

TORBAY LOCAL PLAN

A landscape for success

The Plan for Torbay – 2012 to 2032 and beyond

Technical Paper: Update on Objectively Assessed Need and Job Projections.

July 2015

Technical Paper Update: Objectively Assessed Need and Job Projections

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Technical Paper Update: Objectively Assessed Need and Job Projections

Introduction and Summary

This paper updates Torbay Councils' Technical Growth Paper (SD/24) in response to evidence that has become available since July 2014. In particular it considers the implications of the DCLG 2012 based Household Projections (Published February 2015), various economic projections and the business support initiatives being implemented by the Council and Torbay Development Agency.

In summary, the Council believes that the evidence points to the following conclusions:

Are we being realistic?

- The 2012 based population and household projections are lower than 2011 based ones but not significantly so. The Local Plan's figure of around 8,900 dwellings amply meets the demographically implied provision with headroom to meet the Local Plan's strategy for economic expansion.
- There is a wide variety of economic projections, which shows that no single projection can be relied upon in the absence of a "policy on" assessment". The Housing Requirements Report (PBA 2013) remains a useful synthesis of competing evidence, and is more robust than trend based projections. It concludes that Torbay is able to provide around 5,337 net new jobs between 2012 and 2032, with job growth anticipated to pick up after 2016.
- Trend based projections indicate a significant ageing population with consequent problems for health and social care. There is a need to reverse this trend to attract working age inwards migration, or reduce the outwards flow of young people.
- In summary, the Local Plan is being realistic about housing growth.

Can we deliver on ambition?

- Based on the above, the Local Plan Target of 5,000-5,500 jobs is ambitious but realistic. It is in line with PBA's analysis. It represents a positive and sound basis for strategic planning in Torbay.
- Projections do not take into account job-promotion measures being put in place by the Torbay Development Agency, Local Plan and Adopted Masterplans. They do not factor in a South Devon Link Road effect. Rather they are recession based trend projections that perpetuate Torbay's past poor economic performance.
- A wide range of business support initiatives, programmes and funding is underway to support the jobs creation ambitions in the Local Plan and Torbay Economic Strategy. The Council and the TDA are themselves bringing forward employment space, for example at Claylands (around 160,000 sq ft space) and a new Electronics Photonics

Innovation Centre (around 220 jobs) at White Rock. The will help meet local demand for start up and small business space, as well as for larger and growing businesses.

- Masterplans for the regeneration of Torquay and Paignton town centres were adopted by Council as Supplementary Planning Documents on 1 June 2015. These provide a framework for regeneration and investment in the Bay's town centres.

DCLG 2012 Based Household Projections

Planning Practice Guidance (PPG 2a-015) indicates that DCLG Household Projections “are the starting point estimate of overall housing need”. However, adjustments may be made to take into account economic circumstances and employment trends (2a-018).

New household projections were published by DCLG on 27 February 2015. These replace the 2011 Based Interim Projections (published 2013) and the 2008 Based Household Projections (published 2010). The 2012 based HH Projections are based on the 2012 Based ONS Population Projections (published May 2014) and are the first Projections to use 2011 Census information.

The DCLG Household Projections indicate an increase of 7,190 households between 2012-30 (and 8,342 between 2012-32), i.e. a growth of around 417 households a year. This is a reduction from the growth rate of about 446 households per year in the 2011 based Interim Projections. 85% of the increase in households arises from population growth and 10% from formation rates (with 5% undefined).

The DCLG Household Projections project household size to fall to 2.044 in 2032, which is below the figure (of 2.07) in the PBA Housing Requirement Report. This is not a trend based projection since household size in Torbay has remained at 2.2 persons per household since 1991 (with a small fall to 2.17 in 2001 and rising back to 2.2 in 2011). One explanation is that they make a “policy on” assessment that hidden households at 2011 will form households as the economy picks up. However the overall impact of formation rates is small compared to population growth (from domestic migration).

