plan and emerging proposals for a Housing Development Company.

Commercial Property Prices

- Office and industrial property prices are notably higher in both Exeter and Plymouth compared to Torbay, partly due to the lack of new commercial property stock being developed in Torbay.

Economy

As the second largest urban area in Devon, Torbay faces many similar challenges to cities. Wages and economic output in Torbay are lower compared to the national and regional averages as is household income, although to a lesser extent. Torbay has a relatively narrow industrial base with a heavy sectoral reliance on industries including tourism and hospitality, retail, and social care, which typically have a higher incidence of part-time and low wage roles, although there are emerging opportunities around the healthcare and the high technology industries.

The annual release of the Gross Value Added (GVA) data each year is an important indicator to the performance of the regional and sub-regional economies. GVA measures the contribution to the economy of each individual area, industry or sector in the United Kingdom. Figures released at the end of 2016 highlight the challenges faced by the Torbay economy. In 2015 the value of the Torbay economy was around £2.08 billion showing that it produced 0.4% less compared to the previous year.

Table 1 shows the GVA per area over the past 10 years. The Torbay economy has grown at around 1.2% per year. This is the slowest across the Heart of the South West Local Enterprise Partnership (HotSW LEP) geography, when compared to Devon, Somerset and Plymouth at 2.4%, 2.7% and 2.3% on average per year over the same period.

Table 1: GVA (£000,000,000's)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
United Kingdom	£1,241.82	£1,310.79	£1,377.73	£1,414.11	£1,382.23	£1,414.64	£1,452.08	£1,495.58	£1,551.55	£1,624.28	£1,666.34
England	£1,049.48	£1,103.18	£1,161.82	£1,192.18	£1,169.56	£1,200.00	£1,231.24	£1,274.65	£1,323.34	£1,391.83	£1,433.16
South West	£95.56	£99.68	£104.81	£107.26	£106.24	£109.37	£109.50	£112.45	£116.59	£122.46	£126.01
Somerset	£8.60	£9.12	£9.39	£9.57	£9.28	£9.55	£9.70	£9.95	£10.26	£10.89	£11.15
Plymouth	£4.14	£4.36	£4.54	£4.47	£4.31	£4.50	£4.59	£4.85	£5.07	£5.15	£5.19
Torbay	£1.87	£1.95	£1.96	£2.00	£1.87	£1.95	£1.93	£1.99	£2.04	£2.09	£2.08
Devon CC	£12.53	£13.14	£13.45	£13.74	£13.79	£14.24	£13.89	£14.16	£15.06	£15.50	£15.85

Source: ONS Regional Gross Value Added, December 2016 (2015 data is provisional)

Productivity

GVA per head is typically used for considering performance levels within a geographic area. Although there are some criticisms of this metric it has the advantage that it provides a full picture of economic performance including both productivity and employment effects.

GVA per head in Torbay ranked the lowest in the South West and the 12th lowest across the whole of the UK. In 2015 GVA per head in Torbay was £15,600, 0.8% lower compared to the previous year. Table 2 illustrates an areas economic performance relative to the rest of the UK, and over the past 10 years Torbay's productivity has fallen faster than any other area across the HotSW LEP geography. In 2015 the Torbay economy was 38.5% less productive compared to the national average.

Torbay has experienced considerable decline within the manufacturing (50.0%) and Information and Communication (33.3%) sectors over the past 10 years. It is worth noting that there was a stark decline between 2005 – 2009, however since 2009 while manufacturing has continued to decline it has been at a much slower rate. Comparing employment to output within Torbay's manufacturing sector over the past 5 years it also suggests that a lot of the decline was in low value manufacturing, and that the current manufacturing base within Torbay is of higher value per employee suggesting it is notably more productive.

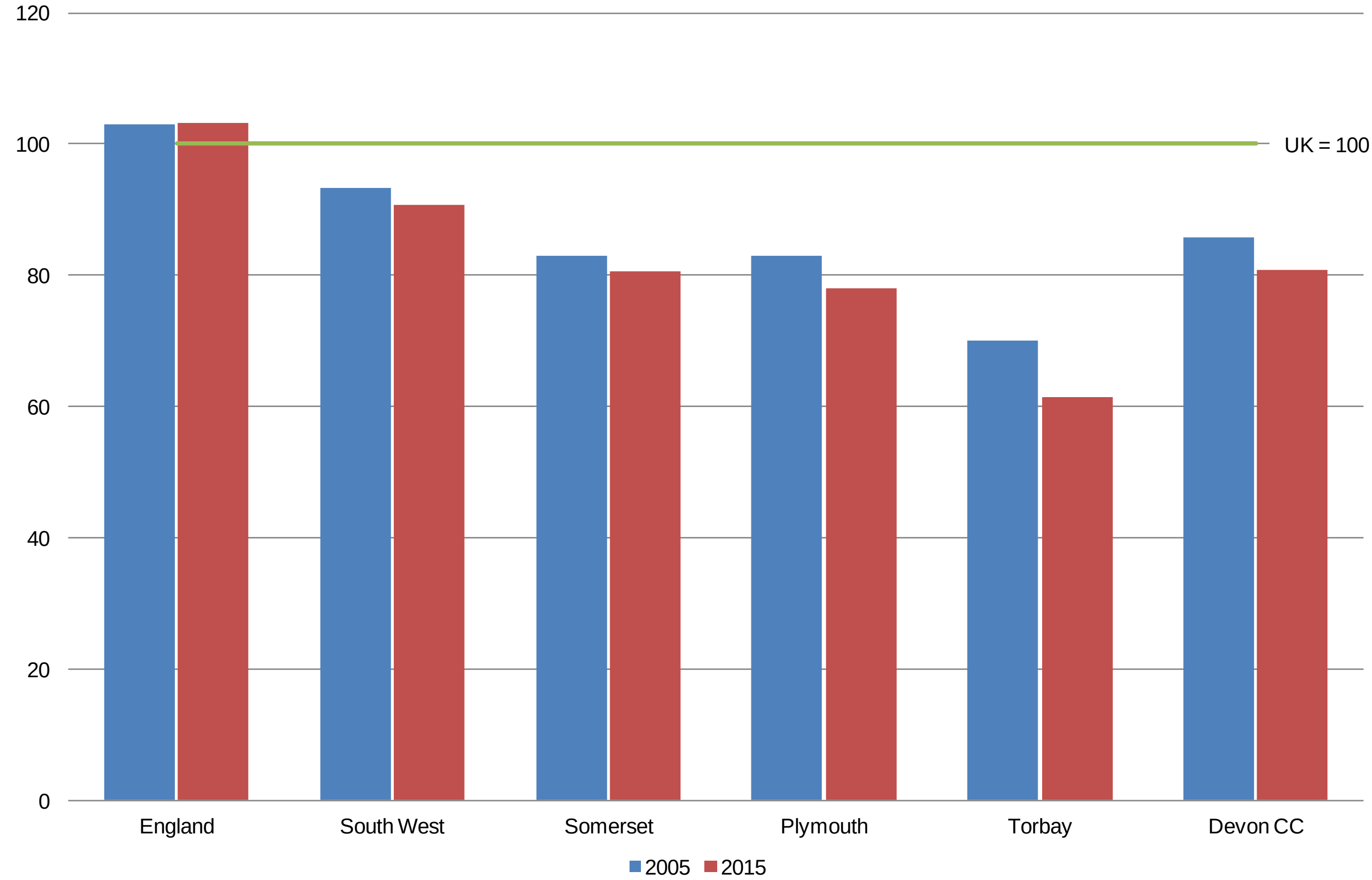
Table 2: GVA per head indices

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
United Kingdom	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
England	102.9	102.7	102.7	102.9	102.7	103.1	103.1	103.1	103.1	103.2	103.2
South West	93.2	92.4	92.1	92.2	93.1	94.0	91.8	91.2	90.9	90.9	90.8
Somerset	83.0	83.6	81.6	81.4	80.7	81.7	81.1	80.5	80.0	81.0	80.6
Plymouth	82.9	83.0	82.1	79.1	78.1	80.1	79.4	81.4	82.0	79.3	78.0
Torbay	70.1	70.2	67.2	67.6	65.1	67.1	65.3	65.3	64.8	63.3	61.5
Devon CC	85.7	85.5	83.0	83.1	85.3	86.6	82.6	81.4	83.3	81.6	80.9

Source: ONS Regional Gross Value Added, December 2016 (2015 data is provisional)

Figure 1 below shows the changes to productivity levels relative to the UK national average between 2005 and 2015. While productivity levels have fallen across the South West relative to the UK, Torbay has experienced a marked decline in productivity over the past 10 years, in part due to significant structural changes within the Torbay economy, namely the closure of Nortel in 2004, coupled with a significant increase in the proportion of the retired population within Torbay. The gap in productivity levels between Torbay and the national average continues to widen.

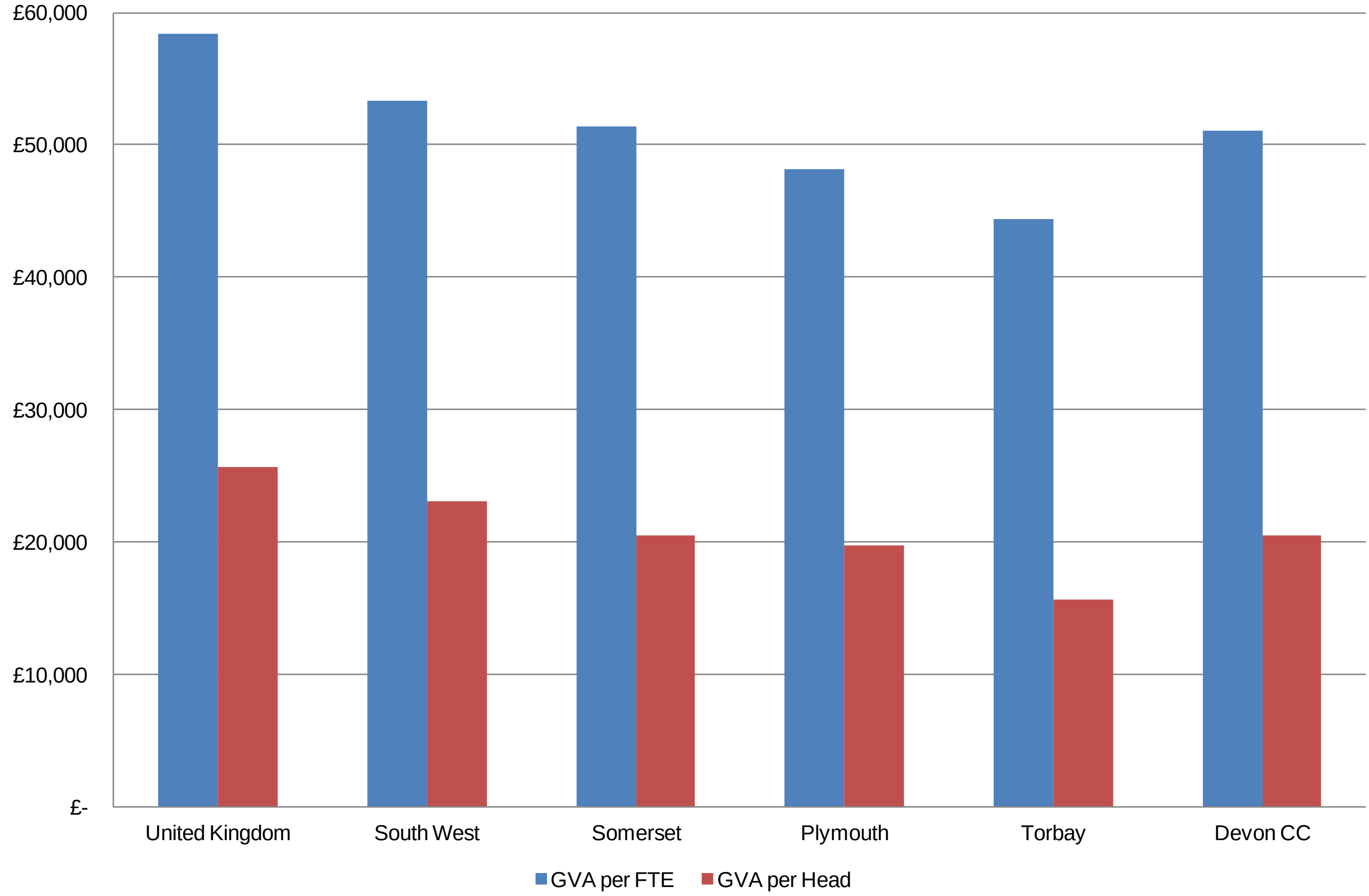
Figure 1: GVA per head indices (2005-2015)



Source: ONS Regional Gross Value Added, December 2016 (2015 data is provisional)

It is also worth noting that there has been significant revision to historical data which impacts upon previous analysis and our understanding of past economic performance – particularly at a sub-regional level.

Figure 2: GVA per FTE worker compared to GVA per head of population (2015)

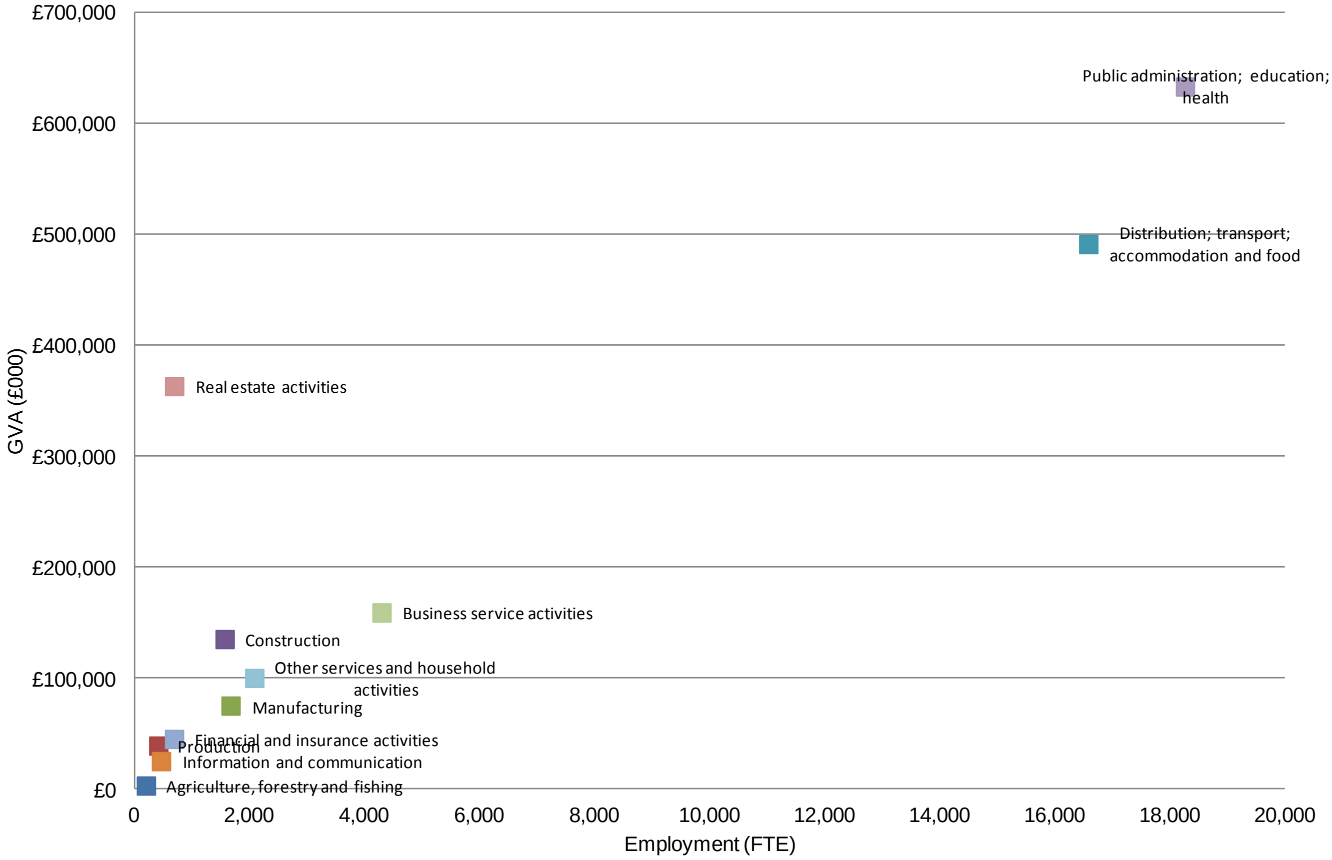


Source: ONS Regional Gross Value Added, December 2016, and NOMIS, Business Register and Employment Survey, 2016

Figure 2 compares the GVA per FTE worker to GVA per head of population. GVA per FTE worker, while not an official measure, is a more appropriate method of showing an areas economic performance and productivity. The FTE per worker measure excludes people under 16 and over 65 years of age, as well as also only calculating the economic activity generated in that area. Torbay's GVA per head of population is relatively low for two reasons; firstly the figure includes the retired population which is disproportionately higher in Torbay compared to surrounding areas. Secondly, Torbay is a net contributor of labour, with people generating economic activity outside of Torbay. While Torbay lags behind in both measures, GVA per FTE worker shows Torbay's economy performing slightly better when based purely on the economically active.

