



Torbay's Strategic Investment Framework



TORBAY DEVELOPMENT AGENCY



Torbay
Strategic
Partnership

Teaming up for Torbay's Tomorrow



TORBAY'S STRATEGIC INVESTMENT FRAMEWORK (SIF)

"CONNECTING TORBAY"

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1. INTRODUCTION

The Strategic Investment Framework (SIF) for Torbay provides the context, vision, strategy and delivery mechanism to support the enhancement of business support and the building of an enterprise culture. This in turn will generate valuable outputs and outcomes relating to the establishment and sustainable growth of new enterprises across the Bay.

Research illustrates an economy that has been declining fast with under-investment relative to other areas (not least from the public sector) resulting in a shortfall in delivery infrastructure to address this decline. The SIF provides a real opportunity to reverse this trend by establishing the necessary infrastructure to deliver sustainable economic growth through enterprise for Torbay.

This SIF is ambitious in its scope and scale, but grounded in activities that have good prospects for success given that they have been informed by comprehensive evidence gathering and draw on best practice across the South West and beyond. In addition, the issues facing Torbay are most likely to be addressed successfully by involving partners who have delivered to good effect in other parts of the South West (and beyond) and whose expertise can be brought to bear in Torbay.

This SIF has been developed on behalf of the Torbay Development Agency Ltd, the strategic economic partnership for Torbay, with Torbay's New Economy Group (NEG), a cross sectoral partnership that brings together public, private and third sector interests across the area. The NEG represents a new approach in Torbay which has, in the past and by its own admission, been guilty of a lack of consensus amongst stakeholders. In recognition of the threats and opportunities that Torbay faces, all relevant interests have coalesced around this vitally important opportunity.

The SIF has been informed by extensive consultation with stakeholders, support providers and community partnerships throughout Torbay, involving individual consultations, focus groups and workshops. A robust and comprehensive intelligence base has been established through the collation of a wide range of primary and secondary data. The intelligence gathered has provided direction for the SIF whilst retaining its alignment to the Lisbon and Gothenburg Agendas, the Business Support Simplification Programme, the emerging ESF programme and provides effective routes to the other two priorities within the ERDF programme. Additionally, it has been developed with a focus on complementing local policy and strategy.

Wherever and however SIF-funded activities are carried out, their impacts must be felt most beneficially within Torbay's priority communities. In relation to ***communities of interest*** it is recognised that activities need to be inclusive, representing Torbay's diversity in relation to gender, age, ethnicity, disability and other under represented groups to ensure their respective needs and aspirations are addressed.

In relation to ***communities of place***, geographical pockets of deprivation are small but severe, requiring a finely targeted and intensive approach. **Annex A** contains maps illustrating the distribution of deprivation across Torbay's residential communities, based on the most recent Index of Multiple Deprivation (2007) and the rating of electoral wards under each of the 8 individual domains (Crime; Education, Skills and Training; Health, Deprivation and Disability; Employment; Barriers to Housing and Services; Income; and Living Environment).

This shows the highest levels of overall deprivation to be concentrated in Torquay, with a significant concentration of highly deprived wards in Paignton and a lower incidence in Brixham. Specifically, the data would suggest that the priority wards for investment with regard to the SIF are Tormohun, Roundham with Hyde, Ellacombe, Watcombe and Blatchcombe.

However, the establishment of artificial boundaries to reinforce the targeting of provision in specific communities can constrain their effective delivery. Indeed boundary designations through the previous programme of European funding led, in some instances to Torbay being overlooked in its entirety. SIF activities should therefore be measured and targeted appropriately, offering a greater focus within areas of deprivation, without alienating surrounding communities.

2. EVIDENCE

Headline Data

Torbay's economy has been declining for years, yet in the past its needs have been overshadowed by more pressing demands for public investment elsewhere within the region. Most tellingly, within the South West, Torbay now has:

- **The lowest GVA per head**, at two thirds the national average;
- **The lowest level of average earnings**, at around 2/3 the national average;
- **Lower levels of economic activity** than the regional and national averages;
- **The highest proportion of Benefits Claimants** (relative to working age population) of any local authority; and
- **VAT registrations** per 10,000 of the adult population at a mere 65% of the regional figure.

Population Profile

Torbay has a significantly lower proportion of people aged below 65 and higher proportion of people aged 65 and above, than the regional and national averages. In part, this reflects the outflow of young people, many of them leaving to go to university. As Torbay has no university there is little potential to retain some of these young people locally or to compensate for the outflow of young people with inflow.

Table 1: Age Profile (2006)			
Age Group	Torbay	South West	England & Wales
0-14	15.8	16.6	17.8
15-64	61.6	64.5	66.2
65-79	15.2	13.1	11.4
80+	7.4	5.7	4.5
Source: Resident Population Estimates, All Persons, Mid 2006, Office for National Statistics			

However, it should be noted that the Regional Spatial Strategy Panel Report recommends an increase in housing provision in the Torbay area of 50%. If accepted, this could alter the population profile markedly, as well as the base of potential and actual entrepreneurs.

Employment

Amongst the working age population in Torbay, 78.9% are classed as economically active, compared to 80.9% in the South West region, and a national average of 78.5%, according to the ONS Annual Population Survey (October 2006 to September 2007). The disparity between Torbay and the region is most pronounced within the male population **with the lowest rate in the region** (80.1% compared to 85.0%) whereas female economic activity, whilst lower than that of the male population, broadly reflects that achieved regionally 77.6% compared to 78.2%).

Further investigation of the focus of disparity in activity suggests that the greatest challenges associated with economic activity in Torbay are with the 25-34 age group which appears to account for much of the shortfall overall. 8.5% fewer people aged 25-34 are economically active in Torbay when compared to the regional average this equates to a shortfall of 1,070 people being economically active in Torbay for this age group alone (Mid-Year Population Estimates 2006). Furthermore whilst the 50+ age group typically experiences low rates of economic activity throughout the country, the rate is particularly low in Torbay.

Table 2: Economically Active By Age Group						
	Working Age	16-19	20-24	25-34	35-49	50+
England	78.5	54.1	75.5	84.0	85.0	40.0
S West	81.7	63.7	77.8	88.0	87.6	39.8
Torbay	78.9	65.3	78.3	79.5	87.1	38.1
Source: ONS Annual Population Survey Oct 2006-Sept 2007						

In addition, Torbay has the lowest rates of working age disabled people classed as economically active at 49% compared to 74% in South Gloucestershire (Equalities and Diversity Paper, 2006).

Levels of employment in Torbay relative to those in the South West as a whole were little changed over the most recent 5 year period in respect of which official data is available (2000-2005). However, estimates from Experian suggest that Torbay's share of regional employment edged down slightly in the past couple of years, although it is expected to recover during 2008, according to Experian forecasts presented overleaf.

Table 3: Levels of Employment (2000-2008)			
	Torbay*	South West**	Torbay as % of South West
2000	54,800	2,396,100	2.29
2001	56,700	2,451,400	2.31
2002	57,300	2,490,800	2.30
2003	56,900	2,508,600	2.27
2004	58,900	2,559,300	2.30
2005	59,100	2,581,900	2.29
2006	58,900	2,591,200	2.27
2007	59,700	2,613,400	2.28
2008	60,400	2,627,000	2.30
Source: ONS and Experian estimates			

* Actual data to 2005 ** Actual data to 2006

Furthermore, there is a clear skewing towards part-time employment in Torbay (greater than anywhere else in the South West) reflecting the nature of many of the jobs in some of its key sectors, notably health and social care, tourism and retail. This in turn has a knock on effect in terms of earnings and is a key structural weakness to be addressed.

Table 4: Employment Split (2005)			
	Torbay (%)	South West (%)	GB (%)
Full time employment	56.1	64.1	67.9
Part-time employment	43.9	35.9	32.1
Source: ONS Annual Population Survey			

In comparison with the South West as a whole, Torbay has a relatively low proportion of managerial, professional and technical occupations, and a relatively high proportion of employment in personal services, sales/customer service and elementary occupations.

Table 5: Occupational Profile (2007)			
	Torbay (%)	South West (%)	GB (%)
Managers/Senior officials	15.2	15.6	15.1
Professional	10.8	12.9	13.0
Associate Prof. & technical	11.5	13.6	14.3
Admin & secretarial	9.2	11.9	12.0
Skilled trades	13.6	12.2	10.9
Personal Services	10.0	8.2	8.1
Sales & Customer services	9.9	7.3	7.6
Process Plant & Machine Op's	5.8	6.5	7.2
Elementary Occupations	13.9	11.6	11.5
Source: ONS Annual Population Survey			

The SIF represents an opportunity to re-shape Torbay's business base and in doing so to re-shape its employment base, creating a greater number of full time higher value jobs in higher level occupations and promoting much higher levels of economic activity.

Deprivation

According to the 2007 Index of Multiple Deprivation, Torbay is the 71st most deprived local authority in England & Wales and the third most deprived in the South West. The region's 10 most deprived local authorities are shown in Table 6.

Table 6: IMD Rankings in the South West	
Local Authority	National Rank (1-354)
Penwith	36
Bristol	64
Torbay	71
Plymouth	76
Kerrier	86
Restormel	89
North Cornwall	96
West Somerset	106
Bournemouth	108
Gloucester	118
Source: Department of Communities and Local Government, Indices of Deprivation 2007	

A more detailed mapping of IMD in Torbay, by Super Output Area (SOA), is shown in Annex A. To put this in perspective:

- based on the Combined IMD, Torbay has 10 SOAs ranked within the 10% most deprived SOAs nationally; and
- based on the Employment domain specifically, Torbay has 12 SOAs ranked within the 10% most deprived SOAs nationally.

Indeed, **Torbay has the highest unemployment in the South West**, in terms of the claimant count given as a proportion of the resident working age population. Relative to the rest of the South West, unemployment in Torbay has risen by nearly a fifth since 2000, and forecasts from Experian suggest that this situation will get even worse.

The establishment of social enterprises performing socially useful and economically viable functions might require help with set-up costs but thereafter derive income from contracts with service providers, by trading and via fees from users. This could include handyperson's schemes for a housing association, 'meals on wheels' for Social Services, gardening schemes and buddying schemes for older people that might be funded by the Health Trust. In addition, the restructuring of the local authority to a model based on commissioning service delivery creates potential to establish locally-based enterprises to exploit the procurement opportunities that are likely to emerge. However, this will require additional start-up support and capacity building to be undertaken.

Self-employment/new business formation could provide a ladder out of deprivation. However, there is a need for those involved in promoting enterprise and providing business support to work with partners undertaking social as well as economic engagement with people living in disadvantaged communities. Opportunities for collaborative working, adding value to ESF funding schemes and utilising facilities such as, for example the Foyer in Torquay is likely to provide an effective approach to targeting those at most disadvantage.