The 2012 Based Household Projections, like the 2011 based Interim Projections, are likely to reflect the post 2008 recession, and therefore err on the side of pessimism. The 2011 Census reflects a decade of relative economic decline in Torbay and this is in turn “bakes in” to the subsequent projections based on it, although as set out in the following paragraph, it appears that an element of returning to economic success has been added to the migration figures.

As discussed in the Council's Growth Topic Paper (SD 24), Torbay's population growth is driven by domestic inwards migration. Inwards migration is assumed to rise in the 2012 Based demographic projections. These are therefore not a “trend based” figure but assume migration returns to a pre-2004 level, when the economy was more successful (or assume a long term migration rate, which amounts to the same thing). This is discussed in more detail in the Growth Topic Paper.

The Proposed Replacement Modifications to the Submission Local Plan propose 8,900 dwellings over the period 2012-30, which is around 1,700 homes higher than the HH projections and provides a buffer to allow for economic growth.

ONS Population Projections and Jobs

One concern that the Council has about the 2012 Population Projections is that the working age population is projected to fall by 3,360 people between 2012-30. Assuming a constant 75% economic activity rate this translates to a workforce of 2,525 fewer people in 2030 than in 2012 (see spreadsheet at Appendix 1). This is likely to signify a continued trend for retirees to migrate into Torbay and outwards migration of young people.

While one response would be to plan for an economic decline, this would be diametrically opposed to the NPPF and the Local Plan. It would throw up “unintended consequences” such as a shortage of care workers, and inadequate revenue base to support a top-heavy population. The Council’s response is to seek to increase jobs above a trend based “predict and provide” figure. On this basis the Local Plan and the TDA’s Economic Strategy seeks to improve employment prospects, which should encourage working age inwards migration and therefore arrest the trend towards an ageing population.

The Local Plan proposes over 1,700 dwellings above the household growth rate in order to provide headroom for job growth. Based on 45.5% of the total population being economically active, and there being an average of 1.5 jobs per economically active household, this buffer would offer scope to create about 1,550 additional jobs within the proposed housing stock (1700 x 0.45 x 1.5).

In addition, the economic recovery measures being put in place by the TDA, the town centre regeneration schemes being promoted by the Council and the employment space coming forward as part of mixed use developments (such as Torwood Street, Torquay; Devonshire Park, Paignton; White Rock, Paignton and, in the longer term, Torquay Gateway) will reinvigorate Torbay’s economy and reduce the age of inwards migrants. This is likely to result in increased inwards migration (as projected by ONS figures) but a reduction in the age of migrants and a reduction in outwards migration of younger people (bucking the trend projected by ONS).

Economic Forecasts

NOMIS figures based on ONS Business Register and Employment Survey indicate a fall in employment in Torbay and the South West between 2009-13. This is due to national trends. In 2014, 55.7% of jobs were full time, compared to 67.7% in Great Britain. However this figure excludes 6,900 self-employed people in Torbay in 2013 (according to NOMIS), so the actual employment figure is likely to be around 54,000. This compares to a work force of 60,000 people, of whom 56,000 are in employment (indicating outwards commuting).

Torbay's job density (ratio of total jobs to working age population) is 0.75 (compared to 0.83 in the South West and 0.80 in Great Britain), indicating a lower level of jobs per economically active population than the national average.

Further details are available at:

<https://www.nomisweb.co.uk/reports/lmp/la/1946157356/report.aspx?#ld>

Table 1: Jobs within Torbay 2009-2013

Year	Torbay (employee jobs)	South West (employee jobs)	Great Britain (employee jobs)
2009	48,300	2,314,400	26,642,600
2010	47,000	2,284,200	26,581,300
2011	47,800	2,237,600	26,593,500
2012	48,500	2,231,800	26,752,900
2013	47,100	2,269,300	27,176,500

Source: ONS Business Register and Employment Survey, June 2014. Figures do not include self-employed, Armed Forces or Agricultural Workers.