Figure 3 maps economic output and employment by sector. It shows the dependencies of the areas economy, particularly given that a considerable amount of the areas output and employment are focused within the public sector (public administration, health, and education) and within the distribution accommodation and food sectors (although in reality this is the tourism and hospitality sectors). It also shows that a significant amount of Torbay's GVA comes from real estate activities, however it accounts for amongst some of the lowest employment as a sector in Torbay.

Figure 3: Sector output against employment (2015)



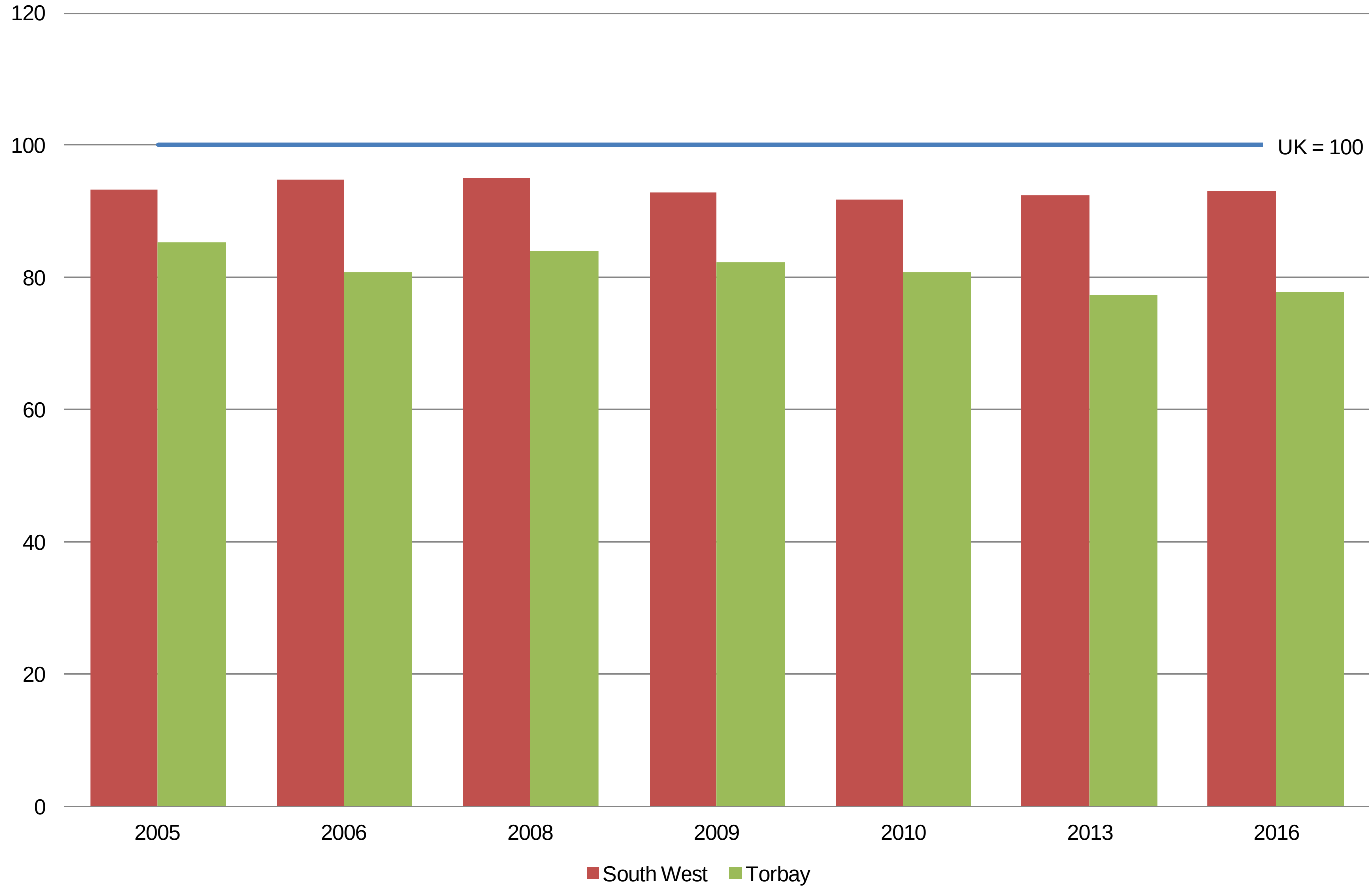
Source: ONS Regional Gross Value Added, December 2016 and NOMIS, Business Register and Employment Survey, 2016

The UK Competitiveness Index (UKCI) is another measure of an areas economic performance relative to the UK and other local areas. It provides a benchmarking of the competitiveness of the UK's localities, and it has been designed to be an integrated measure for comparing competitiveness on both the development and sustainability of businesses and the economic welfare of individuals.

The UKCI considers competitiveness to consist of the capability of an economy to attract and maintain firms with stable or rising market shares in an activity, while maintaining stable or increasing standards of living for those who participate in it. The index draws upon a basket of indices to provide comparative measures and develop a ranking.

Figure 4 illustrates how competitive Torbay is in the UK context, compared to the South West. Since 2008 the gap between Torbay's competitiveness relative to the UK's has continued to widen. In 2016 Torbay was 22.2% less competitive compared to the UK.

Figure 4: UK competitiveness indices (2005-2016)



Source: UK Competitiveness Index (2005-2016)

Income

An alternative measure of productivity is regional Gross Domestic Household Income (GDHI). This is a measure of the gross income per household after tax – it is the amount of money that individuals have available for spending or saving in their place of residence. GDHI represents the amount of money available to households once taxes, National Insurance and property costs (including interest payments) have been deducted. Table 3 shows the GDHI per head over time relative to the national average.

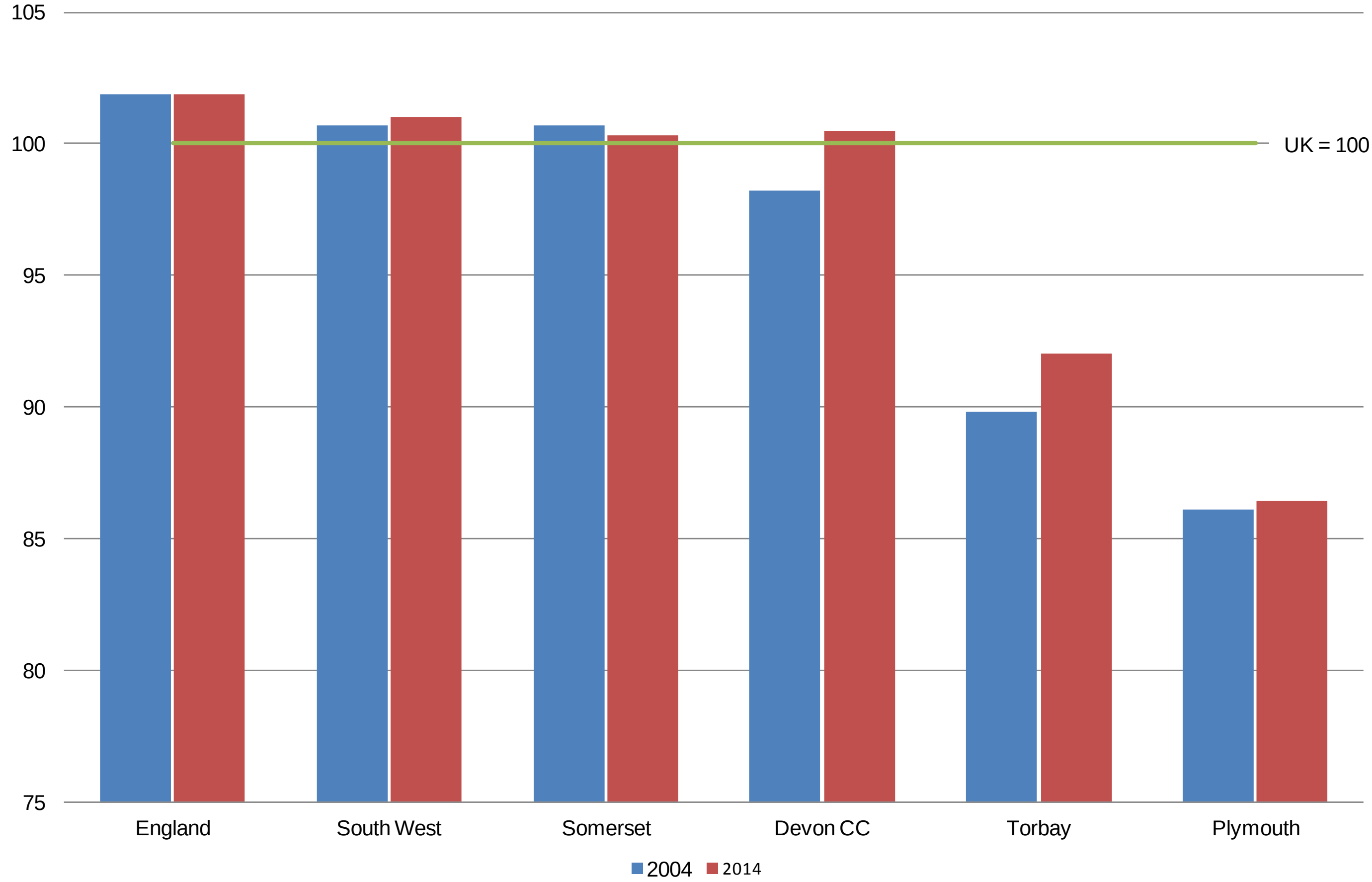
Table 3: GHDI per head indices

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
United Kingdom	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
England	101.9	101.8	101.9	101.7	101.5	101.8	101.8	101.7	101.8	101.9	101.9
South West	100.7	101.1	102.0	101.2	101.2	100.0	101.8	102.1	101.1	100.8	101.0
Somerset	100.7	101.1	102.3	101.4	101.7	99.8	102.5	103.1	101.4	100.3	100.3
Plymouth	86.1	83.9	83.6	83.6	84.0	84.5	86.8	86.8	85.1	84.4	86.4
Torbay	89.8	91.4	91.3	89.7	90.9	90.6	92.8	93.2	92.4	93.0	92.0
Devon CC	98.2	99.6	100.6	100.1	101.4	102.5	102.7	102.1	101.7	101.2	100.5

Source: ONS Regional Gross Disposable Household Income, May 2016 (2014 data is provisional)

Figure 5 shows the changes to GDHI per head over the past 10 years relative to the national average. Torbay has seen a marked increased over the past 10 years, especially compared to the South West average and Plymouth which has seen marginal increases, while Somerset has seen a minor decline.

Figure 5: GHDI per head indices (2004-2014)



Source: ONS Regional Gross Disposable Household Income, May 2016 (2014 data is provisional)

In 2004 Torbay's GDHI was 89.8% of the UK average, compared to GVA of 72%. This suggests that Torbay is relatively better off on measures of disposable income compared to measures of economic output. Torbay was ranked 99th lowest across the UK in terms of GDHI per head in 2014 – significantly above the 22nd lowest for GVA per head in 2014. The GDHI measure has also remained notably more constant than GVA when indexed against the UK average.

This can in part be attributed to Torbay households benefiting from the redistribution effects of pensions, taxes and other benefits which are not reflected in GVA. High benefit claimant levels and an above average proportion of retired residents suggest this could be the case.

In May 2016, 17.3% of Torbay's working age population was in receipt of a DWP benefit, compared to the national and regional averages of 11.5% and 10.1% respectively. This needs to be considered when looking to grow productivity levels in Torbay (i.e. flexible employment practices for parents and carers), along with the impact of changes to the benefit system.

Business & Enterprise

Business Base

The business base in Torbay has increased by 9.9% from 3,650 registered businesses in 2010 to 4,010 in 2016. The majority of businesses in Torbay are micro businesses, with 88.4%% employing 9 people or less. Table 4 shows the percentage breakdown of businesses by size. The table does not capture some of the small 'under the radar' businesses locally which are not either Vat or PAYE registered. The overall number of businesses in Torbay is thought to be higher.

Table 4: Business size by number of employees (2015)

	Total	Micro (0 to 9)	Small (10 to 49)	Medium-sized (50 to 249)	Large (250+)
United Kingdom	2,554,510	89.2%	8.9%	1.6%	0.4%
England	2,213,650	89.3%	8.8%	1.6%	0.4%
South West	226,570	89.0%	9.2%	1.5%	0.3%
Somerset	24,010	89.7%	8.8%	1.3%	0.2%
Plymouth	5.690	85.3%	12.1%	2.0%	0.5%
Torbay	4,010	88.4%	9.9%	1.4%	0.4%
Devon CC	36,690	89.3%	9.1%	1.3%	0.2%

Source: NOMIS, UK Business: Count, October 2016

Table 5 shows that in 2015 the proportion of business start ups in Torbay was 12.7% of the total enterprise stock, 4.5 percentage points up from 8.2% in 2010. Business deaths have also fallen, from 10.4% to 8.9%.

Table 5: Business start up/survival rates (2015)

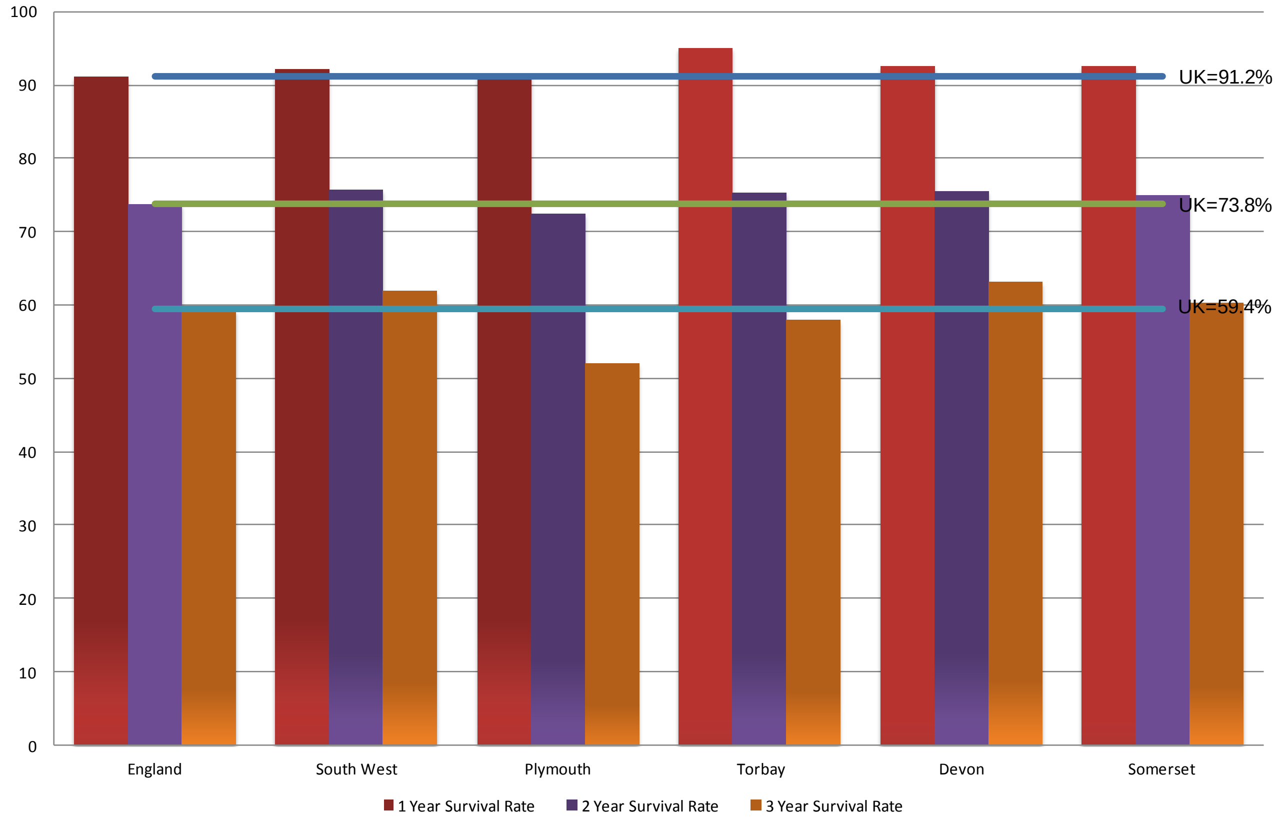
	Active Enterprises in 2015	Change in stock 2010-15 (%)	Business Starts as a percentage of total stock	Business Failures as a percentage of total stock
United Kingdom	2,672,025	13.6%	14.3%	9.4%
England	2,348,065	14.7%	14.7%	9.5%
South West	222,015	7.3%	11.8%	8.7%
Somerset	21,945	2.3%	10.8%	8.3%
Plymouth	6,470	10.6%	13.5%	12.1%
Torbay	4,340	0.2%	12.7%	8.9%
Devon CC	31,540	1.8%	10.0%	8.2%

Source: ONS Business Demography Enterprise Births, Deaths and Survivals, November 2016

Figure 6 illustrates the survival rates of businesses setup in 2012 over their first 3 years of trading relative to the national average. Survival rates for businesses in Torbay perform marginally better than the national average, especially those surviving their first year of trading. In 2012 95.1% of businesses which setup in Torbay survived (the highest across the HotSW geography), compared to only 91.2% of businesses across the UK.