GVA and Income

The most recent figures suggest that over the past 5 years, Torbay's GVA has been declining as a proportion of regional GVA, from 1.94% in 2001 to 1.83% in 2005. This reflects growth in GVA over the period of 6.31% in Torbay compared with 13.1% in the South West – a staggering 108% faster than Torbay.

Table 7: GVA (£m Constant 2003 Prices)			
	Torbay	South West	Torbay as % of South West
2001	1,410	72,662	1.94
2002	1,420	74,805	1.90
2003	1,409	76,896	1.83
2004	1,477	80,493	1.83
2005	1,499	82,141	1.83
Change 2001-05	+6.31	+13.1	
Source: Office for National Statistics			

This translates to Torbay's GVA per head being around 66% of the national average and 70% of the regional average. In both respects, Torbay's position is woeful. Furthermore, over the past 5 years the gap has been widening. Since 2001 the rate of increase in GVA per head in Torbay has been only just over half (52%) of the rate of increase nationally and just under half (49%) of the rate of increase regionally.

Table 8: GVA Per Head (£000s, 2003 prices)			
	Torbay	South West	UK
2001	10.8	14.7	15.7
2002	10.9	15.0	15.9
2003	10.7	15.3	16.3
2004	11.1	15.9	16.8
2005	11.3	16.1	17.1
Change 2001-05	+4.62%	+9.52	+8.92
Source: Office for National Statistics			

The SIF represents a very important opportunity to address Torbay's poor and worsening position in relation to GVA per head, through the creation and expansion of more relatively high value businesses.

Key Sectors

In broad terms, the Torbay economy is heavily skewed towards Services and much more so than is the case regionally and nationally.

Table 9: Sector Profile (Employment)			
Sector	Torbay	South West	GB
Primary	0.7	2.0	1.6
Manufacturing	8.0	12.5	12.6
Construction	5.0	4.4	4.4
Services	86.3	81.1	81.4
Source: ABI, NOMIS			

The top 10 sectors in Torbay, in terms of their GVA contribution in 2007 are detailed below.

Table 10: Top 10 Sectors by GVA (£m Constant 2003 Prices)			
Sector	2000	2007	2012
Health & Social Care	157.4	192.3	222.9
Business Services	74.2	156.9	212.3
Retail	102.8	141.9	163.6
Construction	83.9	119.3	142.5
Tourism & Leisure	91.1	116.8	137.0
Wholesaling	72.0	91.2	114.5
Other Financial & Bus. Services	48.2	83.3	111.0
Public Admin. & Defence	82.8	78.0	77.5
Education	76.1	72.4	79.3
Electrical & Optical Equipment	125.6	60.1	88.3
Source: ABI, NOMIS			

The same sectors make up the top 10 in respect of employment. Again, further analysis of recent and forecast future trends is provided later in this SIF.

Table 11: Top 10 Sectors by Employment			
Sector	2000	2007	2012
Health & Social Care	9,810	10,880	11,460
Retail	7,960	8,160	8,290
Tourism & Leisure	5,610	6,480	7,090
Business Services	3,720	6,210	6,830
Construction	3,530	4,440	4,930
Education	3,480	4,260	4,080
Wholesaling	3,060	2,830	2,950
Other Financial & Bus. Services	1,390	2,120	2,470
Public Admin. & Defence	1,970	1,900	1,800
Electrical & Optical Equipment	3,470	1,360	1,690
Source: ABI, NOMIS			

Health and Social Care

The sector covers public, private and voluntary sector organisations and is differentiated from other locations by the significance of residential homes catering for Torbay's disproportionately elderly population, though it also caters for a variety of disabilities and other needs. Whilst often associated with low skilled/low paid care assistant jobs, there are significant levels of demand for nursing and other higher level skills and for people with IT capabilities.

A Health and Social Care Group has been formed, led by the Health Trust, to look at recruitment and retention in the sector. This has led to Jobs Fairs, short courses leading to interviews for jobs and a Care Ambassador Programme, whereby people working in the sector promote it to schools and JC+ advisors. However, the sector is not seen as a priority by many organisations involved in economic development. In addition, new migrants tend to be attracted towards the hospitality sector, where entry requirements tend to be lower than for Care.

Tourism and Leisure

Tourism and Leisure has been the bedrock of the Torbay economy for many years, whilst fishing (centred in Brixham) serves as a visitor attraction and an important component of the local economy in its own right. The Torbay Tourism Strategy 2005-2015 suggests that tourism accounts for approximately one third of Torbay's wealth and jobs, generating expenditure of £442 million per annum. However, Torbay's visitor profile shows a distinct skewing towards older people and lower socio-economic groups, with implications for visitor spend. Figures from the English Riviera Tourist Board for 2003 showed that the over 55 age group accounted for almost two-thirds of visitors, and whilst those in the AB socio-demographic accounted for just 7% of visitors, those in the DE classification represented 37%.

Even so, for the most recent 5 year period for which data is available (2000-2005), Tourism and Leisure in Torbay saw GVA rise by 16.1%, compared with a regional average of 13.3%. However, there are also competitive weaknesses (e.g. outdated nature of many facilities). Indeed, over the period 2007-2012 forecasts from Experian indicate that GVA for Tourism and Leisure in Torbay will rise by 17.3%, compared with a 19.4% increase across the South West.

Torbay's environment, heritage and position are key strengths in relation to tourism. The granting of GeoPark status for Torbay is a major coup providing a platform through which the promotion of geological heritage and sustainable development in tourism and associated activities can be delivered and fully exploited, thereby helping to ensure that the retention of Geopark status can be achieved for Torbay in 2010.

Of the estimated £442 million spent in Torbay by tourists, much is thought to leak out of the local economy through the supply chains of hoteliers and others. There would therefore be merit in quantifying the nature and scale of the market for local suppliers and scoping the extent to which such business could be placed locally. Where it could not, programmes could be instigated to raise the ambitions of local businesses and/or improve the quality of their products/services provided. Where gaps still remain, suppliers could be targeted for possible relocation to Torbay and new business start up opportunities promoted. There is a belief that shorter spatial supply chains are likely to become more popular as transport costs (financial and environmental) rise.

There is a consensus that there is a need to improve the tourism offer, in terms of both breadth and quality, in order to attract more people all year round and higher spenders. In this regard, the Grand Hotel provides evidence of what can be achieved through a combination of vision, ambition and well judged investment, and is an object lesson in how sound investment and appropriate marketing can produce impressive results (turnover and jobs doubled in 6 years)

Business Services/Other Financial and Business Services

These sectors have perhaps been overlooked in the past, but is a significant contributor of jobs and GVA. Perhaps because it is made up of many smaller businesses rather than featuring a few household names, it does not seem to have been in people's consciousness as much as tourism and leisure, even though it supports almost as many jobs and contributes substantially more in terms of GVA.

Electrical and Optical Equipment

The decline of the sector following the closure of Nortel and job losses at Bookham Technology is well documented. However, suggestions of its demise appear somewhat premature. Whilst GVA and employment levels have slumped, the sector remains within Torbay's Top 10 and is forecast to grow faster than any sector within this group over the period to 2012. This more optimistic outlook is supported not only by general sector trends but the emergence of companies such as Syntech Technologies and AVX, and the development of new businesses by highly skilled workers who chose to remain in Torbay following the closure of Nortel.

This network of individuals could be strengthened and formalised. Indeed TDA through the Innovation Centre is currently exploring the potential for a grouping of electronics sector interests, with a view to addressing issues of common interest, such as new skills needs, updating of existing skills, supply chain development and inward investment opportunities. Joint activities might be extended to look at e-commerce opportunities, collaborative marketing, business resource efficiency and waste management programmes etc.

Other Sectoral Opportunities

The *Cultural Sector* generates a relatively high GVA per head, and is considered by some to have an important role to play in lifting average GVA per head across Torbay. There is a Cultural Partnership linked to the Local Strategic Partnership that also has a Creative Industries sub-group. It is facilitated by a Council Officer in a (2 year) ACE-funded post, and involves the Council, the private sector, South Devon College and a number of young people.

Given the particular characteristics of the sector, it tends to have particular business support needs and accommodation requirements (although both of these cover broad ranges). Specifically, there may be merit in developing managed workspace to cater for the specific needs of cultural businesses. However, this will need to be carefully considered. Whilst those involved in activities such as design may be prepared to pay market rates for good quality (office type) space, many artists require relatively large amounts of low cost (industrial type) space. There are though plans to create a Torbay Creative website, including a directory of businesses, apprenticeship and other learning opportunities, events, accommodation etc. There has also been an LSC SW-funded pilot through SDC to create apprenticeship opportunities with creative businesses and the potential for a Diploma is currently being explored. Whilst merited in their own right, it is important that these activities form part of a co-ordinated approach.

Despite not being identified as a key sector in a regional context, *Construction* is a major generator of GVA and jobs in Torbay. Furthermore, the potential major construction programmes necessary to deliver the Mayor's Vision might offer opportunities to tackle worklessness through delivery of local skills in construction projects. Best practice gained from initiatives such as Constructive Devon and the local labour in construction programme in Devonport, Plymouth would provide useful insight into which approaches have provided greatest impact in the expansion of new and existing local businesses within the construction sector.

In the context of this SIF, and with reference to the RES and Torbay Economic Regeneration Strategy, this would suggest a focus on the following sectors:

- ***Business Services***
- ***Other Financial & Business Services***
- ***Electrical & Optical Equipment***
- ***Creative industries***
- ***Health & Social Care***
- ***Tourism & Leisure***

Entrepreneurship

VAT registrations suggest that Torbay has only 65% of the number of registered businesses per 10,000 of the UK adult population and also 65% of the regional figure.

However, the data set out below taken from the Annual Business Inquiry (ABI) posits business growth of 13.19% between 2001 to 2006, compared to 10.91% growth in the South West and 8.16% nationally for the same time period. As the ABI incorporates those businesses falling below the VAT threshold this suggests that Torbay businesses must include many operating in VAT exempt sectors and, more particularly, falling below the threshold for VAT registration (currently an annual turnover of £64,000). In addition, self-employment as a percentage of the economically active population is 12.4% in Torbay, 10.9% in the South West and 9.3% in the UK.

The data suggests that whilst Torbay generates healthy numbers of business start-ups, it has a poor track record in growing these into successful and significant-sized businesses.

Table 12: Number of Businesses			
Year	Torbay	South West	GB
2001	4474	193,969	2,171,228
2002	4545	195,403	2,180,480
2003	4587	201,169	2,211,774
2004	4741	204,453	2,235,527
2005	5050	212,123	2,312,796
2006	5,064	215,131	2,348,429
Change	+13.19	+10.91	+8.16

Source: ABI (Some discontinuity in data between 2005-2006. Data for 2006 is provisional)

Table 13: New VAT Registrations per 10,000 Population			
Year	Torbay	South West	UK
2000	26	39	38
2001	27	36	36
2002	26	39	37
2003	30	41	40
2004	26	38	38
2005	23	37	37
2006	24	37	37

Source: Small Business Service, BERR

Forecasts provided by Experian suggest that by 2012 the number of registered businesses per 10,000 of the adult population in Torbay will have barely risen (from 24 to 25). There is therefore a need for a significant intervention in order to achieve a far better outcome and help Torbay close the gap with the rest of the region.