The most recent NOMIS data (as of June 2015) is broadly anticipated in by PBA's Housing Requirements Report, which predicts an increase in jobs post 2016, when the South Devon Link Road is completed. However, it indicates a lower job density than PBA (0.84: see paragraph 3.7.9 of the Housing Requirement Report). This means that there is probably more "slack" to increase jobs within the existing housing stock than assumed by PBA (see below).

Job Projections

A number of economic projections have been put before the Examination. It is important to note that these are trend based and usually extrapolated from regional data sets. Therefore they do not reflect local policies and are statistically less robust than their wider regional base data.

The PBA Housing Requirement Report discusses job projections in more detail. Broadly speaking Experian Projections are overly optimistic (PBA 3.6.6) and Oxford Economics Projections overly pessimistic (PBA Para 3.6.3). To this it may be added that the various Oxford Projections vary widely from year to year (but average at 2,669 jobs 2012-30).

A summary of the headline jobs figure from the recent projections is set out below. The average of projections is for 6,844 additional jobs to be created in Torbay between 2012-30, i.e. 380 per year. However this figure must be treated with caution.

The PBA Housing Requirement Report scenario of 5,300 net new jobs by 2030 remains a bespoke figure that takes into account Policy impacts, as well as the effects of the South Devon Link Road. It reflects NOMIS/ Business Register data of a recessionary trend until 2016 and thereafter a net gain of 5,337 jobs, with the required interventions. These interventions are set out below.

Therefore, the Council considers the PBA figure to be more robust than trend based projections.

Table 2: Summary of Economic Projections.

Oxford Economics Projections

Year of Projection	New Jobs to 2030	Note
March 2013	1,808	Table 3.9 of PBA Household Projections
March 2014	5,700	Oxford Economics 2014
March 2015	500	Oxford Economics 2015

Experian Economics Projections

2011 (for South West Observatory)	12,901	Table 3.11 of Housing Requirement Report
December 2013	13,312	Bloor Homes Proof of Evidence submitted to the Local Plan Examination (13,312 jobs 2011-31)

PBA Scenario

July 2013	5,070	Housing Requirements Report Para 3.6.12. Assumes recession until 2016 and net growth thereafter of 5,337 jobs to 3032. 5,070 is a pro-rata figure for 2012-30.
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The Relationship between Jobs and Homes

PBA's Housing Requirements Report indicates that 5,337 jobs created would generate a demand for 12,278 new homes (3.7.12). As set out elsewhere this is higher than Torbay's environmental capacity. The Local Plan has undertaken to review the relationship between jobs and homes (see Replacement Main Modification 2 and Section 7.5 of the Local Plan). The five year review of the Plan will be the appropriate time to assess whether there is a case to increase housing supply to meet the demand for labour.

However, such a situation will not arise in the early part of the Plan period, particularly given the reduction in jobs (and fall in job density) between 2012-14.

Reasons to be Cheerful: Business Growth & Job Creation in Torbay

In common with many large Victorian seaside resorts the Torbay economy faces a number of well documented challenges; however there are also significant opportunities for growth which the Council and TDA are building on. These include:

South Devon Link Road: The evidence presented to the South Devon Link Road funding bid indicated that the SDLR would create 3,100 additional jobs in Torbay within 3 years of the road opening (8,000 in the wider South Devon area)¹. Of the new jobs in Torbay 2,580 are projected to be skilled, white collar or professional.

The SDLR will open in December 2015, so these job benefits should be realised by 2018/19.

The TDA's priority is now is to capitalise on creating the right growth conditions for businesses to enable them capitalise on the improved accessibility. In particular schemes are being developed at Claylands Paignton and a new Electronics and Photonics Innovation Centre at White Rock.