Of the businesses started in 2012 only 58% were still trading in 2015, 1% below the national average and the second lowest survival rate across the HotSW geography. This suggests that businesses across Torbay require greater support in developing their growth strategy over the medium term.

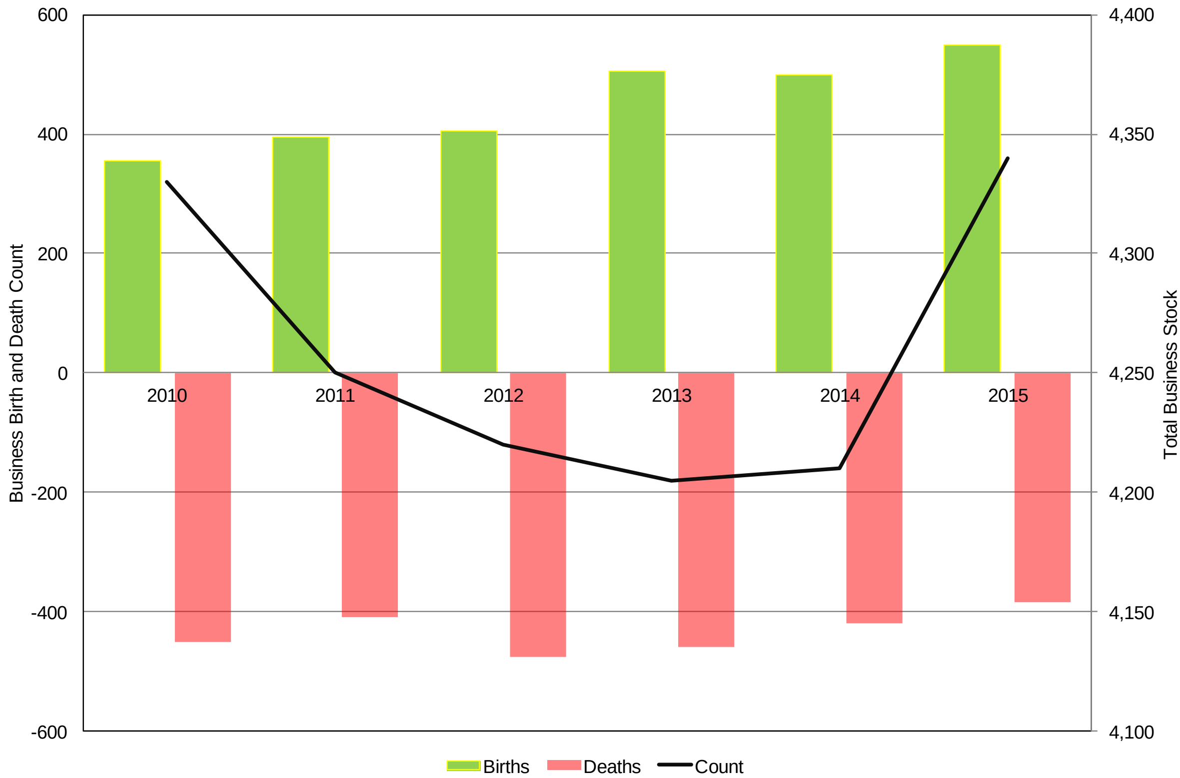
Figure 6: 3 Year Business Survival Rates (2012 Start Ups)



Source: ONS Business Demography Enterprise Births, Deaths and Survivals, November 2016

Figure 7 shows the number of business births and deaths in Torbay from 2010-2015, along with the business stock over the same time period.

Figure 7: Business births and deaths, Torbay (2010-2015)



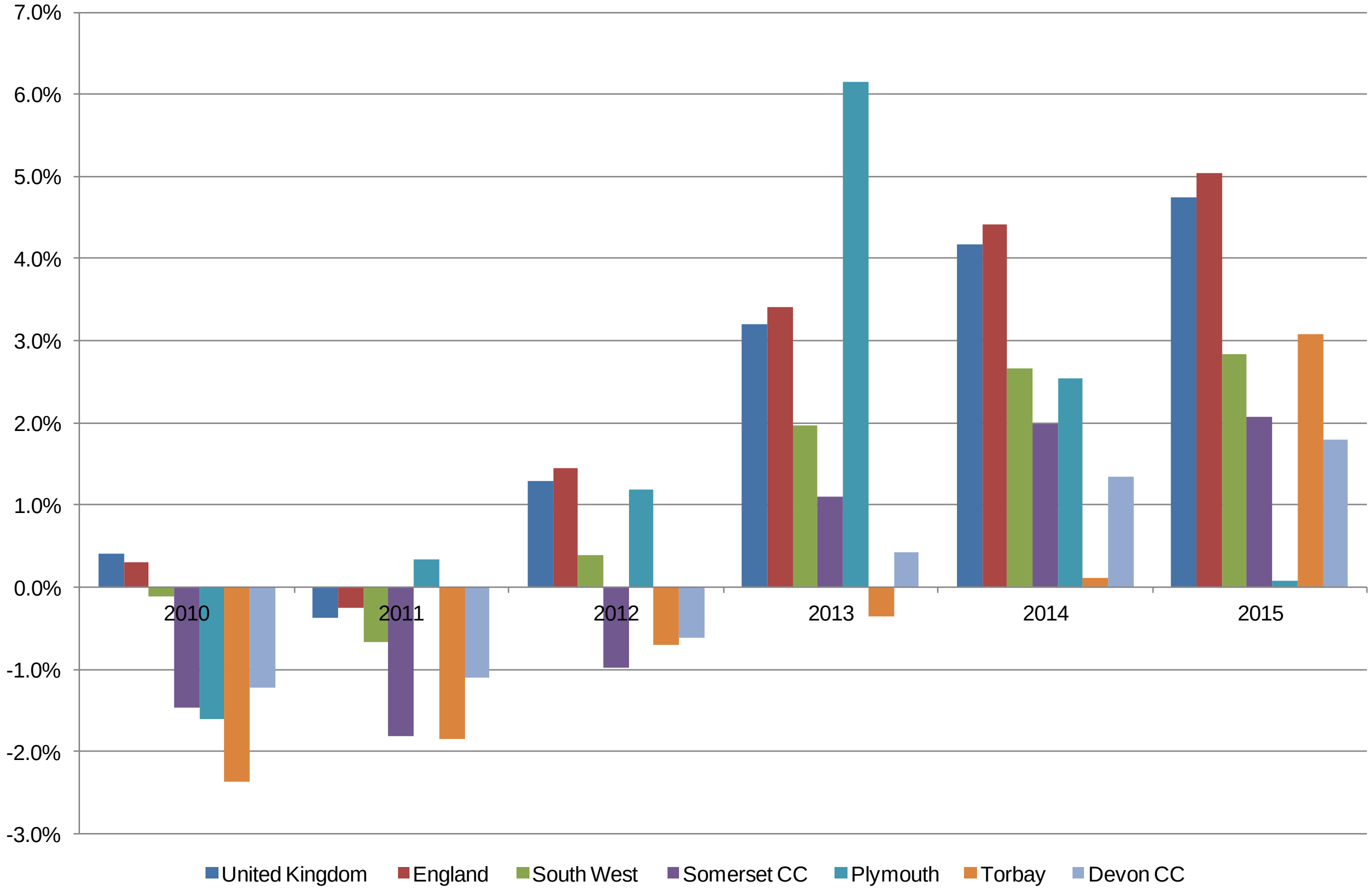
Source: ONS Business Demography Enterprise Births, Deaths and Survivals, November 2016

From 2010-13 the number of business deaths in Torbay has been higher than births, resulting in a decline in the overall business stock. However since 2013 the number of births has been notably higher compared to business deaths resulting in Torbay's business stock returning to 2010 levels. Between 2013 and 2015 the business stock within Torbay increased 3.2% to 4,340, suggesting that people are showing a strong entrepreneurial spirit within the area, and see new business opportunities opening up.

It is worth noting that start-ups per 1,000 head of population in Torbay is strong, with 4.1 businesses starting up in 2015 per 1,000 head of population. This is notably above Plymouth and in line with Exeter at 3.3 and 4.2 businesses per 1,000 head of population. If the figures were compared against 1,000 head of working age population in order to paint a truer reflection of entrepreneurial spirit, then the figure for Torbay would be higher.

Figure 8 shows the business growth rates for each year from 2010-2015. Torbay has seen an increase in the number of business start-ups particularly in 2015, while the number of new businesses in 2015 is at similar levels to those in 2010, it does show an improving trend and increasing entrepreneurial activity. In 2015 Torbay's business stock grew by 3.1% above the regional average of 2.8%.

Figure 8: Business growth rates (2010-2015)



Source: ONS Business Demography Enterprise Births, Deaths and Survivals, November 2016

Sectoral Breakdown

Table 6 is a snapshot of the percentage of employment by broad industrial groups in 2015. It shows that over 26.3% of Torbay's workforce is within the health sector, followed by accommodation and food services, and the retail sector accounting for 14.4% and 13.4% respectively.

Health, accommodation and food services, and retail account for a disproportionately higher proportion within each sector when compared with both the national and regional averages, while education as a proportion of employment are broadly in line with the UK average, and despite professional, scientific & technical accounting for the fourth highest sector in terms of employment within Torbay, this sector still remains significantly low relative to the national and regional averages.

Table 6: Proportion of employment by broad industrial groups (2015)

	Great Britain [2]	South West	HotSW LEP	Somerset CC	Plymouth	Torbay	Devon CC
Health	13.2	14.6	16.5	15.7	18.9	26.3	14.8
Accommodation & food services	7.1	8.2	8.8	8.0	7.2	14.4	9.1
Retail	9.9	10.7	11.7	11.7	11.1	13.4	11.6
Education	9.2	8.9	9.6	9.1	11.9	9.6	9.1
Professional, scientific & technical	8.3	7.9	6.5	7.3	4.6	4.9	6.9
Arts, entertainment, recreation & other services	4.4	4.1	4.2	4.2	3.9	4.4	4.4
Business admin & support services	8.8	7.0	5.9	5.2	5.8	4.2	6.6
Manufacturing	8.2	8.8	9.8	12.8	11.8	3.6	7.9
Construction	4.5	4.9	5.2	5.4	3.9	3.3	5.9
Public admin & defence	4.4	4.1	4.3	3.2	5.5	3.0	4.9
Transport & storage	4.6	4.4	4.6	4.7	5.4	2.7	4.5
Wholesale	4.0	3.8	3.5	3.5	1.9	2.6	4.2
Motor trades	1.8	2.5	2.8	3.1	2.4	2.2	2.8
Financial & insurance	3.5	3.3	1.4	1.2	1.7	1.5	1.4
Property	1.7	1.6	1.6	1.2	1.7	1.5	1.8
Information & communications	4.2	2.9	2.1	1.8	1.6	1.0	2.7
Mining, quarrying & utilities	1.3	1.2	1.2	1.5	0.7	0.9	1.1
Agriculture, forestry & fishing	0.7	1.2	0.3	0.3	0.1	0.4	0.3
Column Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: NOMIS, Business Register and Employment Survey, 2016

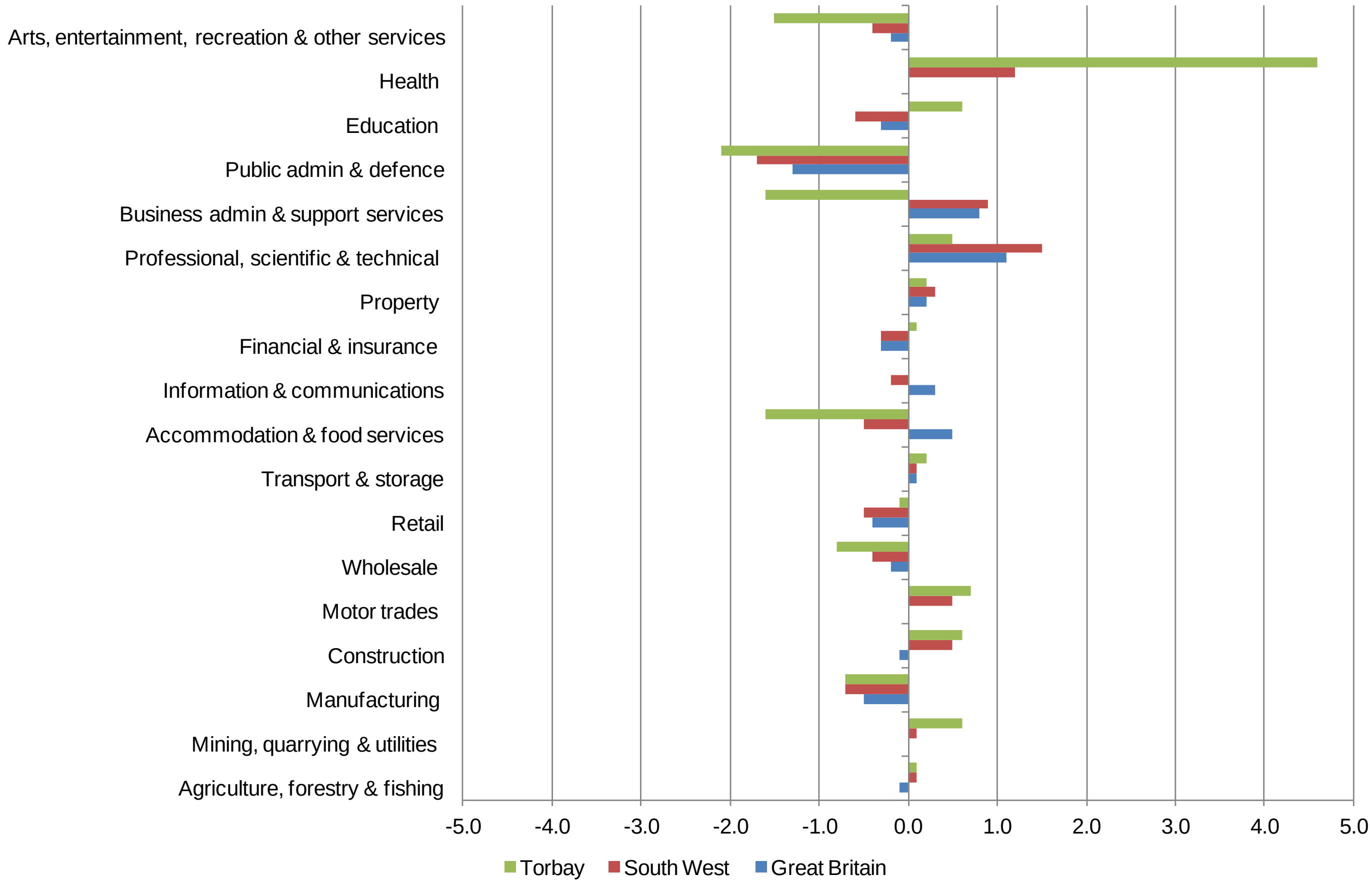
Figure 9 illustrates the change in the distribution of employment over the past 5 years, relative to Great Britain and the South West. Over the past 5 years Torbay has seen a 4.6% increase in employment in the health sector – far greater when compared to the national average which has seen no increase, and the regional average which has seen a 1.2% increase.

Torbay has bucked the national and regional trends with increased proportion of the workforce in the education, and financial & insurance sectors – again showing emerging growth sectors. While they have decreased as a proportion of total employment nationally and regionally they have both increased in Torbay, with the numbers in both sectors growing at 1.2% and 6.1% respectively. Additionally, professional, scientific and technical services have shown growth over the past 5 years, but to a lesser extent when compared nationally and regionally.