Business Premises

During the last full year for which figures are available (October 2006 to September 2007), TDA received 276 property enquiries, (3 of which related to the purchase of development land. This equates to 23 enquiries a month, on average. Table 14 details the profile of enquiries by property type.

Table 14: Enquiries for Council-owned Property		
Property Type	Number of Enquiries	% of Total
Light Industrial	68	24.9
Warehousing	54	19.8
Retail	50	18.3
Office	47	17.2
Open Storage	34	12.5
Misc. (Hotels, pubs etc.)	15	5.5
Heavy Industrial	5	1.8
Total	273	100

Source: Torbay Development Agency

In respect of the type of property most commonly sought (Light Industrial) most of the enquiries were for premises of 1,000 sq. ft. or larger. The same was true of Warehouse space. In respect of Office space, the most common requirement was for around 600 sq. ft. However, in most cases, stock (especially Council stock) did not match enquirers' size requirements. Most enquiries were for properties/sites located in Torquay (51%), followed by Paignton (29%) then Brixham (20%).

In respect of the source of enquiries, whilst 72% were from within Torbay, 28% were from people outside the area, though a high proportion of the latter related to the potential purchase of freehold guest house accommodation.

The conversion rate of enquiries to property take-up is low, though it may be the case that some enquirers subsequently found accommodation independently. Nevertheless, on average, only 3 of the 23 monthly enquiries result in TDA assisting enquirers to move into business premises (specifically, 38 of the annual total of 276, or 13.8%). In total, this equated to around 27,000 sq. ft. of commercial space.

TDA currently manages 56 commercial properties (excluding harbours) with 7 sites/units vacant as at the end of December 2007, 2 of which were expected to be let shortly. Assuming this were to transpire, occupancy rates would be topping 90%. Torbay Innovation Centres is a project run through the Torbay Development Agency and designed to promote the creation and growth of new businesses in the Torbay area and to exploit the Further Education skills at South Devon College. Through the Innovation Centre scheme there are two workspace schemes within Torbay, one in Paignton and a second in Torquay that is nearing completion. The TDA is also working with SWRDA to develop a third managed workspace facility within the Bay. The demand for the development of employment facilities is clear, evidenced by a study of industrial workspace provision carried out in 2005 by Alder King found that there were very few freehold industrial premises (of any size) available in Torbay and very little speculative development taking place.

The need for more/better quality Managed Workspace was a recurring theme in the research that informed this SIF. Whilst the SIF cannot adequately address the shortage of suitable industrial and office premises, it ought to be noted that this factor continues to constrain the growth potential of local businesses and, in respect of social enterprises/community-based businesses specifically, there might be potential to use the capital element of SIF monies to support workspace provision.

3. LINKS TO OTHER STRATEGIES

The approach outlined in this SIF is fully aligned with all relevant strategies and action plans. In particular:

- it is consistent with both the Gothenburg and Lisbon Agendas, the South West Competitiveness and Employment Operational Programme, the ethos of Priority Axis 3 and the cross-cutting themes of environment and equality and diversity;
- it is aligned with all relevant national government policies and programmes, such as the Enterprise Strategy and Business Support Simplification Programme;
- it has the potential to contribute significantly to the achievement of targets set out in SWRDA's Regional Economic Strategy;
- it offers the possibility of realising the ambitions set out in Torbay's Economic Regeneration Strategy and Community Strategy;
- it is consistent with the national indicators set out in Torbay's local area agreement;
- it complements and enhances the physical regeneration approach offered through the Mayor's Vision and
- It is aligned to all relevant climate change responses as set out within Torbay's Climate Change Strategy

More generally, there are clear linkages between the proposed SIF activities and those being funded by other means, to ensure a holistic and co-ordinated approach.

EU Context

The Lisbon Strategy (or Lisbon agenda) seeks to improve the economy of the EU and push forward the creation of the Single Market between 2000-2010. It sets out a bold vision of creating 'the most competitive and dynamic knowledge-based economy' in the world. It promises to create more and better jobs and to improve European society. Although there was support for the ideas behind the Lisbon strategy, some Member States were slow to implement the difficult changes that it required and in 2005 this led to a reworking of the plan to make its goals less ambitious.

The original Lisbon Strategy had several key aims. It set out to create an information society that would be based on strong research and development skills, setting a

target that all member states should aim to spend 3% of GDP on research by 2010. It also called for more fundamental reforms of Member State economies, to help them prepare for new economic challenges resulting from new technology. In particular, it aimed to de-regulate the Single Market for services, in which about 70 per cent of Europeans are employed and set the goal of 70 per cent employment across the EU.

The reworked Strategy calls upon Member States to draw up 3 year plans showing how they would meet the Lisbon goals and to report on the progress they have made every 3 years. In the context of the SIF, the contributions expected to be made to the Lisbon Strategy are as follows:

- Increase and improve investment in R&D – in particular by supporting growth in the electrical and optical equipment sector.
- Facilitate innovation and promote entrepreneurship – by encouraging enterprise, including Social Enterprise and business start ups that show potential to generate higher than average GVA.
- Promote the Information Society for all – by encouraging greater use of ICT by businesses.
- Improve access to finance - through the creation of targeted grants and loans schemes.
- Strengthen the synergies between environmental protection and growth – for example, by encouraging the development of more local supply chains and through the sensitive utilisation of Torbay's natural assets in promoting tourism.

UK Context

The **Enterprise Strategy** is focussed on making the UK the most enterprising economy in the world and the best place to start and grow a business. It sets out five key enablers to take forward the Government's policy for enterprise in the UK:

- **A culture of enterprise** – where everyone with entrepreneurial talent, irrespective of background, is inspired and not afraid to take up the challenge of turning their ideas into wealth;
- **Knowledge and skills** – a lifelong journey for enterprise education, from primary schools to universities and embedded in the workplace;
- **Access to finance** – ensuring that entrepreneurs and small business owners have the knowledge, skills and opportunity to access the finance they need to make their enterprising ideas a reality;
- **Regulatory framework** – keeping legislation to a minimum, reducing the burdens of regulation, inspection and enforcement without removing essential protections; and
- **Business innovation** – ensuring businesses are in a position to capitalise on global trends, by helping them to develop and successfully commercialise innovative products, processes and services.

The **Business Support Simplification Agenda** provides clear guidance about the types of business support that will and will not find favour in the future. Consequently, Torbay's SIF does not seek to develop new business support and will only fund activity that falls within the 18 approved product themes and where it enhances that which will be offered through mainstream provision outlined by the product themes.

Starting Up

1. Business Creation
2. Local Community Business Coaching

Access to Finance

3. Financial awareness and capability
4. Debt Finance
5. Capital Investment Grants
6. Innovation Finance
7. Risk Capital Targeted at the Equity Gap

Management, recruitment, people development

8. Skills Solutions for Business

Operations and Efficiency

9. Resource Efficiency and Sustainable Waste Management
10. Business Expertise

Product Development

11. Innovation Collaborations
12. Business Collaboration Networks
13. Shared Business Support

Environments

14. Getting the most from foreign direct investment
15. Protecting the natural environment

Sales and marketing development

16. Preparing to export
17. Investigating new overseas markets
18. Export Credits Guarantee

The fact that the Urban Enterprise Priority was originally called the Sustainable Communities Priority is a clear indication of the intended thrust of the Programme, in terms of using SIFs to deliver economic inclusion. In this respect it is recognised that activities proposed will be closely aligned and complement/add value to ESF-funded activities operating in the region and help to tackle the worklessness agenda.

South West Context

The Regional Economic Strategy (RES) as the key economic policy driver in the South West, has the vision of an economy in the region where aspirations and skills of residents combine with the quality of the physical and cultural environment to provide a high quality of life and sustainable prosperity for everyone. The vision will be realised through delivery against three strategic objectives with progress against these objectives measure through a number of different routes. The delivery of the SIF in Torbay will aid the region in achieving against these objectives with the measurables where contributions can be made through Torbay's SIF outlined below.

Table 15: Torbay SIF Alignment to the RES		
Objective	Action	Measurables
SO1 Successful and Competitive Businesses	Support business productivity	<ul style="list-style-type: none"> Increased business productivity Increased business resource efficiency
	Encourage new enterprise	<ul style="list-style-type: none"> Increase start up and survival rates Increased levels of enterprise in disadvantaged communities
SO2 Strong and Inclusive Communities	Improve participation in the economy	<ul style="list-style-type: none"> Increased levels of employment rates
	Regenerate the most disadvantaged areas	<ul style="list-style-type: none"> Reduce gap in productivity between the region's least well performing areas and the rest of the region Increase levels of enterprise in disadvantaged communities
SO3 An Effective and Confident Region	Promote and enhance what is best about the region	<ul style="list-style-type: none"> Improved perception of the region by businesses and visitors

Torbay Context

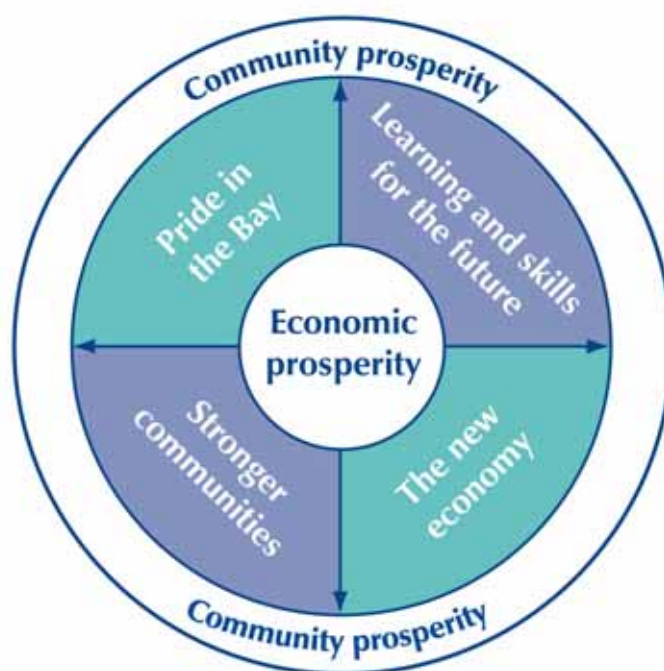
The Community Plan provides the vision for Torbay, comprising four key themes:

- Pride in the bay,
- Stronger Communities,
- Learning and Skills for the future; and underpinning it all
- The New Economy.

Economic Prosperity is at the heart of Torbay's Community Plan. All strategic partners are fully committed to addressing the varied challenges Torbay faces in becoming a more prosperous place. In securing economic prosperity in Torbay there is consistent recognition of the need to embrace equality of opportunity and inclusion for all, particularly through the recognition of the current, largely untapped potential of the older aged population and the need to better recognise these groups valued socio-economic asset.