Entrepreneurial Skills: The Torbay economy is dominated by SMEs, with 87% of businesses employing 9 or less people and 11.3% of workers self employed. The support system in place for these businesses is working, with the number of start ups in Torbay increasing by 25% between 2012 and 2013 and overtaking the number of closures for the first time since 2006.

Hi Tech sector growth: Torbay has a long established heritage in hi-tech industries and is nationally recognised by industry as one of the top locations for electronics and photonics expertise in the country. The industry is growing at 8-10%² a year, and creating highly skilled, year round jobs. TDA has, with the sector, created a sector development plan which seeks to create 300-500 new jobs in the sector over the next 5 years.

Reducing unemployment rates: In April 2015 the JSA claimant rate in Torbay was at 2.1%, its rate lowest since June 2008.

Activities to Foster Growth

A wide range of activities are being undertaken in the Bay to support the opportunities outlined above and foster the conditions for growth. Among these are:

Assisted Area Status: The Government has recognised the potential for growth in Torbay through the 2014-20 Assisted Areas map. Three wards, Blatchcombe, Shipway with the Willows

¹ A280 South Devon Link Road Economic Supplementary Report SQW Consulting Nov 2007. See www.devon.gov.uk/supplementaryreport.pdf

² Innovate UK

and Tormohun, covering key employment sites have been designated as Assisted Areas, meaning growth businesses can benefit from increased public investment. Two of our large hi tech companies within these areas, Spirent and Gooch & Housego have received Regional Growth Fund investment to create 25 and 30 jobs respectively.

Torbay Growth Fund: Established in April 2013 the £1m Torbay Growth Fund has committed £800,000 and contracted businesses to create and safeguard 218 jobs to date. Of these 157 are in post and contributing to the Bay economy. The Fund has also supported inward investment, bringing Ministry of Cake, a hugely successful dessert manufacturer into a formerly empty site where they are now planning to expand further by creating a second shift run.

Torbay Hi Tech Forum: Established in 2010 the Torbay Hi Tech Forum supports businesses within key sectors to network and work collaboratively. In the last few years the Forum has grown considerably, now representing more than a thousand employees in over 30 businesses, discussing and campaigning on important issues such as the Electronics and Photonics Innovation Centre and South Devon Link Road.

Four small businesses, Bay Photonics, Effect, BB Photonics and Venture have used the Forum as a platform for collaborative working and have recently established a small cluster in Brixham which they later plan to move to the Innovation Centre. They collectively expect to create 17-20 jobs in the next 3 years.

Electronics & Photonics Innovation Centre (EPIC): The EPIC is an £8m flagship project for South Devon which has secured over £4m of funding through the Coastal Communities Fund and (provisionally agreed) LEP Growth Deal. A further £1.4m ERDF funding is under consideration. Building on existing expertise it will provide office and laboratory space to address a gap in the market, as well as offering access to experts and equipment to promote innovation.

The Centre will open in early 2017 and provide 2,450 of net lettable floorspace and a further 300 sq m of collaborative space. It is expected that the centre will create approx 220 jobs and create a regional centre of excellence.

EPIC will safeguard Torbay's Hi Tech sector. It is currently estimated that the industry directly employs over 960 full time equivalent staff (most of which are educated to NVQ level 4 and above) and indirectly supports many more, contributing over £108m per year to the local economy. This is a legacy of Nortel and the 90's telecoms boom, and without intervention there is a risk that the sector will fragment and could move away from Torbay.

South Devon Export Network (SDEN): Export is key to growth, and recognising this, the TDA, with support from UK Trade & Investment, has established the South Devon Export Network. Meeting 4 times a year the Network is a platform for local, like minded business people to meet and exchange information and knowledge about trading internationally. Over the past 20 months the SDEN has assisted over 130 businesses, focussed on 7 countries and taken a trade

mission to Germany. The importance of the network to growth was recognised at the national Enterprising Britain Awards, with the Network being awarded best support for export project.