On the other hand Torbay has seen a decline in the proportion of its workforce in the business administration and support service; while there have been increases both nationally and regionally.

[2] Data not available for the United Kingdom

Figure 9: Percentage point change in employment by sector (2010-2015)



Source: NOMIS, Business Register and Employment Survey, 2016

It is also worth comparing the changes in employment to the changes in GVA over the last 5 years. Most notably while financial and insurance services have seen a minor increase in the proportion of employment, it has seen a decline of 19.3% in GVA of which most was attributed to 2015. Equally the value of manufacturing in Torbay has declined 6.3% over the past 5 years whilst employment has declined by 16.8%, suggesting that while the manufacturing base in Torbay has been in steady decline the remaining base is producing higher value products, and improving productivity within the sector.

Growth Sectors

By reviewing employment data over a period of time it is possible to see in which sectors the Torbay job growth is outperforming the national average and which are declining. Between 2010-15 the workforce employed in Torbay remained broadly unchanged, decreasing by 0.3% from 47,043 to 46,922. Nationally and regionally employment increased 7.3% and 3.5% over the same period.

Table 7 shows the changes in employment numbers by broad industry group, relative to the regional and national levels. Mining, quarrying & utilities, motor trades, and agriculture, forestry & fishing have seen the most significant increases in employment within Torbay, although it must be noted that these are from relatively low basis and a relatively small change to the employment numbers can have a magnified impact in percentage terms.

The data shows a dichotomy in the rebalancing of Torbay's economy (in employment terms) relative to that nationally and regionally. In particular Torbay has seen a marked decrease in employment in business administration & support services, compared to the region and nationally which have both seen significant increases. Additionally manufacturing and wholesale activity have seen marked decreases in Torbay, while the region has only experienced marginal falls in employment. Nationally both sectors saw increases between 2010 and 2015.

Most significantly are the cuts in public sector spending over the past 5 years, which have had a notable impact upon Torbay's public sector employment figures, and demonstrates the area's relatively high reliance on this sector, especially when compared to the regional and national averages. While the austerity measures have rebalanced the distribution between public and private sector employment, and Torbay's unemployment figures have remained broadly unaffected (suggesting a flexible labour market) cuts will adversely impact upon Torbay's average wage levels, as public sector salaries tend to be broadly in line across the country and typically of higher value.

Table 7: Percentage change in employment by broad industry group (2010-2015)

	Torbay	South West	Great Britain
Top 5 Percentage Increases			
Mining, quarrying & utilities	169.3%	8.3%	10.2%
Motor trades	48.5%	32.2%	9.3%
Agriculture, forestry & fishing	43.8%	9.5%	4.8%
Construction	24.8%	16.9%	5.3%
Health	20.9%	13.3%	7.9%
Top 5 Percentage Decreases			
Public administration & defence	-40.7%	-27.2%	-16.6%
Business administration & support services	-26.8%	19.3%	18.1%
Arts, entertainment, recreation & other services	-24.5%	-6.1%	2.5%
Wholesale	-24.1%	-8.0%	3.3%
Manufacturing	-16.8%	-3.8%	1.2%

Source: NOMIS, Business Register and Employment Survey, 2016

It is also worth noting with reference to Torbay's hi-tech sector that employment within professional, scientific & technical industries has been the seventh fastest growing sector in Torbay at 11.3% over the past 5 years, however lower than the regional and national averages of 25.2% and 27.7% respectively.

Sectoral Reliance

Given that the coastal nature of Torbay's economy, both tourism and fishing are significant contributors to the local economy. The impact of these is examined in more detail below.

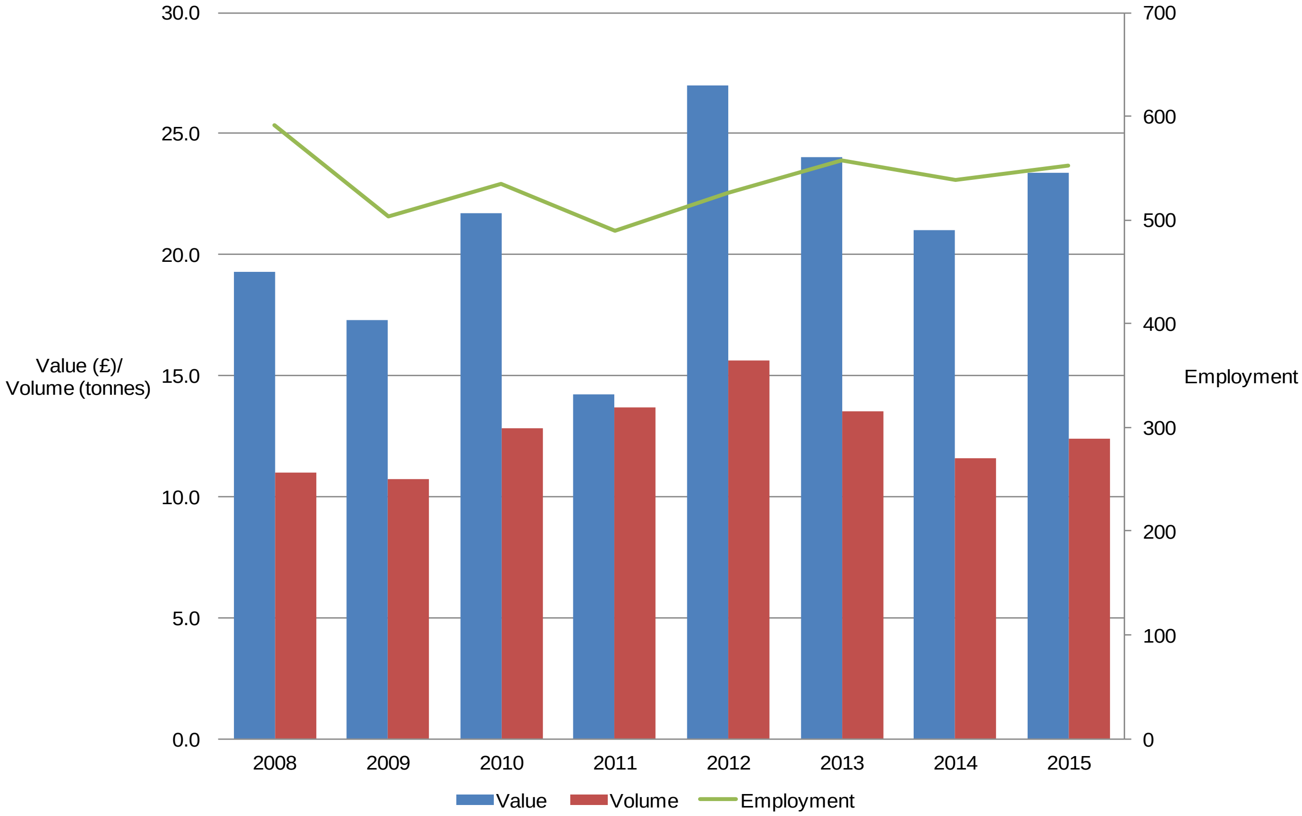
In 2015 visitor spend in Torbay was estimated to be £419 million, up 18.6% compared with 2011 at £353 million, which can be largely attributed to the steady increase in overseas visitors. Figure 9 illustrates the total number of visitors to Torbay from 2005-2015, broken down by staying visitors and day visitors. Figure 9 shows that the number of tourists visiting Torbay has remained broadly constant between 2005 and 2010 at around 3.5 million per year, however 2011 and 2012 saw marked increases in visitors predominantly attributed to an increase in day visitors. Total visitor numbers have since proceeded to fall by 5.8% from 2012–2015, however marginal year on year increases in staying visitors from 2010 onwards have increased by 11.1%, helping to dampen the total rate of decline.

Figure 10: Torbay visitor numbers (2005-2015)

Source: South West Tourism Alliance, Value of Tourism 2006 - 2015

Figure 11 gives an overview of the areas fishing sector by looking at the volume, value and employment metrics. Torbay continues to land the highest value of catch in England, mainly due to the fact that the catch it lands (e.g. Cuttlefish, Dover Sole) demands a higher value. Since 2009 direct employment has remained broadly steady within the sector varying in line with the fluctuations in value of catch. The fluctuating prices can have a big impact upon GVA figures for Torbay in the agriculture and fishing sector.

Figure 11: Fishing sector, value, volume and employment



Source: Marine Management Organization, UK Sea Fisheries Annual Statistics

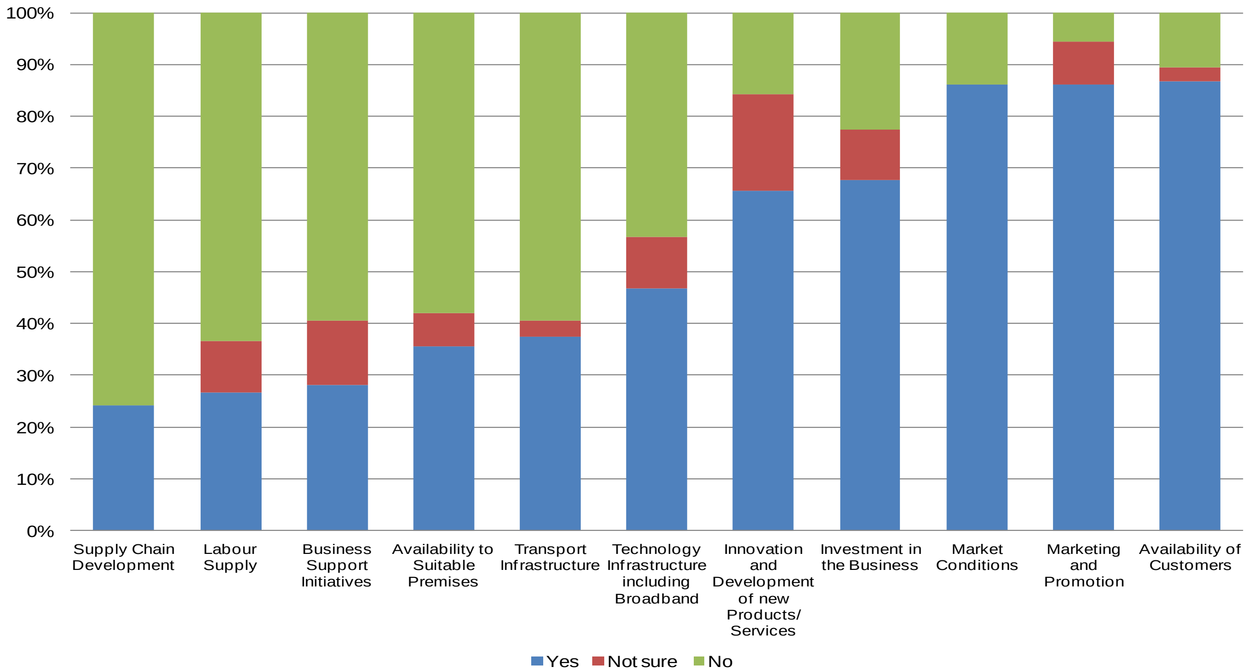
Business Needs

The TDA periodically undertakes a business barometer survey to provide a snapshot of businesses trading conditions in the Bay.

Figure 12 provides an overview of the factors which are impacting upon businesses within Torbay, ranked in order of least impact. The results are from the Torbay Business Barometer survey in early 2016. They show that the most important factors impacting trading conditions in early 2016 are around market conditions and sales, suggesting that trading conditions are expected to become slightly tougher and greater efforts need to be focused upon securing new customers.

The least important factors at the time were around supply chain development and labour supply, suggesting that the labour market is fairly buoyant. Anecdotally it is understood that the labour market has since become tighter and that it is becoming harder to find the right labour with the right skills.

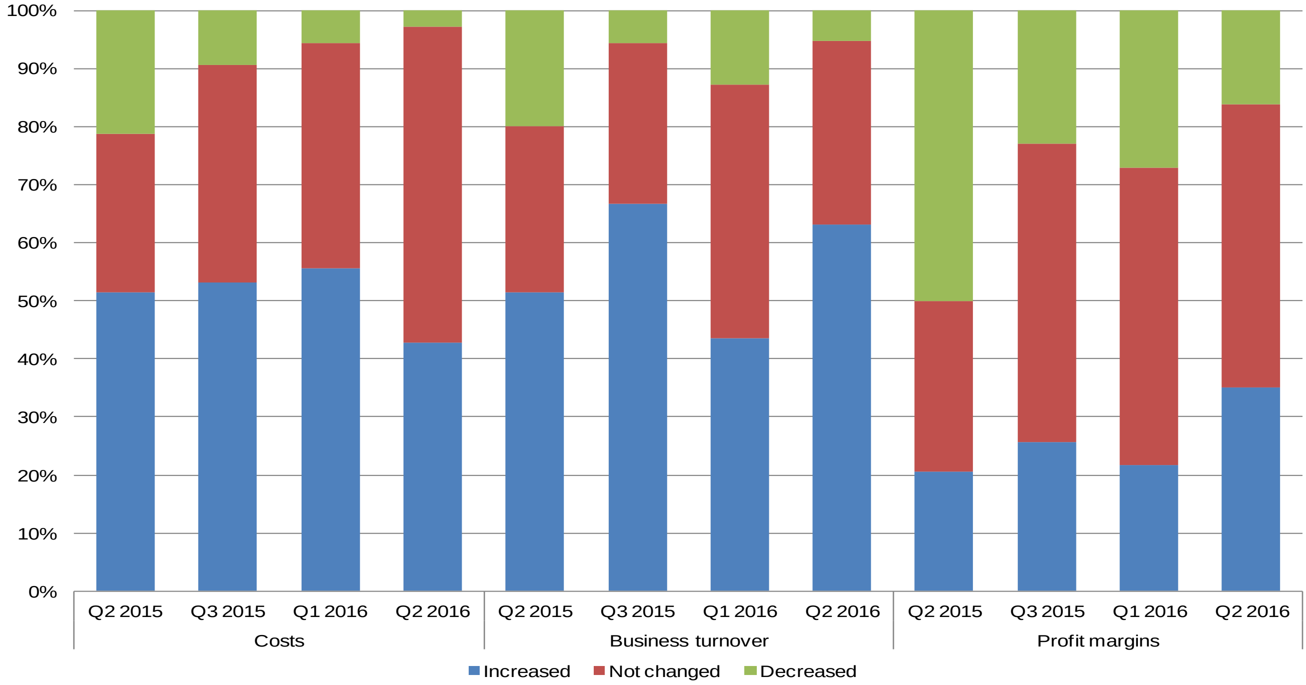
Figure 12: Factors Impacting upon Torbay businesses (2016)



Source: Torbay Business Barometer Survey, Q1 2016

Figure 13 provides a breakdown of trading conditions for local businesses over the past 2 years. The survey results shown in Figure 12 imply that trading conditions are steadily improving. While costs have been rising or remaining the same, so too has turnover (broadly in line, mirroring the changes to costs), however the results show that profit margins have been rising at a disproportionately slower rate. This suggests that while some companies are passing on the increased costs to consumers from their suppliers, others in part are beginning to absorb some of the cost increases which are eroding profit margins.

Figure 13: Trading conditions for Torbay businesses (2016)[3]



Source: Torbay Business Barometer Survey, Q1 2016

Anecdotally, speaking with our key local companies as part of the Aftercare Programme, the common local themes are around:

- Premises (for expansion and future premises needs) – Comment on slow progress in development of key sites in Torbay (not Council owned) affecting parent companies propensity to invest, and restricting expansion plans in terms of employment.
- Transport was highlighted as a key operational issue; businesses located around South Devon College noted the reduction in bus services (particularly during non-term time) presented an issue for staff and shift patterns. Parking, particularly around Northern Torquay (Edginswell, Torbay Hospital and the wider Willows area) has been identified as a common issue. Additionally, poor digital infrastructure investment in broadband, particularly around Paignton has been noted by some.
- Skills and training has been identified as a key issue across all of the businesses, from elementary occupation to professional level skills. Recruiting staff with the right skill set continues to be a key issue for businesses operational efficiency. Despite professional services sector offering in-work training opportunities such as apprenticeships, it still remains a key barrier to growth across the sector. Employment intentions still remain fairly buoyant.
- Funding – Identified as an issue by some of our medium sized companies which are growing, however is a lesser consideration compared to skills.
- Brexit has been highlighted by some of Torbay's larger multinational companies. Exchange rates are having both a positive and negative impact depending on whether businesses are importing or exporting. Brexit is also a factor affecting foreign owned parent companies willingness to re-invest in locally based subsidiaries.