To achieve the ambition for holistic and inclusive development of Torbay, which includes Skills, a Stronger Community and increase pride in the Bay, the Torbay Strategic Partnership adopted "THE WHEEL" as set out in Figure 1 overleaf.

FIGURE 1: COMMUNITY PLAN VISION – “THE WHEEL”



Torbay's Economic Regeneration Strategy, launched in 2007 following much work with the local business community and other partners, helped establish the overall direction for economic regeneration within the Bay. The SIF Programme is not only consistent with the aims and objectives the Strategy but also is directed by each of the goals, particularly 2, 3 and 4 as set out in Figure 2 below.

Figure 2. Summary of Torbay Economic Regeneration Strategy Goals

Goal 1	Improving the economic performance of Torbay's tourism, manufacturing, fishing, retail and healthcare industries.
Goal 2	Encouraging a more diverse range of businesses into the area by providing appropriate sites, workforce, infrastructure and investment.
Goal 3	Raising GVA per head by exploiting high value industry opportunities such as environmental/marine science or electronic.
Goal 4	Helping new businesses to survive the tough first years by providing the necessary support, premises and investment, including managed workspace and incubation units.
Goal 5	Ensure that everyone, living in, working in and visiting Torbay benefits from its economic regeneration.

The SIF is driven by the regeneration goals through its desire to encourage successful enterprise, to secure the appropriate diversification of the economic base, and through facilitating the provision and co-ordination of business support to enable the regeneration of key areas within Torbay.

In this context Torbay's SIF also sits underneath Torbay's LAA recently submitted to Government which seeks to use enterprise to raise earnings levels in Torbay and as such the SIF is embedded within the LSP. The SIF is fully supportive of the ambition expressed in the Community Plan and the "Wheel" (Figure 1), seeking a holistic approach to the regeneration of Torbay. It will also complement other investment/initiatives in Torbay, such as the Mayor's Vision.

The Strategic Area Review Sector Report for Torbay identifies the following priority sectors: Tourism; Retail; and Healthcare. The adopted Torbay Local Plan and objectives of the Torbay Development Agency, highlight the importance of the following sectors: Tourism; Fishing; Marine; Electronics; and Medical. In light of the earlier analysis, this would suggest that RES priorities that coincide with strengths/opportunities in Torbay are as follows: Tourism; Retail; Health & Social Care; and Engineering (Electronic).

Cross Cutting Themes – Environment

The Operational Programme for the South West sets out two clear perspectives through which the cross cutting theme for the Environment will be addressed, namely:

- Recognising the potential impact of economic policies on the environment; and
- Recognising the potential economic benefits that environmental policies can bring.¹

We recognise that climate change is having a major impact on our planet. While it is being addressed at international and national level action can be taken locally. Torbay's climate change strategy is currently being consulted on but sets out how Torbay Council aims to help minimise the economic, social and environmental costs

¹ South West Competitiveness Programme Operational Programme 2007-2013

of climate change in the Bay by demonstrating leadership and encouragement in working towards:

- The reduction of carbon dioxide emissions from activities in Torbay by 30% from 1990 levels by 2020
- Adapting Torbay's roads, buildings and economy to the likely impacts and opportunities of climate change

These aims reflect the direction of the Competitiveness Programme which also demands a major commitment to reducing carbon emissions and in relation to this SIF we will ensure that the projects are compliant with the strategy particularly in terms of energy use, waste management and raising awareness. In common with other building projects we would expect that any capital project funded through the SIF would meet BREEAM standards to limit their environmental impact

The Torbay strategy can be reviewed here www.torbay.gov.uk/climate-change-strategy-consultation.pdf

Whilst focussing on productivity growth and activities that will facilitate achievement on this growth, this cannot be achieved at the expense of the environment through reflective increments in the carbon or ecological footprint in Torbay. Currently, the ecological footprint for Torbay stands at 5.24gha/person compared to a UK average of 5.4 gha/person (as at January 2006) thereby representing a 3% smaller ecological footprint in the Bay than nationally. The SIF will target at the very least retention of this 3% gap whilst aiming to reduce the existing productivity gap through increases in GVA from SIF activities.

Opportunities to develop products and services which meet the needs of the low carbon energy market can be explored and would build on some of the responses to the consultation on this document suggesting there is potential to develop solar panel manufacture locally if the demand can be found. This and other opportunities will be considered.

This SIF recognises the importance of activities commissioned through the SIF building on good practice in relation to the integration of environmental sustainability principles and the successes of the predecessor EU programmes in this regard. Torbay partners will look to work with the Competitiveness Programme Environmental Sustainability Theme Manager to ensure that Programme requirements are met and that the approach is consistent for all activities.

Cross Cutting Themes – Equal Opportunities

The South West Competitiveness Programme sets out a number of key objectives for the programme, to:

- Increase the number of people from under-represented groups owning their own business
- Increase the take-up of quality training and employment by under-represented target groups
- Increase the number of people in under-represented groups accessing training and employment in higher skilled occupations and sectors where they are currently under-represented
- Ensure that business support is inclusive and responsive to the needs of all communities and under-represented groups
- Increase the participation of people from under-represented groups in the management and implementation structures of the programme.

In its alignment to the Community Plan and the plan's focus of achieving holistic and inclusive development, the SIF will consistently target provision that embraces opportunity and inclusion to all under-represented groups. Provision within the SIF has been shaped by the data analysis which identified under-represented groups within the adult population in Torbay as being those individuals over the age of 50, economically inactive aged between 25-34 and individuals currently on incapacity benefit that have a desire to work.

4. LINKS TO EXISTING/PLANNED DELIVERY

There are a number of existing activities delivering economic regeneration and growth to Torbay, but that is not to say that SIF cannot be used to enhance provision (in terms of intensity/quality), expand provision (to increase the number of beneficiaries) and extend provision (beyond the existing periods for which projects are funded). The focus will be on relatively few high impact initiatives, supported by a number of smaller grant programmes. Although Torbay's needs are many, this SIF seeks to avoid the danger of losing focus and spreading resources too thinly.

Through the overarching vision of "Connecting Torbay", Torbay's SIF will address two key issues: Business Support and the Development of an 'Enterprise Culture', each of them underpinned by an ambition to address the Inclusion agenda and to ensure that consideration for environmental impact is embedded in all activities, such as around climate change mitigation and adaptation, resource efficiency and waste management and sustainable transport.

Business Support

The consensus opinion is that there is no lack of entrepreneurial spirit within Torbay generally, though little evidence from within its most deprived communities. There is also a reasonable level of interest in entering self-employment, across a wide variety of activities. However, the majority of entrepreneurial activity takes place in tourism and retail sectors and is generally felt to lack the innovation necessary to make an impact on the local economy. Furthermore, over recent years, the business support offer seems to have been widely regarded as weak, although more recently there have been grounds for considerable optimism in this regard.

Whilst Torbay has no shortage of enterprising people, its track record in sustaining and growing those businesses is much more modest. Business failure rates are relatively high and the longer term ambitions of many of those starting businesses are reported to be very modest. Anecdotally, this is thought to be attributable in part to people coming into the area to start lifestyle businesses (B&Bs, cafés, etc.) who either have no desire to expand their business or find that it is not as straightforward or lucrative as they had envisaged, resulting in the business failing. There is therefore a need to focus attention on supporting start ups that raise levels of quality, enhance priority sectors, improve perceptions of Torbay as a business location and have the potential to generate above-average levels of GVA.

Traditionally, support available to those wanting to start new businesses and consolidate or grow existing businesses in Torbay was characterised as fragmented and of poor quality. Conversely, employer engagement by those services offering support is said to have proved extremely challenging. There is though very widespread and deep support for Torbay Innovation Centre (TIC), both in concept and in practice. There are also high hopes that Peninsular Enterprise might at last be able to provide the range and quality of services of which local businesses feel they have been deprived.

More recently, there have been a number of positive developments:

Peninsula Enterprise (Business Link Service Provision)

- Peninsula Enterprise were awarded the contract to deliver the Business Link service for businesses in Devon, Cornwall and the Isles of Scilly and Somerset from 1st December 2007 and are a key delivery partner in the realisation of the aims of the SIF;
- The Business Link provision, through the information, diagnostic brokerage (IDB) model will remain the first point of access to mainstream business support particularly those products emerging as part of the business support simplification programme, with the SIF programme providing enhancements to this provision;
- A partnership manager has been allocated to Torbay (along with the other eligible SIF locations) enabling a more integrated offer of service provision; and
- The scale of integration is already significant with an effective partnership approach to business support emerging, evidenced by the allocation of office space within the innovation centre in Torbay.

Torbay Innovation Centre

- As noted above the Torbay Innovation Centres (TIC) is a Torbay Development Agency led project in partnership with South Devon College. The Innovation Centre scheme is central to the delivery of enterprise and sustainable growth in small businesses in the Bay and as such undertake a range of delivery that is likely to provide support and added value to any activities delivered as part of the SIF. TIC currently operate from two physical sites across the bay, the

Vantage point acts as the business hub and is based adjacent to the South Devon College facility in Paignton. The facility is 7,500ft² with approximately 30 tenants, the facility offers flexispace, virtual tenancy and hot desk facilities. A further site has recently opened on Lymington Road in the Tormohun ward of Torquay a recognised area of deprivation within the bay. The facility is already almost 50% let and the two centres were the runners up in the South West regional 'Enterprising Britain' awards. There are plans for the development of a further managed workspace scheme within Torbay, the Phase 3 site will be located at the White Rock Park in Paignton, this will be for a combination of light industrial space and offices to accommodate high growth, high value added businesses eg bioscience, electronics, food & Drink and technology sectors.

- Torbay Development Agency through the Torbay Innovation Centre (TIC) is a partner of Business Link providing business support for commercial and social enterprises from their workspace facilities which act as a hub to provide readily available support to local businesses, including hosting a worker from Co-active to support social enterprise. They work closely with representatives from Peninsula Enterprise, (the deliverers of the Business Link contract) and form part of the Torbay Development Agency to ensure a consistent and collaborative approach is adopted in the delivery of business support provision and regeneration within the Bay. TIC operate a business breakfast event held at their Vantage Point facility on a monthly basis to facilitate local networking between businesses. The events are becoming increasingly popular with at least 60 businesses in regular attendance.
- The managed workspace facilities have supported 5 businesses to graduate from the centre and through its proximity, (being adjacent to South Devon College) has aided the integration of local enterprise and skills provision within the Bay.
- Since January 2008, LSC SW has been funding New Entrepreneur Scholarships, which will be allocated to 15 people in the hope that at least half will go on to start a business. It is aimed particularly at those in need of additional support, such as ex-offenders, NEETS etc., but with no age limits. Beneficiaries will also qualify for a grant of up to £500.
- The Disabled Enterprise Project was also launched in January 2008 and is an extension of a scheme already operating in West Devon/South Hams where it

provides support to 35 people. It is estimated that there could be as many as 80 potential beneficiaries in Torbay and warrants prioritisation and potential expansion given the needs identified in section 2.