Inward Investment: As well as supporting Torbay companies to export we are seeking to create jobs through inward investment. This has included facilitating relocations from elsewhere in the UK (Ministry of Cake) and working with a company in the United States to highlight our hi tech industry and generate leads. US company Boston Micro Machines recognise the opportunities for growth in Torbay and visited earlier this year, with further visits in the coming quarter.

South West Business Centres: Affordable, fit for purpose office space is critical to growth. The South West Business Centres provide this on flexible terms for start up businesses. Tenants also benefit from regular support from TDAs business advisor. This has resulted in businesses within the centres being supported to create 344 jobs in the last 3 years.

Business Support: The Outset Torbay Programme has provided support to Torbay business start ups. Running since September 2010 the project has created more than 324 new businesses and over 354 new jobs, contributing more than £1.5 million back into the Torbay economy.

The New Enterprise Allowance project has created 200 jobs since March 2013, supporting unemployed people to set up their own businesses. The European Regional Development Fund programme recognises the value of business start-up support.

Workhubs: We recognise the need to support businesses at each step of development in order to promote sustainable growth. Opened in February 2014 The Works (Brixham Sea Works and Torquay Harbour Works) are highly specified spaces aimed at home workers. These comfortable spaces offer flexible membership and access to meeting room, video conferencing and desk space. They are supporting businesses to grow, with one member recently appointing 2 new members of staff as a result of increased business.

Route to Retail & Events Programme: As a coastal area tourism employment dominates the economy, and we are exploring new ways to make this sustainable and less seasonal. Route to Retail has secured Coastal Communities Investment to create two pop up shops, driving footfall to the high street and supporting 100 businesses. The events programme will create 4 new, shoulder season events, attracting approximately 165,000 visitors and bringing in an additional £5m of direct spend.

Regeneration Projects: In the past 3 years a number of physical regeneration projects have come forward. Notably the Abbey Sands development on Torquay seafront, completed in 2014, now houses apartments and 4 highly popular bars and restaurants. The development has created 70 jobs and reinvigorated the area.

The new Energy Centre at South Devon College has created 200 jobs and put Torbay on the map for renewable energy.

Planning applications are also under consideration for the Pavilion and Torwood Street in Torquay, which will in turn create approximately 250 jobs.

The Future

There are further opportunities for growth, with these projects laying the foundations for the future. With EPIC we expect to see further growth. The EPIC in particular offers a significant opportunity to mark out Torbay as a hi tech centre of excellence, promoting further growth within the sector for the future.

In addition to the activities set out above we are seeing increased demand for commercial space in Torbay. In 2014/15 the TDA property database received 92 enquiries (with many more received through Rightmove) for industrial space, compared to 33 available properties over the same time period. In order to meet this need the Council is supporting projects to open up industrial space.

- **Claylands, Paignton** – There is active interest from a rapidly growing business supplying sportswear and equipment. With support from the LEP Growth Deal we are aiming to bring forward this 7 acre site to enable their expansion into new premises. There will also be additional employment space which could house a fish processing park.
- **Fish Processing Park** – Fishing is a vital part of the Torbay economy. The port of Brixham is home to a productive fishing fleet – one that lands the highest value and volume of catch in England. However, there remains potential to add value to the fish – both those landed in Brixham and those landed elsewhere in the region – that otherwise leaks from the economy. It is planned to capture this by creating a fish processing park with a number of purpose built units to for small processing businesses who are currently unable to expand due to the lack of fit for purpose space.
- **Town Centre masterplans** – The importance of our town centres to promoting growth cannot be underestimated. Masterplans have been completed for Torquay and Paignton. These were adopted as Supplementary Planning Documents by full Council on June 1st 2015. They identify key regeneration opportunities in the town centres, which will create floorspace and upgrade the built environment putting giving businesses the confidence to invest in Torbay.

The Council and TDA remain committed to growth and through this job creation within Torbay. The activity set out above will have long term impact and enable us to continue to build this in the future, in the context of a robust and ambitious Local Plan.