[3] Q2 2016 data represents respondents expectations for the next 3 months

People & Communities

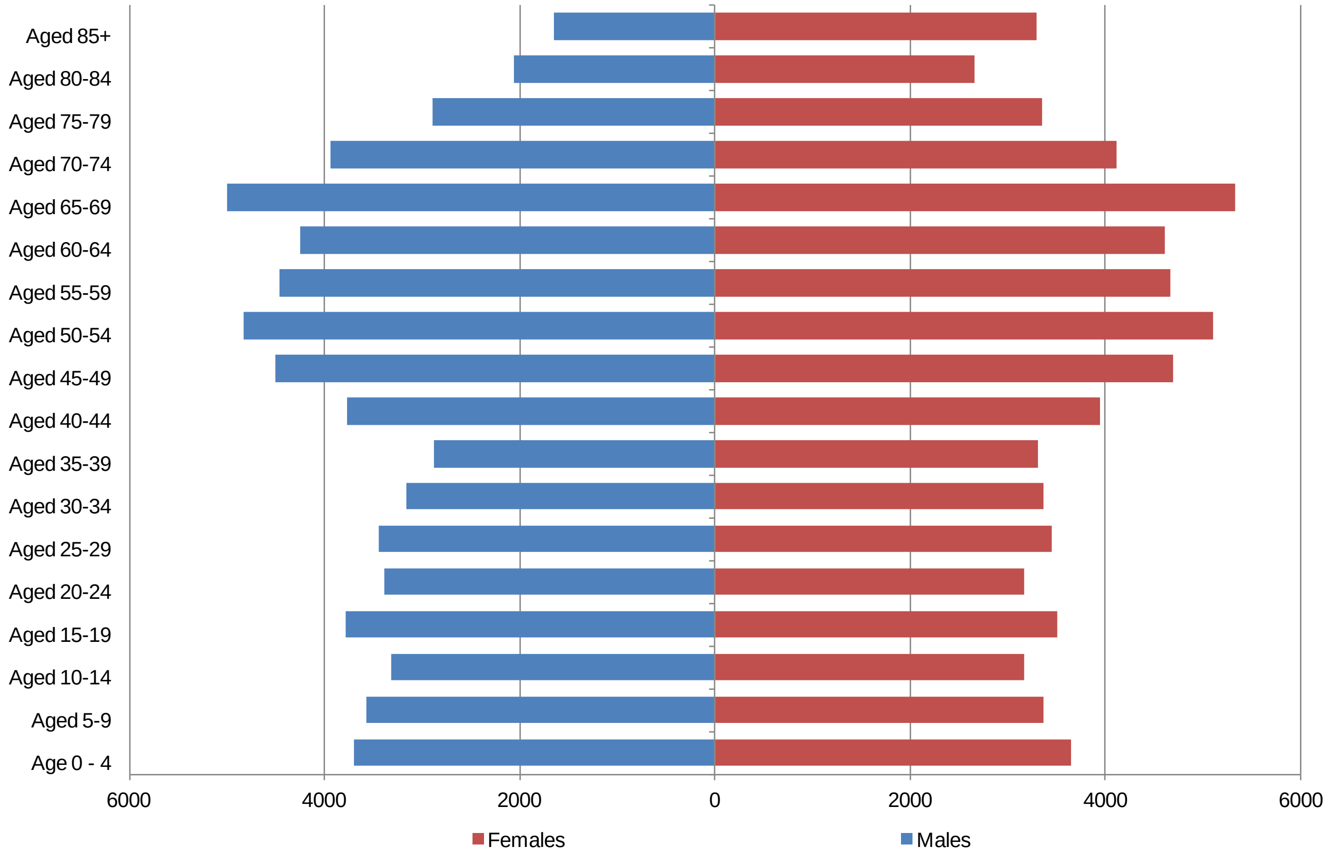
The coastal geography of Torbay shapes the area's economy to a large extent.

Demography

Latest population estimates show Torbay is home to 133,373 people, with 53.5% of the population aged 45 and over. This is significantly above the national (43.4%), regional (47.9%) average and has an impact on income levels and healthcare provision. At the other end of the age spectrum 25.4% of Torbay's population are aged 20-44, 7% percentage points below the national average (33.0%). This highlights the challenge Torbay faces in retaining graduates and supports the view that many students leave Torbay to undertake higher education and do not return until later in life, thus impacting on productivity levels.

Figure 14 shows the breakdown of age groups by sex. It shows that the population levels of 40 years and above are considerably higher. The chart also shows that as the population start to reach retirement age, the female population starts to outnumber the male population.

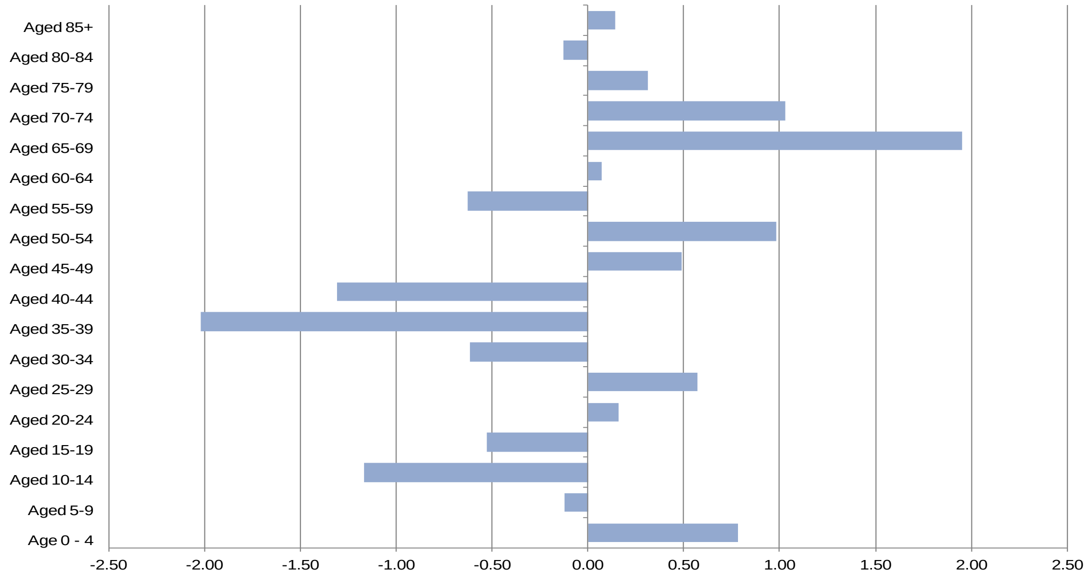
Figure 14: Population estimates by age and sex (2015)



Source: ONS, Mid-year Population Estimates, 2016

Figure 15 shows the percentage change in the population proportions over the past 10 years in Torbay, demonstrating a structural change to the areas demography. Trends show there has been a notable decline in the proportion of the population under 44, and conversely an increase in the proportion of the population aged 45 and above, suggesting that the population is living longer and/ or an increase in the number of retired people/ those approaching retirement moving to Torbay.

Figure 15: Change in population by age, Torbay (2005-2015)



Source: ONS, Mid-year Population Estimates, 2016

Labour Market

Table 8 shows the change in Torbay's working age population over the previous 10 years. It shows that there has been a decline of 4.4% in Torbay's total working age population. Of the total working age population the data shows an increase in the proportion that is economically active. At the same time, the number of economically inactive people has fallen 25.5%, suggesting a significant proportion of those people were close to retirement age and have since taken up retirement.

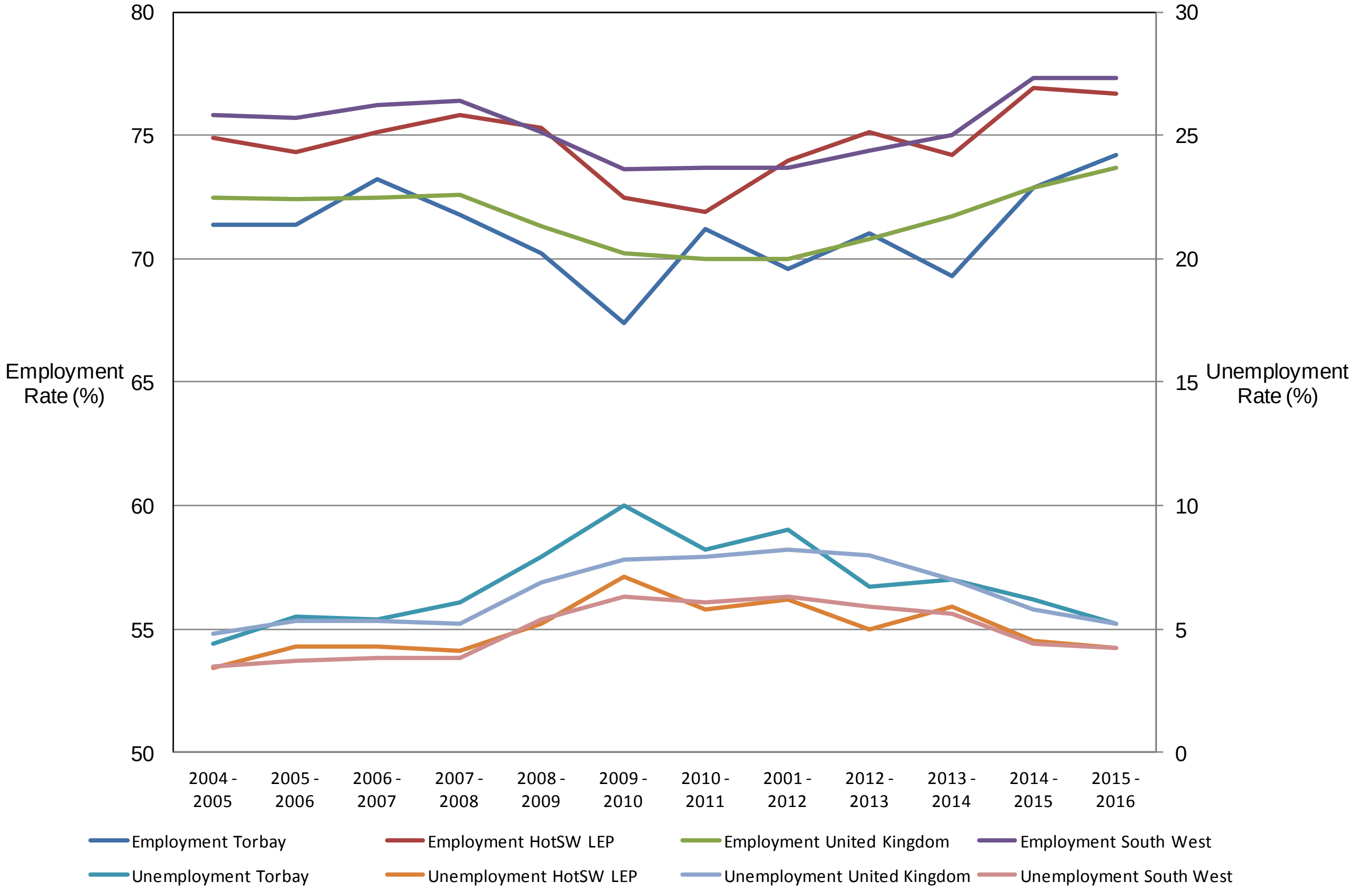
Table 8: Economic activity profile, Torbay (2005-2015)

	2005		2015	
	No.	%	No.	%
Economic activity rate - aged 16-64	**58,000**	**74.4**	**59,200**	**79.4**
Employment rate - aged 16-64	54,800	70.4	56,000	75.1
% aged 16-64 who are employees	45,100	57.8	46,300	62.1
% aged 16-64 who are self employed	9,200	11.8	9,500	12.7
Unemployment rate - aged 16-64	3,100	4.0	3,200	4.3
% who are economically inactive - aged 16-64	**20,000**	**25.6**	**15,400**	**20.6**
Share of economically inactive who want a job	6,300	31.6	5,100	33.4
Share of economically inactive who do not want a job	13,700	68.4	10,200	66.6
Total	**77,900**	**100**	**74,500**	**100**

Source: NOMIS, Annual Population Survey

Figure 16 shows the employment and unemployment rates over time. Torbay's employment rate in 2016 was 74.2%, the second lowest in the HotSW LEP area, just ahead of Plymouth at 74%. The employment rate in Torbay has shown an increasing trend over the last six years; however this in part can be attributed to a decline in the working age population.

Figure 16: Employment and unemployment rates (2004-2016)



Source: NOMIS, Annual Population Survey

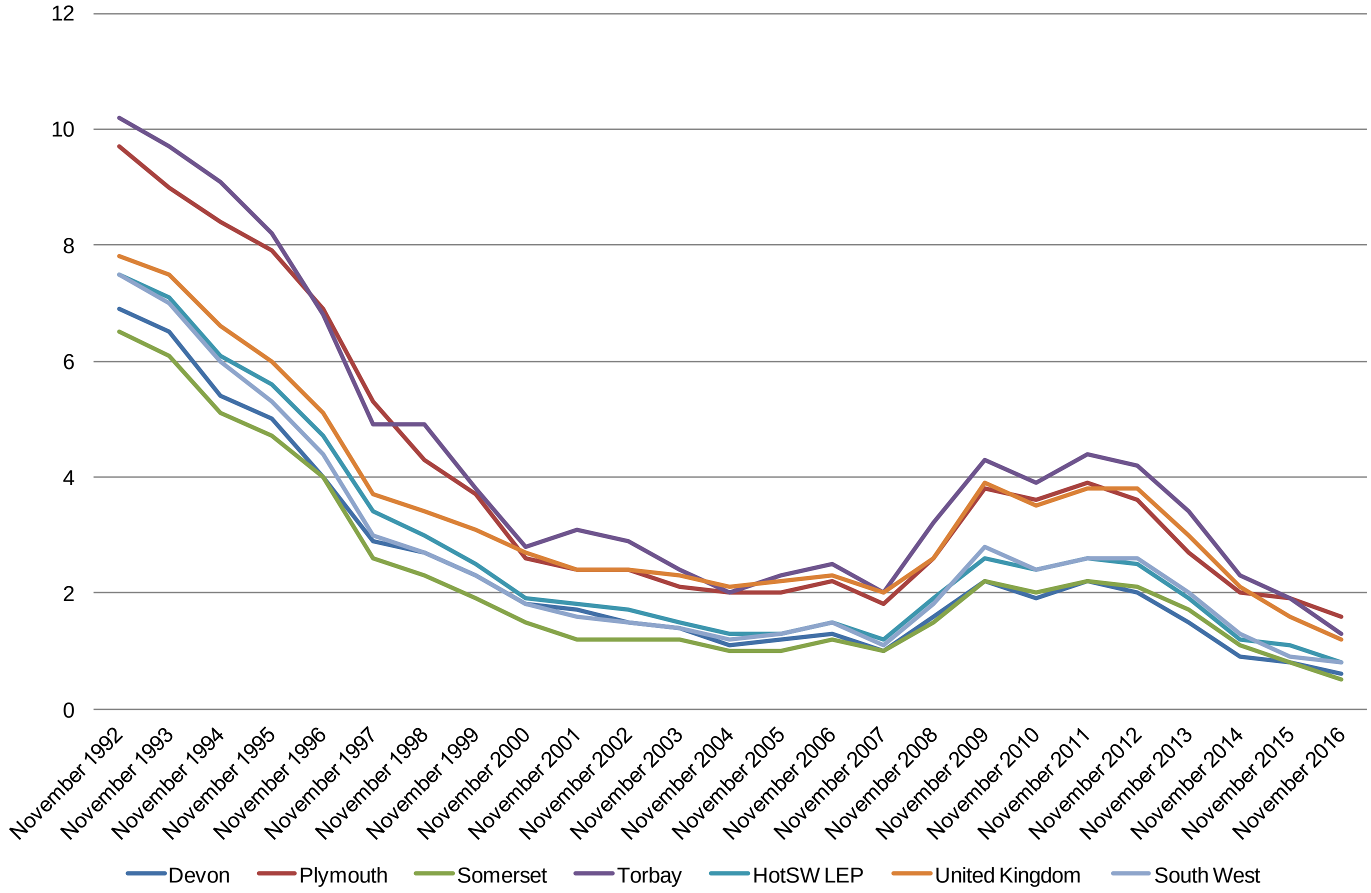
Across Torbay the statistics demonstrate that there remains a stronger prevalence of part time work with 45% of those in employment working part time, compared to 32% across England as a whole.

Worklessness

The Job Seekers Allowance (JSA) claimant count is a measure of those who are unemployed and actively seeking work.