- A Business Mentors programme has been running since June 2007, with funding to December 2008. To date, 35 mentors have been recruited and are working with just over 100 businesses, 58% of businesses being mentored are women run businesses this compares to national statistics which suggest that only 28% of businesses in the UK are run by women. There is perhaps scope to expand this to enable more fledgling businesses to benefit from the considerable experience and expertise of successful businesspeople living locally who have retired.
- There are proposals for delivering projects with Peninsula Enterprise that address the 14-19 agenda, specifically through placements with employers and development of employability skills.

South Devon College

- SDC has sought to establish a one stop shop for business support, which includes delivery of short courses, around a third of which takes place off site. These cover topics such as team leading, time management and marketing.
- Enterprise Educator involves working with secondary school pupils from Year 7 onwards on a variety of pre-start up initiatives. Although not everyone is expected to go on to start their own business, it is hoped that more will than might otherwise have been the case and that everyone will benefit whatever area of employment they enter.
- Profiting by Degree introduced undergraduates/new graduates into firms that had not previously employed staff of this calibre. It offers small businesses a chance to benefit from a different type of input and may help encourage graduates to return to or locate in Torbay. Funding is set to run out in March 2008.

Envision

- Run by Groundwork, in conjunction with the Environment Agency and others, this programme concentrates on improving businesses performance and competitiveness. Most commonly this will be through advice on how to make the most of environmental savings (typically around 10%) and exploiting the emerging markets for greener goods.

However, there are a number of barriers to business start-ups and expansion:

- Lack of suitable accommodation (incubator and move-on);
- Historically, poor quality business support;
- Shortcomings in management/leadership amongst small businesses; and
- Difficulties in recruiting suitable staff.

In addressing some of these issues the contribution that older people might make should not be overlooked. Within the 22.6% of the local population aged 65 or over, there is likely a significant amount of knowledge, experience and skills that might be harnessed, for example through the provision of mentoring opportunities.

Development of an Enterprise Culture

Whilst anecdotal evidence suggests that the Torbay community has an entrepreneurial spirit, existence of a broader, enterprise culture appears to be somewhat limited. In this respect, enterprise culture and capability is considered to be the ability to handle uncertainty and respond positively to change, to create and implement new ideas and new ways of doing things, to make reasonable risk/reward assessments and act upon them.

Within Torbay there is a low skills equilibrium, with a skewing towards NVQ Levels 1 and 2 rather than 3 and 4. The lack of demand for higher level skills has resulted in limited training provision and therefore limited opportunities/incentives for individuals to raise their skills levels, meaning that many of the more ambitious have left the area to pursue opportunities simply not available to them locally.

There is a view that training is seen in a negative light by employers who see it as a cost not an investment. There would therefore be merit in promoting a much more positive attitude to learning/training and demonstrating the benefits to employers of having a workforce that is better equipped to meet the vision outlined in the Lisbon Agenda and of national government's of an enterprising Britain and core mainstream provision offered through Train to Gain and the ESF programme will be core to meeting this agenda.

Enterprise support provision that sits outside of the mainstream offer yet contributes to the generation of an enterprise culture could also be supported through the SIF. In particular, provision that has an emphasis on problem solving, communication, team working and transformative leadership in work, providing added value in the generation, expansion and sustainable growth of Torbay businesses to address the lack of a 'can do' culture highlighted within the Operational Programme.

Enterprise Skills Development

South Devon College (SDC) is the most important provider of post-16 vocational-learning in Torbay by some distance. There is a small amount of other provision based locally and some delivery by sector specialists (e.g. Acacia in Care). SDC offers courses in generic skills (IT and business) as well as sector-specific skills, the main ones being Hospitality, Care and Construction (in respect of which it has CoVE designation). There is also growing interest in motor vehicle trades and food manufacturing.

SDC has sought to fill the gap created when Dartington Technical College ceased operating in February 2007, especially for learners and employers in the Plymouth/Ashburton/Exeter triangle. In respect of both business courses and learner numbers, Torbay accounts for about 60% of SDC's client base.

There is potential to exploit opportunities afforded by the development of the new Enterprise Centre at SDC, which include an 'Ideas Lab' and 'Enterprise Research Centre'. SWRDA is already investing in a programme linked to this development, with a focus on higher skills activity. SIF could have a role with the pre-incubation provision to provide the ongoing support from early ideas through to the establishment of a business (provided ideas were linked to Priority Axis 1).

The lack of a university in Torbay has a number of negative implications: local businesses turn to Exeter, Plymouth or further afield to access technical support, learners have no option but to leave the area to pursue further studies and the economy misses out on the spending power and cultural contribution that large numbers of students can make. In seeking to address some of these issues, SDC introduced Foundation Degrees, which currently represent 350 places. A new HE building is scheduled to open in September 2009, providing 2,200 sq. m. of space. It is HEFCE-funded via Plymouth University and will focus on higher level skills training and enterprise support. The number of learners studying Foundation Degrees is set to rise to 500, including full time and part time students, the latter being modular and reflecting an anticipated increase in employer involvement.

Torquay Boys Grammar School has a business and enterprise specialism, in which context it is promoting enterprise linked to the adult learning centre. It is also able to offer ICT access to the local community, including deprived areas.

Groundwork Devon and Cornwall has been operating in Torbay for the past 5 years, delivering environmental programmes in respect of: community development; employment and training programmes; landscape and architecture; education; business support; and youth work. Groundwork's approach is to develop relationships within local communities, and cultivate people's skills and confidence. In Torwood, Tormohun and Ellacombe, Groundwork set up 6 community groups from scratch and supported them in terms of developing chairing, fundraising, project management skills etc. One of these (Hill Group) now has a paid manager and LSC funding to develop community champions, whilst the others are still going strong (with two having merged).

Torbay Council is funding a new training and back to work scheme for marginalised groups, such as ex-offenders and rough sleepers, recognising that in seeking to address housing problems there is also a need to address broader issues. This is being delivered by Shekinah Mission, which has a track record of successfully delivering similar schemes in Plymouth. Although focused on a small geographical area, there is a waiting list for participants. Referrals come from a small number of sources (Housing Services, Youth Offending Team and Probation Service). Both of these facts indicate significant potential to expand the scheme, particularly with regard to support to those individuals that may want to pursue some form of self-employment, although there would be merit in scoping potential levels of demand.

PLUSS work with adults with learning disabilities in Torbay through the provision of training in a work environment to learn basic work skills. Individuals can go on work tasters and work with enclave groups to learn work skills in a range of environments and are also able to access accredited training courses. Individuals are supported into Work Placements in the Local Community by the Workstep Placement Team with possible progression into paid employment. Potential to extend this to cover self-employment might be considered.

In addition, building closer links with other support providers to local businesses, including banks, accountants, commercial business consultants and small HR organisations would help to provide a more complete picture of the needs of businesses in Torbay aiding the development and refinement of any subsequent business support provision that can deliver sustainable growth to Torbay businesses.

Creating Enterprise Opportunities

Within the context of the Mayor's Vision, SDC might develop strong partnership working arrangements with any major construction programmes through the delivery of local labour in construction projects. It is acknowledged that effective schemes for getting local labour into construction are difficult to establish in a fast-moving and fragmented industry. However, there are also examples of good practice that might be built upon, for example with regard to effective contractual agreements and codes of practice. The recent local labour in construction project in Devonport and the work of Constructive Devon may be a good source of information in this respect and help open up opportunities for self-employed contractors and local small businesses.

Inability to access childcare can be a significant barrier to enterprise. However, it is not just about lack of provision, but difficulties in accessing provision, in affording provision and being aware of provision which can all act as impediments to starting a new business or expanding existing micro or small enterprises. A childcare sufficiency audit has just been completed (based on a significant amount of consultation with parents). Emerging findings plus anecdotal evidence suggests that there is sufficient childcare for 3 – 4 year olds, but that there are gaps for 0 – 2 year olds and particularly 10 – 14 year olds.

There are also issues with the Tax Credit system, in that people aren't claiming their full entitlement. Were SIF to resource the provision of advice and guidance, this may help to encourage more active pursuit of self-employment/enterprise opportunities, given that many people (based on experience elsewhere) do not have an accurate view of how their income will be affected by moving from Benefits into work. Examples include the East Bristol Advice Centre and NDC-funded projects in Norwich and Walsall.

The situation might also be helped by the establishment of a better resourced Education Business Partnership which could help to cement improved integration and promote local self-employment opportunities. Indeed, not only has it been thinly resourced in the past, it has not been resourced at all since April 2008.

5. THE VISION

Whilst the level of business start-ups in Torbay appears relatively healthy, there is need for a range of interventions in order to address a number of key concerns. In particular, start ups are heavily skewed towards low value tourism sector activities (e.g. cafés and B&Bs) and there are also high rates of business failure. The SIF ought to assist in generating a more widespread culture of enterprise throughout Torbay. This would be delivered through a drive to more fully exploit local entrepreneurial talent, to attract new businesses, to develop businesses, generating higher value added and displaying greater sustainable growth potential and encourage business activities that have a positive environmental impact.

There is also clear evidence of the need to cultivate enterprise skills, amongst prospective entrepreneurs and within voluntary and community groups looking to embark on income-generating activities.

Activity delivered through the SIF will therefore cut cross and influence large swathes of the business and resident community, reflecting the ambition behind this SIF. In summary, Torbay's SIF will be driven through a programme of **“Connecting Torbay”**

Through our research it is clear that in order for Torbay to achieve its economic potential it needs to improve its connectivity:

- **between businesses and business support providers;**
- **between businesses and deliverers of specialist business support services;**
- **between businesses, so that they can collaborate on joint tendering, marketing, product development etc.;**
- **between businesses and potential customers; and**
- **with prospective investors in business opportunities in the Bay.**

Further detail as to how these strands of activity will be delivered is set out within the following section, however connectivity between each of the strands will be achieved through collective delivery against the following targets:

- Increasing levels of entrepreneurship in sectors generating higher than average levels of GVA
- Diversifying the local economy, and encouraging higher value activities to locate in Torbay.
- Turning existing business owners into entrepreneurs.
- Encouraging new types of business start ups, including social enterprises.
- Encouraging existing not-for profit bodies to engage in income generation, where appropriate.
- Using ICT to overcome locational disadvantages and attract lifestyle businesses and individuals to Torbay.
- Cultivating a culture of high quality service provision.
- Creating better quality jobs, more full time jobs and jobs less vulnerable to seasonal variations.
- Developing community infrastructure to facilitate engagement with under represented groups in order to promote self-employment/business start up as a route out of disadvantage.
- Embedding a robust approach to working in partnership across Torbay.

6. KEY STRANDS AND ACTIVITIES – “CONNECTING TORBAY”

As identified within the previous section, in order for Torbay to achieve its economic potential it needs to improve its connectivity:

- **between businesses and business support providers;**
- **between businesses and deliverers of specialist business support services;**
- **between businesses, so that they can collaborate on joint tendering, marketing, product development etc.;**
- **between businesses and potential customers; and**
- **with prospective investors in business opportunities in the Bay.**

Torbay's SIF can deliver on activities across the connectivity strands with the potential to deliver on a number of high impact projects as an enable to these strands alongside provision that supports the delivery of these, thereby realising the **“Connecting Torbay”** vision.

Connecting Businesses with Business Support Providers

Issues

Although business start-up rates are very healthy, high business failure rates and lack of growth amongst many surviving businesses contrive to leave Torbay with VAT registrations per head that are a mere 65% of the national and regional averages. Anecdotal evidence suggests that levels of awareness of what support is available and from which organisations are lower than they might be, with some businesses believed to have no engagement at all with economic development organisations.

Projects

- Specific promotion of start up and pre-start up provision to under-represented groups (possible extension of NEST and Disabled entrepreneurs activities in addition to provision that targets ex-offenders, the 25-34 age group and the over 50s) and within areas of high deprivation.
- Deliver business support in locations accessible to Torbay's business communities.
- Raise awareness about the types of business support available.
- Active engagement of unengaged businesses by support providers on an outreach basis, offering a "sweetener" to capture interest (small grant scheme, envision initiative, free ICT training etc.) to be followed by fuller support needs analysis (i.e. a pre-IDB approach).

Outputs

- 200 individuals assisted in starting a business
- 200 businesses assisted to improve their performance
- 50 individuals assisted in getting a job
- 300 sq. m. of new or upgraded floorspace
- Agreed targets of individuals supported from identified under-represented groups

Outcomes

An increase in the proportion of businesses that start up in Torbay surviving and growing beyond the VAT threshold.

An increase in economic activity rates of those groups currently under represented within the Torbay economy, (particularly the 50+ age group, males aged 25-34, the disabled and ex-offenders).

Strategic Linkages

- Torbay Economic Regeneration Strategy Goals 2, 4 & 5
- RES SO1– Encourage new enterprise, SO2 Improve participation in the economy
- COP Priority 3: - Promoting and encouraging the creation of new enterprises/social enterprises within under-represented groups
- COP Priority 3: - Access to targeted business support services in the community

Connecting Businesses with Deliverers of Specialist Business Support Services

Issue

Local businesses report that whilst general business support is helpful, what they require to move their businesses on to the next level is specialist support from people who understand their type of business and the sector within which they operate. The specialist support on offer will also include provision which helps to improve the environmental performance of businesses through connection to existing schemes such as the Envision programme or Renewable Energy for Devon.

Projects

- Need for Business Champions/Mentors with sectoral/thematic credibility, not limited to those already operating within Torbay, recognising the potential benefits of new insights and fresh ideas.
- Business advice and business mentors need to fit better with the needs of client businesses.

Outputs

- 100 businesses assisted to improve their performance
- 15 SMEs assisted to improve environmental performance

Outcomes

Sustainable growth of small businesses generating a higher level of value added potentially within specialist, priority sectors within Torbay.

Better linkages to specialist provision to include (for example) provision to help improve the environmental performance of businesses through schemes such as the Envision Programme or through Renewable Energy for Devon.

Reduction in CO2 emissions in Torbay

Retention (at least) of the existing gap in the carbon footprint of Torbay compared to the average carbon footprint in the UK.

Strategic Linkages

- Torbay Economic Regeneration Strategy Goal 4
- RES SO1 – Support business productivity
- COP Priority 3 – Access to targeted business support services in the community

Connecting Businesses with Each Other
Issue
At present, the mechanisms for facilitating joint working amongst businesses within Torbay are extremely limited. There is therefore a need for a dedicated resource to effect introductions and broker relationships between businesses that would benefit from a short or long term partnership arrangement.
Project <ul style="list-style-type: none"> ▪ Establishment of a dedicated business networking team, which can promote and facilitate collaborative product/service development, marketing, procurement, training etc.
Outputs <ul style="list-style-type: none"> ▪ 50 businesses assisted to improve their performance
Outcomes <p>Participation of more Torbay businesses in higher value activities, based on product/service development and bidding for larger contracts.</p> <p>Increased local supply chains aiding a reduction in carbon emissions and the transition towards a low carbon economy.</p>
Strategic Linkages <ul style="list-style-type: none"> ▪ Torbay Economic Regeneration Strategy Goals 1,3, 4 ▪ RES SO1 – Support business productivity ▪ COP Priority 3 – Access to targeted business support services in the community

Connecting Businesses with Potential Customers
Issues
<p>ICT connectivity within the Bay and between the Bay and the outside world is sub-optimal. In addition, many businesses struggle with the procurement processes adopted by larger organisations. Given the poor transport infrastructure within and surrounding Torbay, ICT connectivity provides a route to market unbounded by these limitations.</p>
<p>Projects</p> <ul style="list-style-type: none"> ▪ Demonstrate the case for selected ICT infrastructure investments alongside active promotion of these investments in order to encourage a market response. ▪ The business networking team described above could extend its role to embrace local supply chain development ▪ SMEs need support through tender processes and large organisations need educating in order to remove unnecessary barriers to tendering faced by local SMEs.
<p>Outputs</p> <ul style="list-style-type: none"> ▪ 10 Social enterprises assisted ▪ 15 SMEs assisted to improve environmental performance
<p>Outcomes</p> <p>ICT investment based on business demand with the potential infrastructure to enable businesses to trade competitively through e-commerce, thereby influencing a reduction in the traditional (vehicular) forms of transportation of goods or services. Local collaboration could be utilised to enhance the operation of local supply chains facilitating improved environmental performance, reductions in carbon emissions and aiding Torbay's transition to a low carbon economy.</p>
<p>Strategic Linkages</p> <ul style="list-style-type: none"> ▪ Torbay Economic Regeneration Strategy Goals 1,2,3, 4 & 5 ▪ RES SO1 – Support business productivity ▪ COP Priority 3 – Access to targeted business support services in the community ▪ COP Priority 3 – Enterprise opportunities from environmental improvements ▪ COP Priority 3 – Small scale infrastructure and facilities

Connecting Prospective Investors with Business Opportunities in the Bay
Issues
<p>There are a number of issues in this regard: the need to replace businesses that have closed or moved away; the desire to exploit any potential to attract external investors to establish businesses of note within the Bay; and the opportunities to plug gaps in Torbay's offer to visitors/customers. Underpinning all of these issues is a need to tackle the ignorance and prejudice that is believed to exist amongst many potential investors in their consideration (or not) of Torbay as a business location. There is therefore a need to combat outdated perceptions and highlight what Torbay has to offer both as a market and a business base.</p>
<p>Projects</p> <ul style="list-style-type: none"> ▪ Improved market intelligence to inform investment decisions of developers ▪ Promotional campaign to promote the Bay as a place to do business. e.g. Bournemouth pushed hard to attract insurance companies and now has a thriving insurance industry. Could Torbay do the same with Private Healthcare? Similar schemes in Newquay and Cornwall linking lifestyle and business have been successful. ▪ Further develop the Torbay culture website coming online in September ▪ Launch a campaign to create a new Torbay identity e.g. Wifi Bay. ▪ Target specific potential investors e.g. top quality hotels, restaurant and retail.
<p>Outputs;</p> <ul style="list-style-type: none"> ▪ 250 individuals assisted in getting a job
<p>Outcomes:</p> <p>An identity for Torbay as a place to do business</p> <p>Increase in the number and diversity (sectoral) of enquiries for business accommodation within Torbay (from within the bay and from outside of the bay).</p> <p>Growth in the annual number of VAT registrations in Torbay</p>
<p>Strategic Linkages</p> <ul style="list-style-type: none"> ▪ Torbay Economic Regeneration Strategy Goal 2 ▪ RES SO3 – Improved perception of the <i>area</i> by businesses and visitors ▪ COP Priority 3 – Promoting and encouraging the creation of new enterprises/social enterprises within under-represented groups.

7. DELIVERY

This SIF represents a strong consensus of public, private and third sector bodies, all seeking to pull in the same direction. The process by which this SIF has been put together is itself a demonstration of the partnership approach to establishing Torbay's priorities. It has also revealed the extent to which there is commitment towards the development of an effective partnership for delivery.

Implementation

Although there is a perception of a lack of delivery capacity in Torbay, this is not entirely accurate. There are a number of experienced delivery bodies (as described in Section 4.) who could progress elements of the SIF at an early stage. To the extent that there is a capacity shortfall, this will be addressed by:

- Expanding the capacity of organisations already delivering within Torbay;
- Inviting experienced organisations from other parts of the South West to help deliver the SIF; and

Developing the capacity of local organisations, who can demonstrate popular support, enthusiasm and a developing agenda, but lack capacity in terms of human resources and experience.

TDA

TDA is highly regarded by a wide variety of stakeholders, and options for converting it into a Development Company (EDC or URC) are currently being explored with regional partners. This would insulate it from political and organisational changes within the Council and make it a more attractive partner to the private sector and other public sector bodies.

Torbay Business Forum

Traditionally, business representation in Torbay has been quite fragmented, but the establishment of the Business Forum appears to have received widespread support amongst the business community and certainly has legitimacy in the eyes of SWRDA and GO-SW, both of whom accept the Business Forum as the voice of business in Torbay. Furthermore, the appointment of a new Chair from a private sector body and with no linkages to Torbay Council is, with all due respect to his predecessor, regarded as a sign of the organisation's growing maturity and the capacity and enthusiasm of the private sector to lead from the front.

New Economy Group

In mid 2007, Torbay Development Agency (TDA) established the **New Economy Group (NEG)**. Although a relatively recent innovation, the New Economy Group has already demonstrated its potential to evolve into an authoritative partnership. In order to do so, it has recognised the need to strengthen representation from the private sector and from the voluntary/community sector and is taking action in this respect. In addition, the NEG would welcome liaison with contractors delivering the ESF Programme in Torbay.

Through the NEG the strategic partnership and the Torbay Development Agency Ltd (the strategic economic partnership for the area) will be engaged in the SIF delivery.

At present, the membership of this group is as follows:

- TDA *2
- Torbay Development Agency Ltd
- SWRDA
- GO-SW
- Torbay Council (various departments)
- LSC SW
- Job Centre Plus
- South Devon College

- Change Up Consortium (Third Sector Representative)
- Business Forum

The NEG is the body through which the fourth theme of Torbay's Local Area Agreement (LAA), covering Economic Development and Environment is being developed. It is thought that the NEG could contribute to a more considered and sophisticated approach to the LAA than was the case in respect of the fourth block last time around.