Figure 17 shows the claimant count rates since 1992. At the end of 2016 the JSA claimant count in Torbay was 1,030 equating to a rate of 1.3% of the Torbay's resident population – the lowest level since official data was recorded. Unemployment in Torbay has broadly fallen in line with the national trend (with exception to a few structural shocks in the local economy). The claimant count rate in Torbay continues to remain above the regional and LEP averages of 0.8% respectively.

Figure 17: Job Seekers Allowance claimant count rate (1992-2016)



Source: NOMIS, JSA Claimant Count

Table 9 provides the percentage breakdown of claimants between male and female. While the percentages broadly reflect the local, regional and national averages, Torbay has a 28.9% gap between the balance of male and female claimants; the highest gap in the HotSW LEP area and notably higher than the regional and national figures of 20.2% and 19.7%.

Table 9: Distribution between male and female JSA claimants (November 2016)

	United Kingdom	South West	HotSW LEP	Somerset	Plymouth	Torbay	Devon CC
Males	59.9%	60.1%	62.4%	62.8%	64.0%	64.5%	60.0%
Females	40.1%	39.9%	37.6%	37.2%	36.0%	35.5%	40.0%
Total	396,607	26,049	8,277	1,658	2,729	1,030	2,860

Source: NOMIS, JSA Count, November 2016

Table 10 provides a breakdown of the share of claimants which are considered as long term unemployed, namely those claiming JSA for over 12 months. The table shows that 30.1% of claimants in Torbay are long term unemployed. This is broadly in line with the national average, however considerably higher when compared to regional and LEP average. It is worth noting that the figure in Somerset appears comparatively high, however the number of claimants is relatively low for the geographical size of the county.

Table 10: Long term unemployed (November 2016)

	United Kingdom	South West	HotSW LEP	Somerset	Plymouth	Torbay	Devon CC
Total JSA Count	506,259	26,049	8,277	1,658	2,729	1,030	2,860
Over 12 months	160340	6215	2130	480	710	310	630
Proportion	31.7%	23.9%	25.7%	29.0%	26.0%	30.1%	22.0%

Source: NOMIS, JSA Count, November 2016

Youth unemployment in November 2016 accounted for 12.1% of JSA claimants in Torbay, broadly in line with the national (12.7%) and regional (12.6%) averages, however of those 16-25 year olds unemployed in Torbay, around 38.5% were unemployed for 6 months or more, compared to 61.5% being unemployed for 6 months or less. The proportion of 16-25 year olds in Torbay unemployed for 6 months or more is marginally higher than both the national and regional averages of 37.6% and 33.2%, suggesting that it is slightly harder for younger people to secure employment in Torbay compared with other areas across HotSW LEP area.

Table 11 shows the percentage of working age population claiming some category of benefit. While the rate has been steadily declining since May 2012, the rate of benefit claimants in Torbay is still amongst the highest in the HotSW LEP.

Table 11: Working age benefit claimants (2010-2016)

	Great Britain[4]	South West	HotSW LEP	Somerset	Plymouth	Torbay	Devon CC
May 2010	14.5	12.1	12.8	11.5	16.7	19.4	11.1
May 2011	14.3	12.0	12.9	11.5	16.9	19.6	11.1
May 2012	14.5	12.2	13.1	11.7	17.2	20.0	11.3
May 2013	13.9	11.8	12.6	11.5	16.4	19.6	10.8
May 2014	12.9	11.0	11.9	10.8	15.5	18.4	10.2
May 2015	12.2	10.6	11.5	10.4	15.3	17.9	9.9
May 2016	11.5	10.1	11.1	10.1	14.6	17.3	9.5

Source: NOMIS, DWP Benefit Claimants, May 2016

JSA has significantly impacted upon reducing the number of claimants in Torbay. Of the varying components which make up the benefits system, Careers Allowance has marginally increased, possibly attributed towards the rising proportion of retirement age population living in Torbay. Disability Living Allowance has remained broadly the same over the past 5 years, and Income Support marginally decreasing, however there has been a marked increase in the number of Incapacity Benefit claimants which has increased 89.2% over the past 5 years reaching 3,860 in May 2016.

Earnings

Reflecting the low productivity levels within Torbay, incomes are below average. People working in Torbay earn on average £421.80 per week, compared to the regional and national averages of £505 and £538 per week. Those living in Torbay earn around £443 (£21.50 more) per week compared to those who work in the Bay, suggesting that the higher earners tend to reside in Torbay, but work outside of the area where they can achieve higher wages.

Average wage rates for those living in Torbay in 2016 were £95.40 below the national average compared to being £85.40 lower in 2011. This increase in the pay gap sees a growing divide in wages between Torbay and the national average, meaning residents in Torbay are become relatively poorer compared to the rest

[4] Data unavailable for the United Kingdom

of the country. The impact on those working in Torbay is magnified, with the wage differential compared to the rest of the country increasing from £86.00 in 2011 to £116.90 in 2016.

Table 12: Average gross weekly wages, full time (2016)

	Resident				Workplace			
	United Kingdom	South West	Heart of the South West	Torbay	United Kingdom	South West	Heart of the South West	Torbay
2008	£479.10	£451.90	-	£368.50	£479.10	£446.90	-	£369.00
2009	£488.50	£460.00	-	£375.30	£488.50	£454.00	-	£356.50
2010	£498.50	£468.30	-	£371.80	£498.50	£460.30	-	£378.70
2011	£498.30	£471.50	-	£412.90	£498.30	£461.50	-	£412.30
2012	£506.10	£477.40	-	£408.30	£506.10	£467.40	-	£412.80
2013	£517.40	£485.10	-	£424.80	£517.40	£480.00	-	£415.20
2014	£518.30	£495.80	£469.20	£433.30	£518.30	£485.50	£464.70	£421.90
2015	£527.10	£498.30	£471.30	£421.60	£527.10	£492.10	£470.20	£425.20
2016	£538.70	£513.20	£480.90	£443.30	£538.70	£505.00	£479.10	£421.80

Source: NOMIS, Annual Survey of Hours and Earnings, 2016

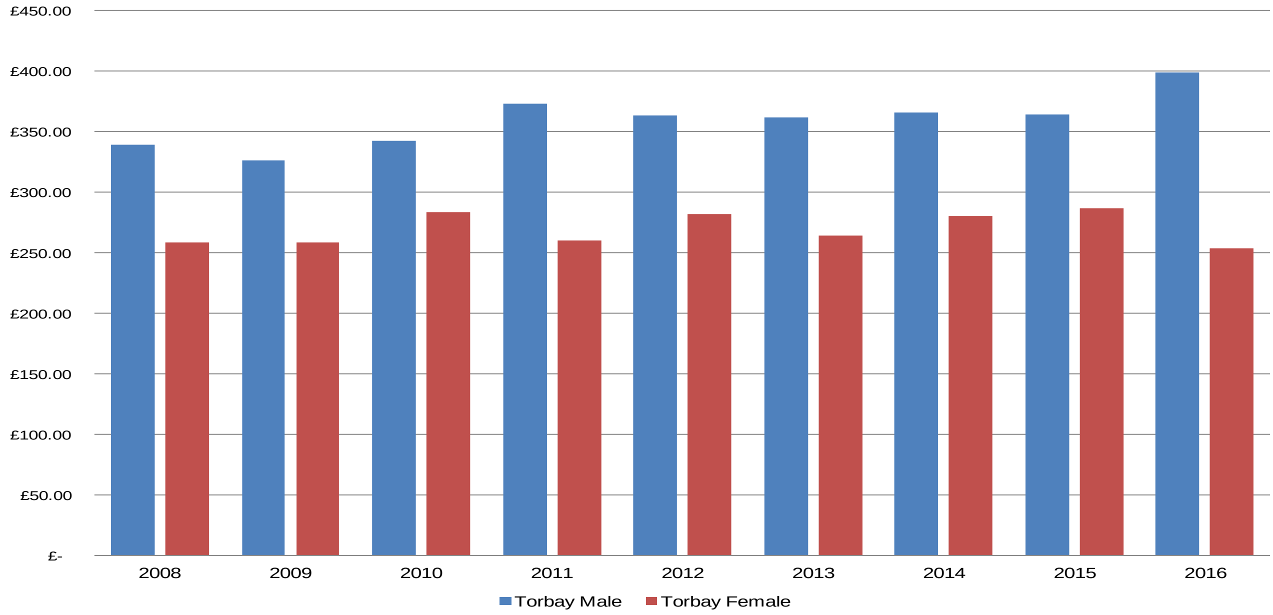
Between 2008 and 2016 resident wage rates have increased by 20.3% while workplace rates saw a 14.3% rise; this is compared to a 12.4% increase nationally across both measures.

It is worth noting, due to the way in which the data is collected through a sample survey that particularly at local levels there can be large variances in the data year-on-year which are not wholly reflective of the true local economic conditions. Over the past 8 years, residents weekly full time wages in Torbay have increased on average 2.4% year on year, compared to 1.5% nationally.

Similarly workplace wages in Torbay have on average increased 1.8% over the past 8 years; faster than the national average (1.5%), but to a lesser extent compared to residents' wages.

Figure 18 shows the difference between male and female weekly workbased earnings in Torbay. Whilst male wages have been marginally increasing, female wages have remained broadly unchanged over the time period, suggesting a minor increase in the wage gap between males and females.

Figure 18: Workplace based average weekly earnings, between males and females (2008-2016)

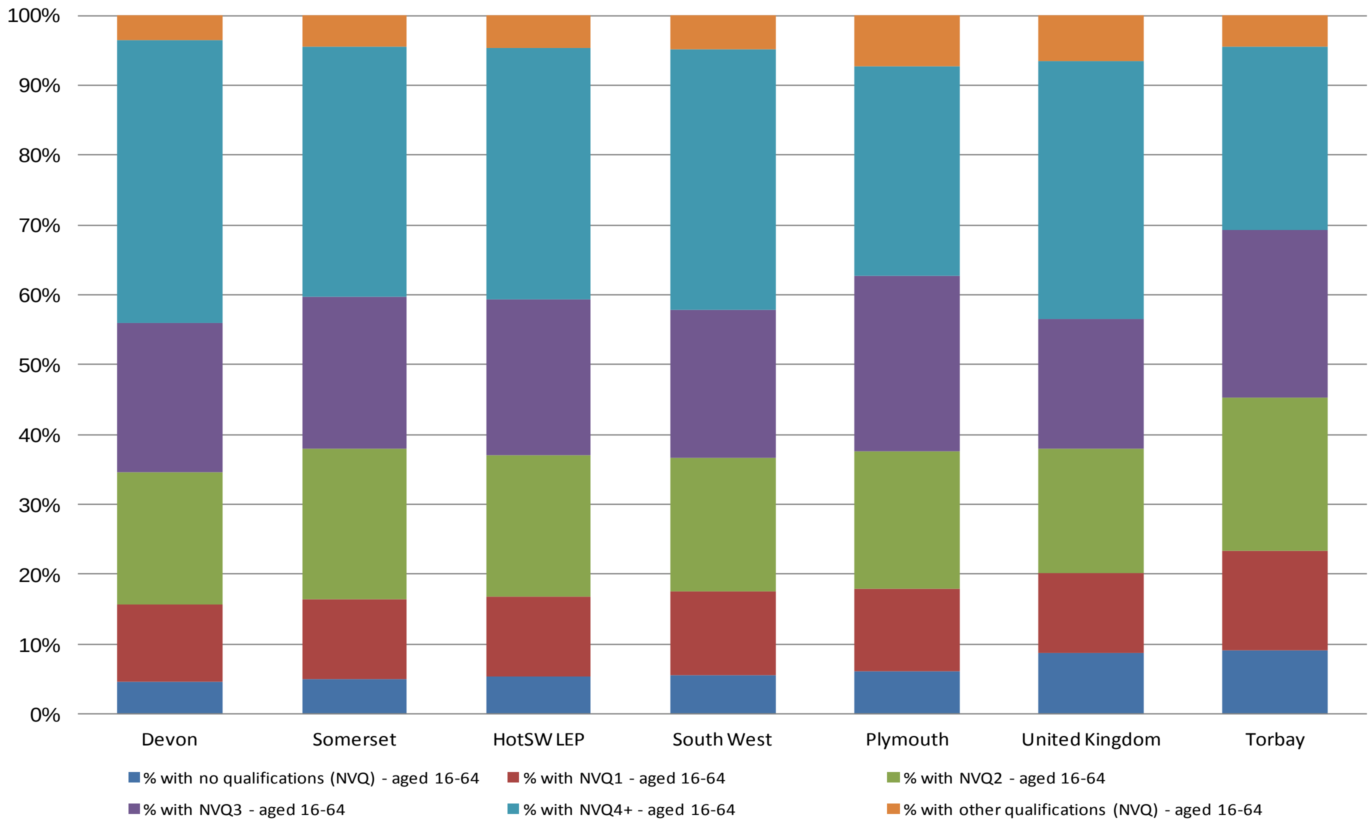


Source: NOMIS, Annual Survey of Hours and Earnings, 2016

Skills

Figure 19 provides a proportional break down of qualifications across the working age population in 2015. 9.1% of the working age population in Torbay had no qualification, broadly in line with the national average (8.8%) but notably higher compared to the regional average (5.5%). Torbay ranks fairly poorly at NVQ level 4+ (degree level and above) however ranks amongst the highest from NVQ levels 1 – 3.

Figure 19: Proportion of working age population by qualification (2015)



Source: NOMIS, Annual Population Survey

Table 13 shows the proportion of working age population by occupation. Torbay ranks fairly poorly in terms of professional occupations, accounting for only 13.7% of the workforce, vastly lower than regional (19.3%) and national (20.0%) averages. Torbay does however rank fairly well relative to national and regional averages in skilled trades, and caring, leisure and other service occupations.

Table 13: Proportion of workforce by occupation (2015)

	United Kingdom	South West	HotSW LEP	Somerset	Plymouth	Torbay	Devon CC
managers, directors and senior officials (SOC2010)	10.4	11.6	11.0	9.9	8.0	9.9	12.9
Professional occupations (SOC2010)	20.0	19.3	18.1	18.0	17.2	13.7	19.2
associate prof & tech occupations (SOC2010)	14.1	14.3	13.7	12.0	14.8	11.6	14.9
administrative and secretarial occupations (SOC2010)	10.6	10.2	9.2	8.9	9.2	8.1	9.6
skilled trades occupations (SOC2010)	10.6	12.0	13.0	12.8	12.7	14.1	13.2
caring, leisure and other service occupations (SOC2010)	9.2	9.1	10.0	10.6	10.6	14.2	8.9
sales and customer service occupations (SOC2010)	7.6	7.2	7.2	7.8	9.3	8.2	5.8
process, plant and machine operatives (SOC2010)	6.4	5.6	6.5	6.7	7.2	7.3	5.9
elementary occupations (SOC2010)	10.7	10.2	10.8	12.7	10.5	12.3	9.4

Source: NOMIS, Annual Population Survey

Deprivation

Although located in a predominately rural county, Torbay as an urban area suffers from many similar deprivation problems normally associated with big cities. The scores within the Indices of Multiple Deprivation (IMD) support this as the majority of deprived areas in England (98%) are located in cities. There are inequalities between different wards in Torbay, with the most deprived areas tending to be clustered within the town centres of Paignton and Torquay.

In 2015, Torbay ranked the 46th most deprived district (37th out of 152 unitary/ county) area out of 326 across England. Compared to England, Torbay is ranked amongst the 20% most deprived areas. Torbay's overall position, relative to other local authorities, has worsened slightly - ranking 49th out of 326 in 2010. In 2015 Torbay was the most deprived authority in the South West, slipping behind West Somerset which in 2010 was the most deprived in the South West. The main domains which contribute the most to Torbay's overall multiple deprivations are: income, employment, and health deprivation, and disability.

Since 2010, there has been a 75% increase in Torbay residents living in areas amongst the 20% most deprived in England. In 2010 16 Lower Super Output Areas in Torbay were amongst the 20% most deprived country wide, this increased to 28 in 2015. Almost 1 in 3 of Torbay residents are classed as living in England's 20% most deprived areas. Table 16 shows the resident population in Torbay living in the 20% most deprived areas. The data suggests, based on the IMD's measurers of deprivation, that Torbay is becoming relatively more deprived.

Table 14: Resident population in top 20% most deprived areas (2004-2015)

IMD Release	Resident population in top 20% most deprived	Proportion of Population
2004	18,150	13.8%
2007	21,800	16.5%
2010	24,700	18.8%
2015	42,000	31.5%

Source: DCLG, Index of Multiple Deprivations

There has been a widening gap in relative levels of deprivation across the communities of Torbay – residents in our more deprived communities have experienced a relative worsening in deprivation, whilst residents in our less deprived communities have experienced relative improvements.