As part of Torbay's review of its partnership structures the chair of the Torbay Business Forum has been invited to future meetings of the New Economy Group, the intention is that a private sector representative would also chair the New Economy Group thereby linking up the local business community and wider partners more effectively. Within this review the wider membership of the New Economy Group will also need to be considered and it is expected that Business Link, recognising their value as a key strategic and delivery partner alongside the need to complement the Business Support Simplification Programme, and the Torbay Coast and Countryside Trust will be invited to take a formal seat over the summer of 2008.

In the context of the SIF, it will be the responsibility of the NEG to:

- Prepare the first SIF Annual Delivery Plan, setting out in detail how the activities and themes identified in the SIF are taken forward, by the end of June 2008;
- Work with SWRDA to ensure project tendering can begin during Winter 2008;
- Agree with SWRDA the basis of the NEG's involvement in the project appraisal process;
- Work with SWRDA to ensure appropriate monitoring and evaluation systems are in place;
- Ensure clear links to Torbay's LAA and make specific contributions to its Fourth Theme;
- Ensure complementarity with the deployment of ESF in Torbay;
- Ensure the SIF provides a stepping stone to other ERDF Priorities;
- Ensure that there is no displacement of other funding by SIF monies and no duplication of activities;
- Report on Year 1 achievements by 1 May 2009;
- Submit a second SIF Annual Delivery Plan by 1 June 2009.

In order to facilitate the delivery of the SIF there is a need for a strong, fully representative partnership. Such a body will need to be serviced and therefore resourced appropriately. It is therefore proposed that 2% of SIF monies be allocated to manage and administer the Programme at local level. A small core team will be established with the 2% provision supporting the:

- co-ordination and promotion of SIF-funded activities; and
- establishment of networks of relevant partners in order to avoid duplication and maximise complementarity/added value particularly between funding streams, including ESF and other mainstream provision.

It will also be noted that the creation of a number of posts and partner networks have been recommended. As will be apparent, some of these co-ordinators could cover more than one element of the SIF whilst a number of networks would involve the same organisations/individuals and could be merged. These issues will be considered in greater depth in due course.

8. FINANCE

The table below summaries an indicative range allocation for delivery of SIF activities in Torbay. It is acknowledged that there are as yet unresolved issues in relation to match funding, in respect of both regional and local activities.

- **Connecting Businesses with Business Support Providers 50-60%**
- **Connecting Businesses with Deliverers of Specialist Business Support Services 15-25%**
- **Connecting Businesses with Each Other 10-15%**
- **Connecting Businesses with Potential Customers – 10-15%**
- **Connecting Prospective Investors with Business Opportunities in the Bay 5-10%**

9. OUTPUTS AND OUTCOMES

In line with SWRDA guidance, the approach adopted throughout the SIF is:

- Complementary to other initiatives;
- Co-ordinated, to ensure consistency and cost efficiency;
- Torbay-wide (not targeted on Paignton, Torquay and Brixham separately);
- Based on 'measurables' and the added value that the funding will bring;
- Designed to support projects that are replicable and that address the cross cutting themes of the environment and equality/diversity, at all opportunities;
- Focused on revenue-based activities; and
- Targeting business development opportunities within disadvantaged and under-represented communities.

In summary, over the period to 2013, we would expect Torbay's SIF to deliver the following:

Table 16: Target Outputs and Outcomes	
Indicator	Number
Outputs	
Number of individuals assisted in starting a business	300
Number of businesses assisted to improve their performance	400
Number of social enterprises assisted	25
New or upgraded floorspace, sq. m.	300
Number of individuals assisted in getting a job	250
Number of SMEs assisted to improve environmental performance	30
Outcomes	
New business starts	200
Number of new businesses still trading after a year	175
Number of new businesses still trading after three years	135
Jobs created	500
Jobs safeguarded	300
Net additional employment	270
Additional GVA generated (gross)	£10m
Additional GVA generated (net)	£5.5m
GVA safeguarded (gross)	£15m
GVA safeguarded (net)	£9m

10. RISK ASSESSMENT

Summary of Key Risk

	Probability	Impact	Score	Mitigation
Ensuring that high quality outcomes are delivered	1	3	3	Develop the specific outcomes and benefits, identify who is responsible and engage public and partners in delivery.
Overspend in project budget	1	4	4	Through proper project management techniques, procurement and contract management
Not able to spend the indicative allocation for Torbay	1	4	4	This would present a major reputational risk to SWRDA and Torbay however based on the activities set out in the SIF this is unlikely.
Community does not support the individual projects	2	3	6	Implement the communication strategy ensuring in particular that the aims and objectives are explained and that hard to reach groups are included.
Basis for the SIF proves inaccurate	1	3	3	The SIF is based on robust analysis and consultation and our knowledge of the local economy as such it is not considered a high risk.
Managing community expectations	2	3	6	As for risk "community does not support"
Match funding cannot be secured	2	4	8	Torbay and the SIF partners to identify all sources of funding, in aligning the SIF, the LAA and other policy areas partners investment is considered more likely.
That there is a lack of capacity to involve all partners and ensure complementarity between programmes	2	4	8	The SIF proposes a SIF manager post (section 7 Delivery) ensuring that the process is embedded locally and brings partners together. If that post is not supported through the SIF a local solution will be required.

Since its establishment in 2004 TDA has performed a vital role in facilitating economic growth in Torbay. Consultations with a wide variety of interests have

confirmed the high regard in which TDA is held, but also elicited concerns in respect of uncertainties over TDA's future. It has now been established that:

- TDA will continue to function;
- The process for seeking a replacement Chief Executive is underway; and
- The options for converting TDA into a Development Company (EDC or URC) are being explored.

As such, TDA has the credibility to bring together all relevant interests and ensure that a local partnership is formed that is inclusive and robust and is one that conducts its business with openness and transparency.

In order to ensure there is sufficient organisational capacity to deliver the Programme:

- A SIF Programme Manager post is proposed in section 7.
- Full use will be made of the significant amount of capacity amongst organisations currently engaged in delivery in Torbay (TDA/Torbay Innovation Centre, South Devon College, Peninsular Enterprise, Working Links, Shekinah Mission, Co-active etc.);
- Opportunities will be promoted to other deliverers in the South West with a proven track record and who might be encouraged to undertake delivery in Torbay;
- Capacity building will be undertaken with organisations in Torbay not yet in a position to undertake project delivery, but having the potential to do so.

Arguably, the most significant potential constraint on the successful delivery of a SIF Programme in Torbay is match funding. The possible risks are that there will be insufficient match funding to support the number of projects that merit being delivered in Torbay and that any gaps in delivery will relate to some of the projects most needed but in sectors where match funding is most difficult to assemble (e.g. voluntary and community sector activities. Were this to be the case, the Programme in Torbay would be inadequate and skewed.

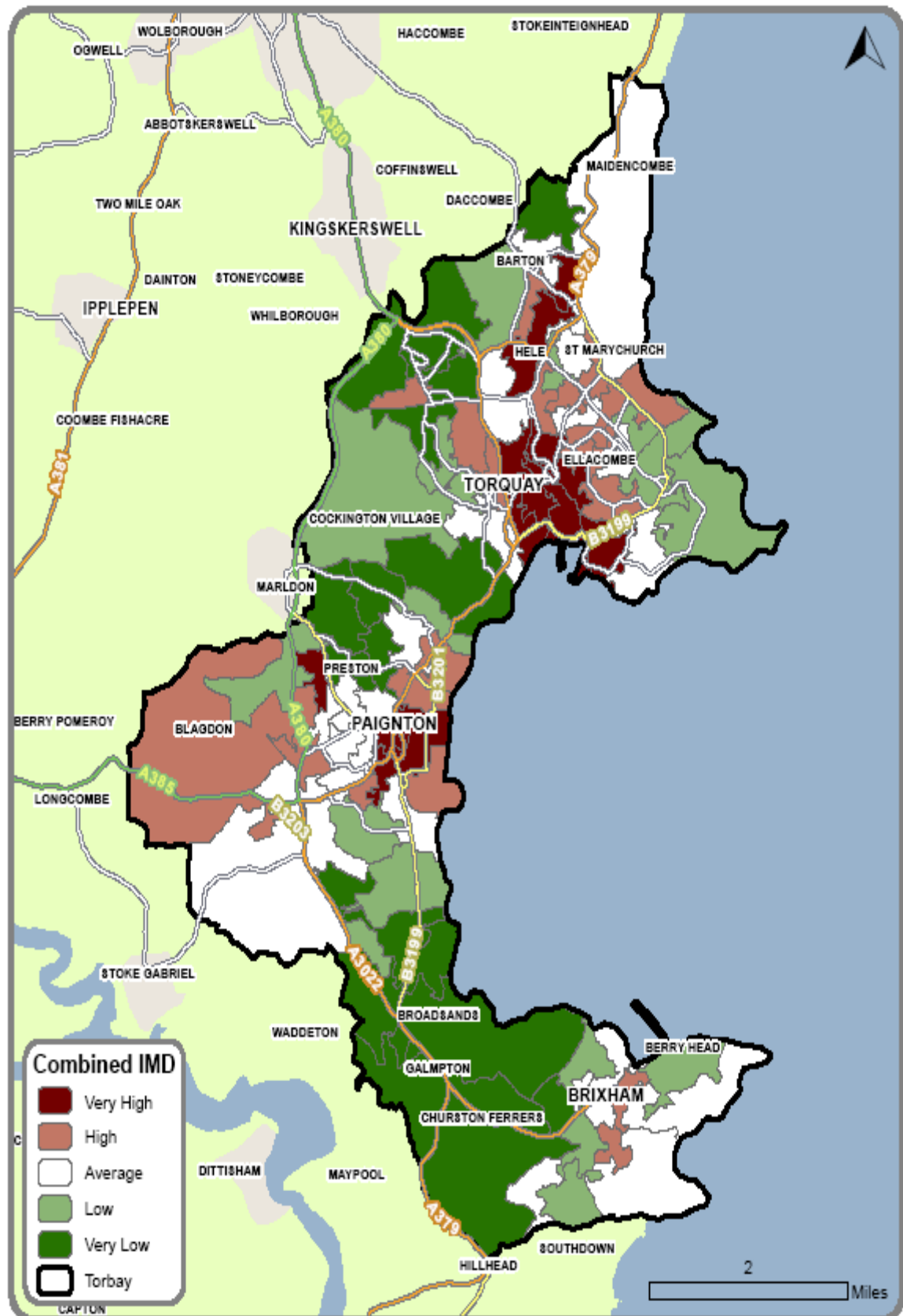
However, there is optimism that match funding can be found to resource the whole of Torbay's proposed SIF, as follows:

- Some of the activities proposed (e.g. loans for business start ups) are likely to be delivered at regional level and will therefore be fully matched by SWRDA at source;