Child poverty remains an issue in Torbay, with 29.3%[5] of children in Torbay classed as living in poverty. This is the highest proportion in the South West, however in part can be attributed to the measure of child poverty being defined by the proportion of children living in families in receipt of out of work benefits and after deducting housing costs (which are above the national average).

Labour Flows

Table 15: Inflows and outflows of labour in Torbay (2011)

	Labour Flow Out of Torbay	Labour Flow Into Torbay	Net Impact
Teignbridge	5,192	4736	-456
South Hams	2,668	1896	-772
Exeter	2,127	385	-1,742
Plymouth	784	675	-109
East Devon	415	161	-254
Cornwall and Isles of Scilly	99	86	-13
Mid Devon	91	84	-7
Bristol, City of	65	11	-54
West Devon	60	40	-20
Taunton Deane	42	0	-42
South Somerset	35	0	-35
South Gloucestershire	33	0	-33
North Devon	30	18	-12
Wiltshire	30	0	-30
Sedgemoor	25	0	-25
North Somerset	22	23	1
Swindon	22	0	-22
Mendip	12	0	-12
Torridge	11	0	-11
Offshore Installation	100	0	-100
Outside UK	82	0	-82
Other	1,032	476	-556
Total	12,977	8,591	-4,386

Source: NOMIS, Census 2011

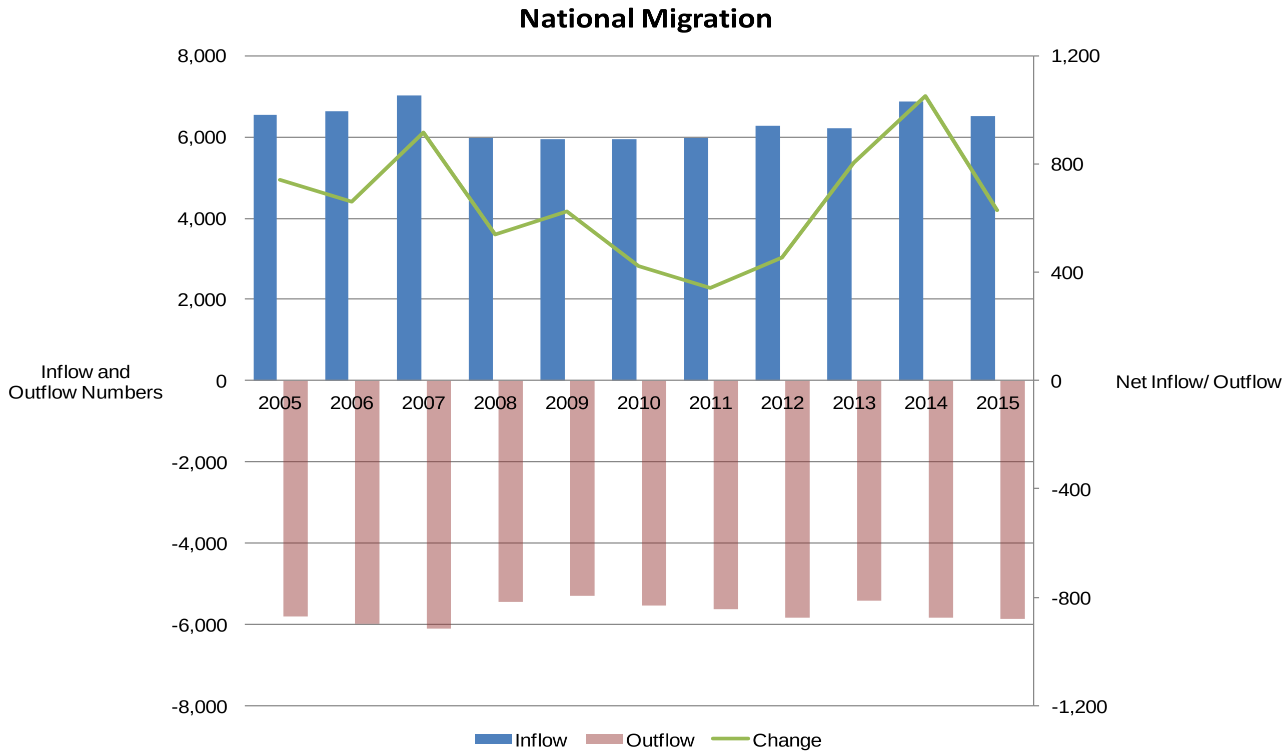
[5] Centre for Research in Social Policy. Percentage of children in poverty (after housing costs)

Table 15 shows the breakdown by area of labour flows in and out of Torbay in 2011.

Of the total 47,804 employees who work in Torbay, around 18% travel from outside of the area. Of the 54,000 people who live in Torbay and are employed it is estimated that around 24% work outside of the area. Official data from 2015 does indicate that the net migration out of Torbay could be closer to around 7,500.

Furthermore the opening of the South Devon Highway and the impacts on labour flows in and out of Torbay has not yet fed through into official data sources.

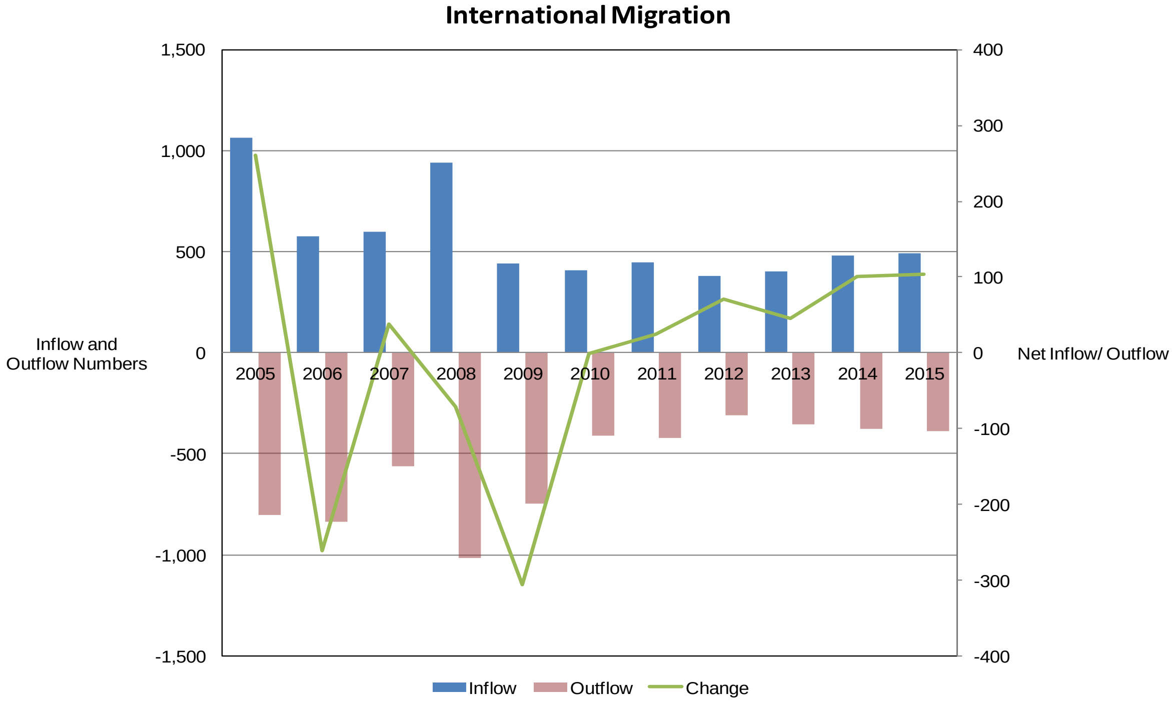
Figure 20: National migration, Torbay (2005-2015)



Source: ONS, Local Area Migration Indicators, August 2016

Figure 20 shows the inflow and outflow of national migrants in Torbay each year along with the net change. Torbay has seen a net increase in national migrants' year on year with more people moving into Torbay than leaving Torbay. For the period 2005-2015 Torbay's population has increased by 7,187 due to national migration.

Figure 21: International migration, Torbay (2005-2016)



Source: ONS, Local Area Migration Indicators, August 2016

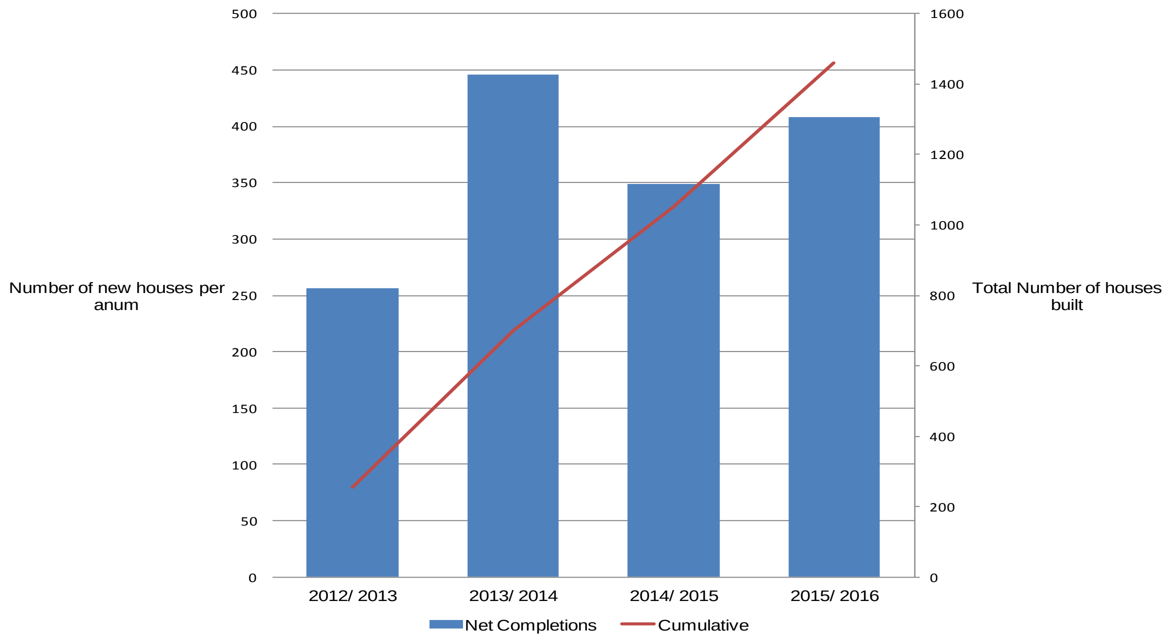
Figure 21[6] shows the inflow and outflow of international migrants each year along with the net change. From 2005-2015 international migration numbers in Torbay have fluctuated, with the net impact on numbers remaining broadly unchanged over the period.

[6] International migration figures are a component of population change, and exclude seasonal workers

Housing Stock

Figure 22 illustrates the number of new houses which have been built per year in Torbay since 2012 along with the total number of new houses which have been built in the past four years. Since 2012, 1,459 new houses have been built in Torbay.

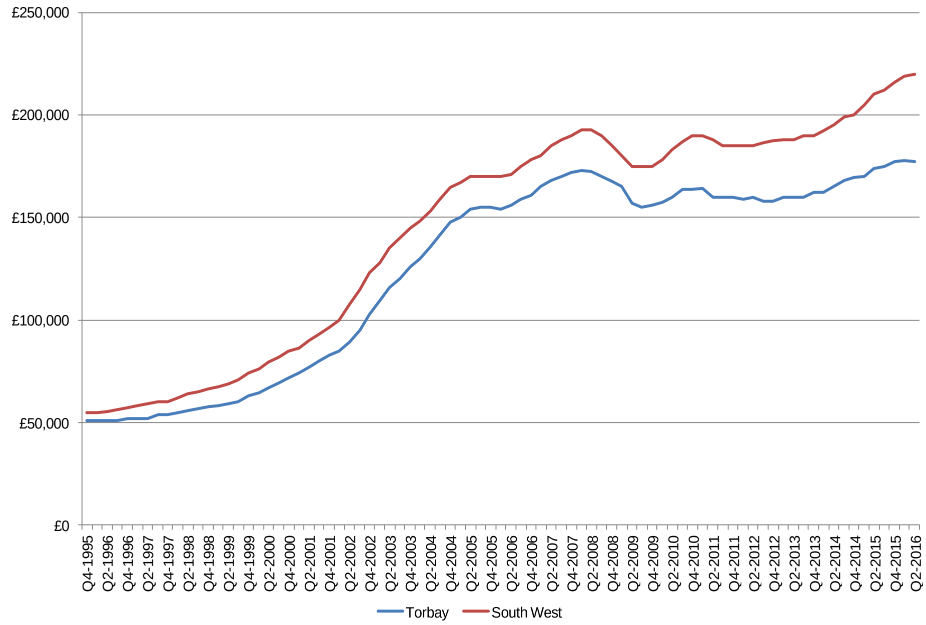
Figure 22: New homes built in Torbay (2012/ 13 – 2015/ 16)



Source: Torbay Council, Annual Monitoring Report

The annual target for the number of new houses to be built each year, as stated in the recently adopted Torbay Local Plan, averages out at around 450 houses per year.

Figure 23: House prices, Torbay and South West (Q4 1995–Q2 2016)

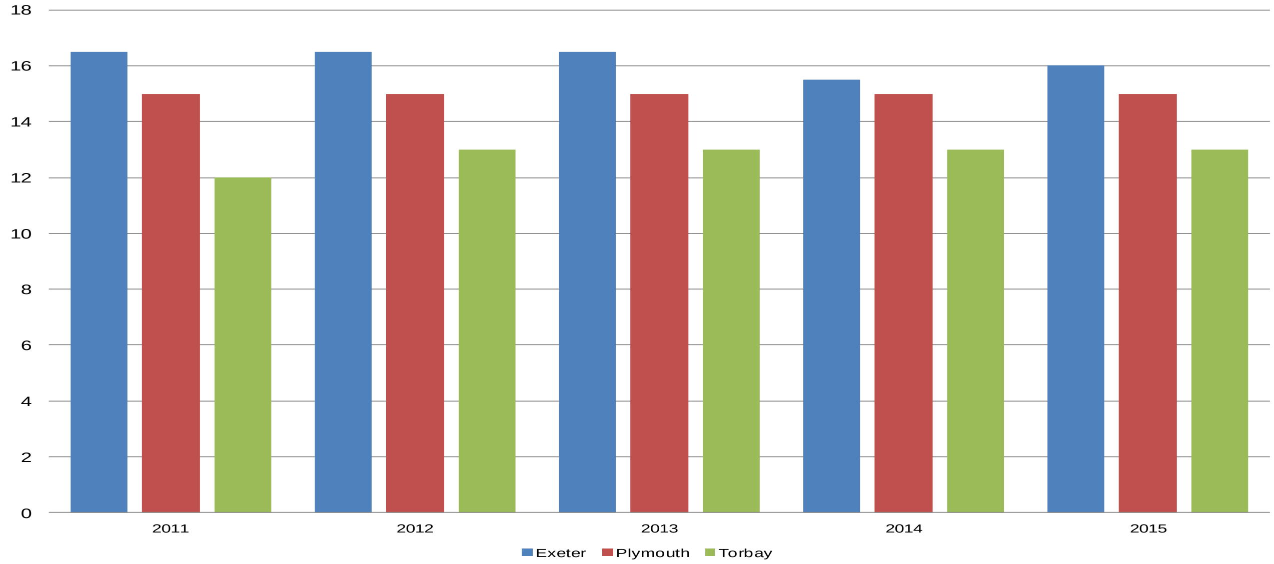


Source: ONS, Median House Price for National and Subnational Geographies, December 2016

Commercial Property

Figure 24 shows the annual average city centre rents per area from 2011-2015. The figure illustrates a notable disparity in rents between the 3 main urban areas in Devon. While it shows that Torbay is lower in comparison to Exeter and Plymouth, it demonstrates a viability gap in developers bringing forward new property and increasing the quality of stock and thus prices.

Figure 24: City centre office price psft (2011-2015)

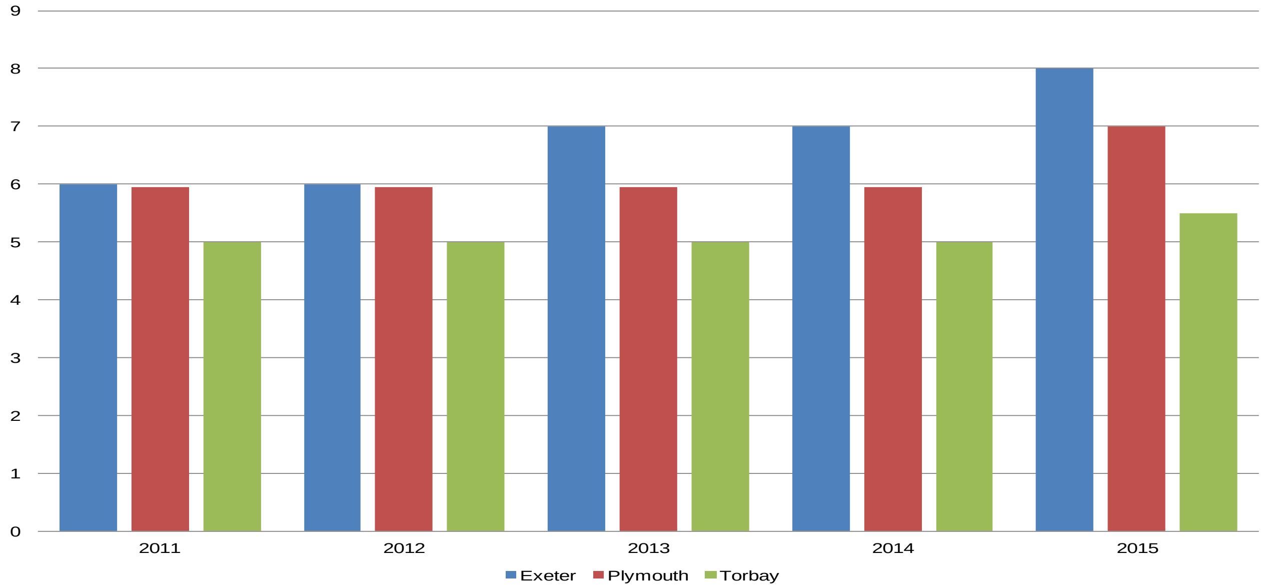


Source: Alder King Market Monitor 2016

In 2014 there was around 14,437 square feet[7] of available office space, compared with an average annual take up rate of 2,678 square feet per year.

Figure 25 shows the average price per square foot for industrial space from 2011-2015. While prices have increased across Exeter and Plymouth, they have remained broadly unchanged in Torbay, showing a lack of new supply and businesses locating outside of Torbay to accommodate their needs.

Figure 25: Industrial property prices psft (2011-2015)



Source: Alder King Market Monitor 2016

[7] [7] Alder King, Workspace Demand Study, 2014

In 2014, there was around 21,833 sq. ft. of available industrial space, with around 10,499 sq. ft. being let on average per year, suggesting around 2 years supply.

The number of transactions across both the industrial and office space market has slowed down since the highs of 2011 and 2012; however anecdotally there is demand for over 350,000 sq. ft of employment space within Torbay at the end of 2016.

The current level of demand through property enquiries with the TDA is around 350,000 sq. ft. of space. As evident from the levels of supply and relatively low churn, there is a disconnect between supply and demand, resulting in the market failing to bring forward new commercial developments. This disconnect can be attributed to prolonged under investment and structural shocks to the economy. Commercial property within Torbay is outdated and no longer fit for purpose, thus demanding a lower rent/yield compared to other areas across the region such as Plymouth and Exeter. The widening disparity to commercial property prices locally has resulted in a lack of new suitable property being developed, as it is no longer viable for developers in Torbay, and less attractive compared to other areas across the region.

Economic Projections

Economic Growth

Economic projections are a tool for modelling where future growth may come from. However, projections are often based on past trends and typically reflect a 'do nothing' approach, i.e. if no action was taken to create jobs this is what could be expected to happen to employment in Torbay.

Figure 26 draws upon 15 years of GVA data from both the ONS and Oxford Economics to model the future projected economic growth for Torbay. The data draws upon the average year on year growth rates from over 15 years to provide a future projected growth rate.

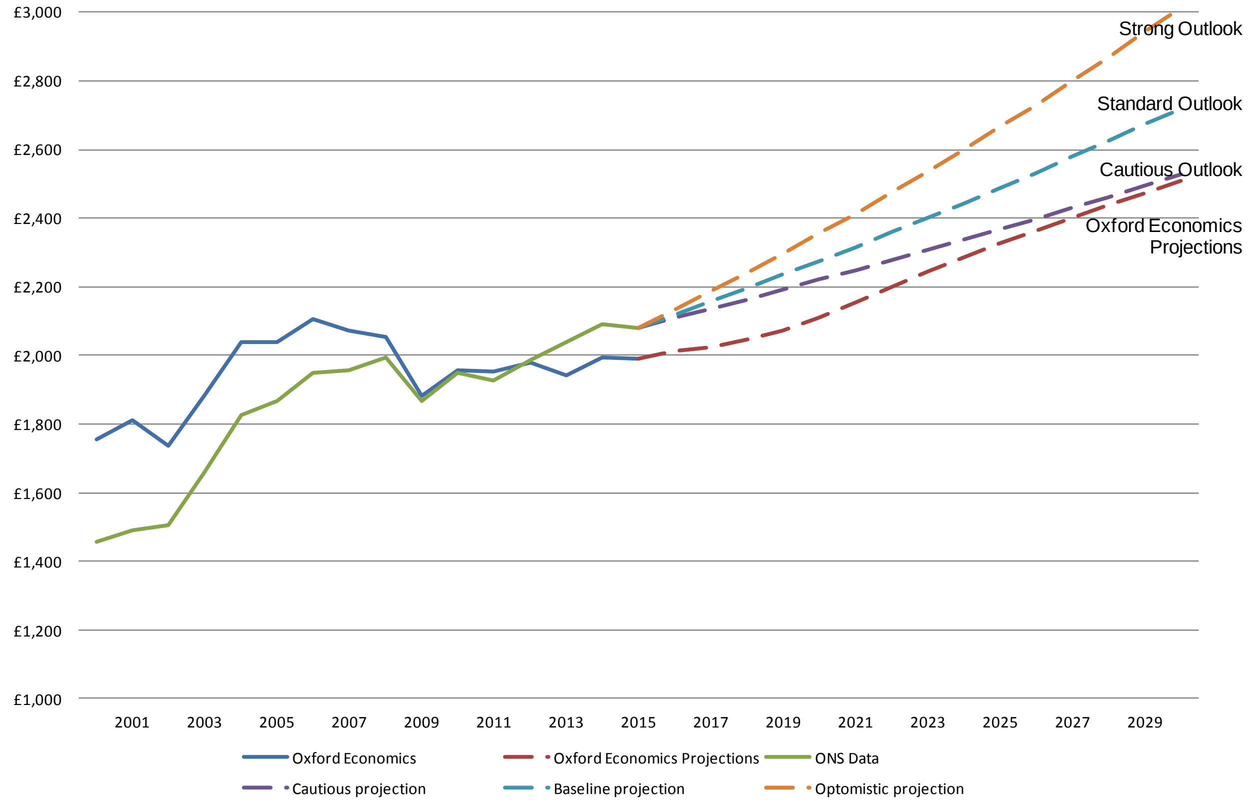
As of 2015, Torbay's GVA was £2.08B. Table 16 provides a snapshot of the projected value of Torbay's economy in 2020, 2025, and 2030 based on 3 differing economic growth scenarios.

Table 16: Projected economic growth, Torbay (Billions)

Scenarios	Growth Rate	2020	2025	2030
Cautious Outlook	1.3%	£2.219	£2.367	£2.525
Standard Outlook	1.8%	£2.275	£2.487	£2.719
Strong Outlook	2.8%	£2.354	£2.663	£3.013
Oxford Economics Projections[8]	1.6%[9]	£2,110	£2.327	£2.507

Figure 26 illustrates projected growth scenarios from 2015 onwards based on year-on-year growth rates of 1.3%, 1.8%, and 2.8%. The chart includes the official ONS GVA data until 2015, along with the projected growth from Oxford Economics.

Figure 26: Projected economic growth, Torbay (Millions)



[8] Figures based on 2013 prices
[9] Figure based on average year on year changes in growth

Employment Projections

Table 17 provides future employment projections based on Oxford Economics latest[10] growth projections. Based on the economic projections modelled by Oxford Economics it is projected that over the next 15 years, Torbay's top 5 growth sectors in terms of employment will be:

Table 17: Top 5 Projected growth and declining sectors, Torbay

	Employment Change	Percentage Change
Top 5 Growth Sectors		
Professional, scientific and technical activities	400	11.8%
Arts, entertainment and recreation	300	12.5%
Administrative and support service activities	300	9.7%
Construction	300	9.7%
Human health and social work activities	300	2.2%
Top 5 Declining Sectors		
Manufacturing	-700	-30.4%
Water supply; sewage, waste management and remediation activities	-100	-20.0%
Public administration and defence; compulsory social security	-300	-14.3%
Education	-200	-3.6%
Wholesale and retail trade; repair of motor vehicles and motorcycles	-200	-2.2%

Table 18: Employment projections (000's)

	2015	2020	2025	2030	Change	Percentage Change
Agriculture, forestry and fishing	0.3	0.3	0.3	0.3	0.0	0.0%
Mining and quarrying	0.0	0.0	0.0	0.0	0.0	0.0%
Manufacturing	2.3	2.1	1.8	1.6	-0.7	-30.4%
Electricity, gas, steam and air conditioning supply	0.1	0.1	0.1	0.1	0.0	0.0%
Water supply; sewage, waste management and remediation activities	0.5	0.5	0.4	0.4	-0.1	-20.0%
Construction	3.1	3.1	3.3	3.4	0.3	9.7%
Wholesale and retail trade; repair of motor vehicles and motorcycles	9.2	9.0	9.2	9.0	-0.2	-2.2%
Transportation and storage	1.1	1.2	1.2	1.2	0.1	9.1%
Accommodation and food service activities	8.1	8.1	8.2	8.2	0.1	1.2%
Information and communication	0.7	0.7	0.8	0.8	0.1	14.3%
Financial and insurance activities	0.9	0.9	0.9	0.9	0.0	0.0%
Real estate activities	1.3	1.4	1.4	1.5	0.2	15.4%
Professional, scientific and technical activities	3.4	3.5	3.7	3.8	0.4	11.8%
Administrative and support service activities	3.1	3.2	3.3	3.4	0.3	9.7%

[10] Heart of the South West Local Enterprise Partnership Growth Projections, September 2016

Public administration and defence; compulsory social security	2.1	1.9	1.9	1.8	-0.3	-14.3%
Education	5.5	5.3	5.4	5.3	-0.2	-3.6%
Human health and social work activities	13.9	13.7	14.2	14.2	0.3	2.2%
Arts, entertainment and recreation	2.4	2.5	2.6	2.7	0.3	12.5%
Other service activities	1.1	1.1	1.1	1.1	0.0	0.0%
Total	59.3	58.6	59.9	59.5	0.2	0.3%

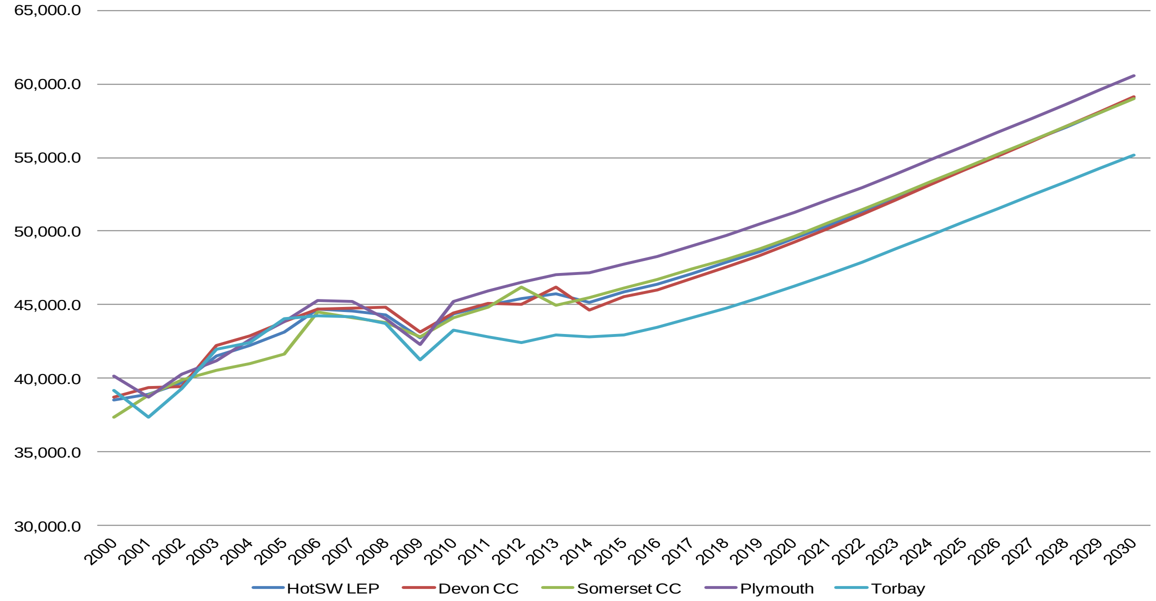
Source: Oxford Economics Projections, September 2016

Productivity Growth

Using the Oxford Economics projected GVA increase per FTE, Torbay could expect to see an uplift in its workforce of around 200 jobs by 2030.

Figure 27 illustrates the projected change in the GVA per FTE over time relative to the local areas within the HotSW LEP. As shown from the chart, GVA per FTE in Torbay continues to grow in line with the other areas across the HotSW geography, however the gap in productivity per employee relative to other areas still remains.

Figure 27: Projected GVA growth per FTE (£'s)



Population Growth

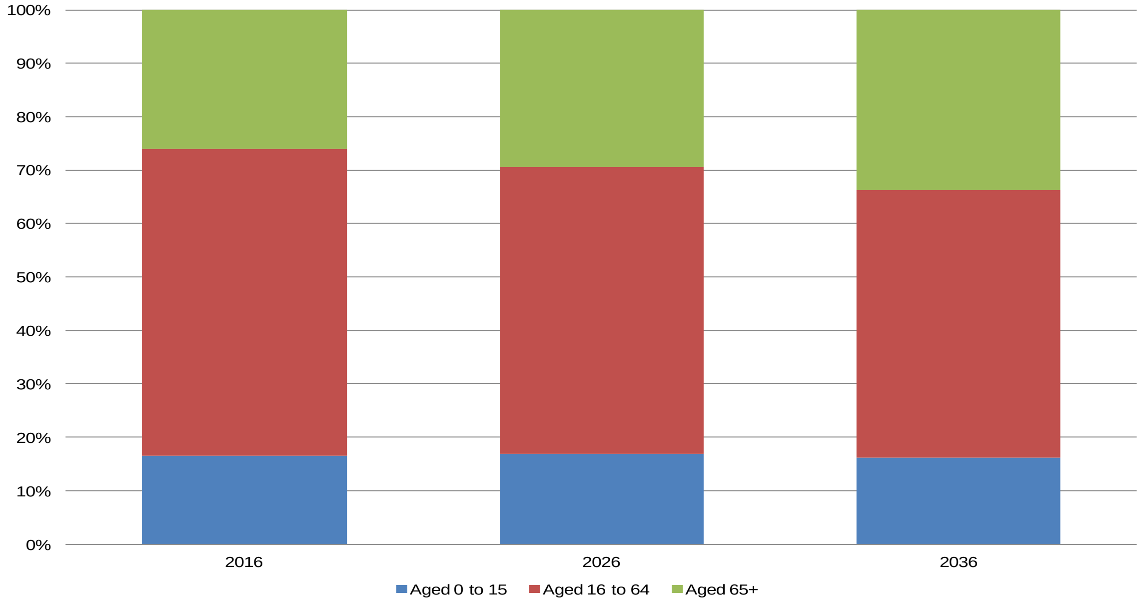
Figure 28 shows the projected change in the population over the next 20 years in Torbay, based on past data and current trends. By 2036 the total population in Torbay is projected to be around 146,819. As is evident from the chart the proportion of those aged 65+ is due to rise significantly – to represent over 1 in 3 of the population, while those under 16 are projected to broadly stay the same, while the working age population is due to fall from 57.4% in 2016 to 50.3% in 2036.

The projected change to Torbay's demography over the next 20 years will adversely impact upon the areas economy. Not only will the increase in 65+ put added pressures on the areas local public services and benefits, while the proportion of those contributing towards the economy are disproportionally declining – resulting in an increase in the local dependency ratio[11] from 1 member of the working age population for

[11] Defined as the population under 16 and those 65+ compared to the working age.

every 0.74 dependant to in 2016 to 1:1 in 2036. In reality, in 2015 there were 1.2 dependants[12] for every worker in Torbay. This is projected to increase to 1.4 by 2030.

Figure 28: Projected population change, Torbay



Source: NOMIS, Population Projections, 2016

[12] Figure based on 0-16, unemployed, and retired population