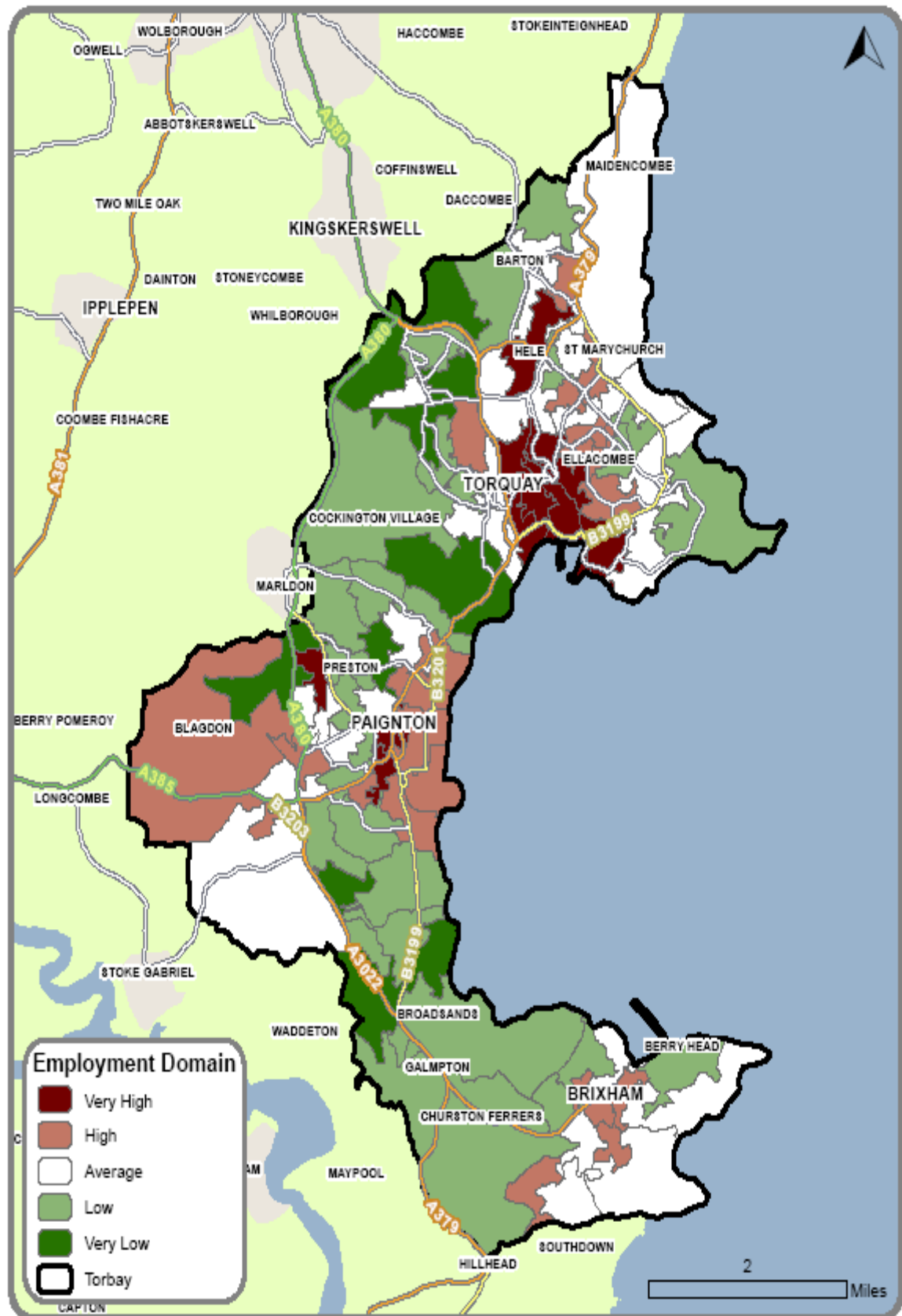
- Some of the activities proposed (e.g. employment projects targeted at people living in the most disadvantaged communities) are likely to be also address SWRDA's economic inclusion agenda and will therefore be eligible to draw down match funding by SWRDA; and
- Some deliverers can be confident about being able to access match funding from bodies such as Torbay Council and the LSC.

ANNEX A: MAPPING DEPRIVATION IN TORBAY

Overall IMD (2007) Deprivation in Torbay



IMD Deprivation (Employment Domain) in Torbay



ANNEX B: CROSS CUTTING THEMES FROM THE OPERATIONAL PROGRAMME

European Policy (Revised Lisbon Agenda Strategic Guidelines)	UK Policy (LNRP and NSRF)	SWCEOP			ESF
		Priority Axis 1 Innovation & Knowledge	Priority Axis 2 Enterprise & Growth	Priority Axis 3 Urban Enterprise	
Knowledge and Innovation					
Increase and improve investment in R&D	Promoting Productivity and Growth: Science, Innovation, and Knowledge Transfer	Support will be provided for business/HE technology institutes based on proven business demand, allowing SMEs in supply chains to access knowledge and quickly apply new technologies; support for IPR and its exploitation; and business and HE/FE interaction.			
Facilitate innovation and promote entrepreneurship	Promoting Productivity and Growth: Enterprise and Successful Business Promoting Productivity and Growth: Science, Innovation and Knowledge Transfer Promoting Productivity and Growth: Building Sustainable Communities	Provide high quality support for new starts based on innovative product, and process developments with considerable market potential. Promote the management and exploitation of the full	Support new starts with growth potential in knowledge based sectors.	Small-scale enterprise facilities that benefit local neighbourhoods linked into Enterprise/Innovation hubs elsewhere. Refurbishment of premises to create a multi-use/local	Priority 1 is 'Extending employment opportunities'. It supports projects to tackle the barriers to work faced by unemployed and disadvantaged people.

European Policy (Revised Lisbon Agenda Strategic Guidelines)	UK Policy (LNRP and NSRF)	SWCEOP			ESF
		Priority Axis 1 Innovation & Knowledge	Priority Axis 2 Enterprise & Growth	Priority Axis 3 Urban Enterprise	
		range of intellectual assets to generate business innovation and product and process improvements.		enterprise facility with potential links to ESF delivery.	
Promote the Information Society for all		Promote ICT skills across the region. In addition, the knowledge based focus of Priorities 1 and 2 will further promote importance of ICT skills in assisting business growth.			
Improve access to finance	Promoting Productivity and Growth: Enterprise and Successful Business & Promoting Productivity and Growth: Investment	Provide proof of concept funding critical to the pre-commercial development new ideas relating to environmental technologies.	Provide support to new starts with growth potential in knowledge-based sectors in addition to activities aimed at improving the competitiveness of companies' high growth potential. Access to finance and investor readiness support may be provided under this priority, if appropriate.	Provide micro-finance initiatives, including small-scale loans, where there is a clear market failure.	

European Policy (Revised Lisbon Agenda Strategic Guidelines)	UK Policy (LNRP and NSRF)	SWCEOP			ESF
		Priority Axis 1 Innovation & Knowledge	Priority Axis 2 Enterprise & Growth	Priority Axis 3 Urban Enterprise	

An Attractive Area in which to Invest and Work					
To strengthen the synergies between environmental protection and growth.	Promoting Productivity and Growth: Sustainable development, production and consumption and related innovation: Promoting Productivity and Growth: Building Sustainable Communities	Sustainable development underpins all Programme activities. More specifically, Priorities 1 and 2 will promote the development of the Environmental Goods and Services sector.	Promote activities to promote the environmental performance of businesses in the region. Promote the development of the Environmental Goods and Services sector.	Stimulate local people, businesses, and social enterprises to develop commercial opportunities with regard to environmental opportunities, such as energy efficiency and renewable energy.	
Address Europe's intensive use of traditional energy sources	Promoting Productivity and Growth: Sustainable development, production and consumption and related innovation	Promote the development of the Environmental Goods and Services sector, including renewables.	Promote the development of the Environmental Goods and Services sector, including renewables.	Stimulate local people, businesses, and social enterprises to develop commercial opportunities with regard to environmental opportunities, such as energy efficiency and renewable energy.	

European Policy (Revised Lisbon Agenda Strategic Guidelines)	UK Policy (LNRP and NSRF)	SWCEOP			ESF
		Priority Axis 1 Innovation & Knowledge	Priority Axis 2 Enterprise & Growth	Priority Axis 3 Urban Enterprise	
Attract and retain more people in employment and modernise social protection systems	Employment Opportunity for All: Extending Working Lives	Will provide higher quality and more sustainable employment opportunities.	Provide higher quality and more sustainable employment opportunities	Ensuring that businesses and social enterprise operating within deprived communities can access business support services, includes assistance to access local procurement opportunities and recruit local people.	Priority 1 is 'Extending employment opportunities'. It supports projects to tackle the barriers to work faced by unemployed and disadvantaged people.
Improve adaptability of workers and enterprises and the flexibility of the labour market	Promoting Productivity and Growth: Skills & Employment Opportunity for All: Developing a Skilled and Adaptable Workforce	Will indirectly stimulate demand from employers to raise skills within the workforce.	Will indirectly stimulate demand from employers to raise skills within the workforce.	Support focussed on working with local people with enterprise and social enterprise aspirations.	Priority 2 is 'Developing a skilled and adaptable workforce'. It supports projects to train people who do not have basic skills and qualifications needed in the workplace.

European Policy (Revised Lisbon Agenda Strategic Guidelines)	UK Policy (LNRP and NSRF)	SWCEOP			ESF
		Priority Axis 1 Innovation & Knowledge	Priority Axis 2 Enterprise & Growth	Priority Axis 3 Urban Enterprise	
Increase investment in human capital through better education and skills	Promoting Productivity and Growth: Skills & Employment Opportunity for All: Equipping People to Realise their potential Employment Opportunity for All: Developing a Skilled and Adaptable Workforce	Will assist the development of knowledge based firms within the region, further promoting demand for higher-level skills within the region.	Assist the development of knowledge based firms within the region, further promoting demand for higher-level skills within the region		Priority 2 is 'Developing a skilled and adaptable workforce'. It supports projects to train people who do not have basic skills and qualifications needed in the workplace.

ANNEX C: A SOCIAL ENTERPRISE ACTION PLAN FOR TORBAY

INTRODUCTION

"A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners."

Social Enterprise - a strategy for success DTI, 2004

The Government believes that social enterprises have a distinct and valuable role to play in helping create a strong, sustainable and socially inclusive economy. This is a view shared by a wide variety of organizations engaged in economic development around the country who believe that Social Enterprises can flourish in places where private enterprise fears to tread.

Whilst generally adhering to the definition set out above, social enterprises take many forms, ranging from large national (even international) organizations down to small scale community enterprises. Their constitutional make up is equally diverse, including companies limited by guarantee, industrial and provident societies, unincorporated bodies and registered charities. What binds them together is the use of business solutions to achieve positive social outcomes.

The Social Enterprise Coalition defines the common characteristics that social enterprises display as follows:

- Enterprise Orientation - they are directly involved in producing goods or providing services to a market;
- Social Aims - they have explicit social/environmental aims, such as job creation, training or the provision of local services. Their profits are principally reinvested to achieve their social objectives.
- Social Ownership - they are autonomous organisations whose governance and ownership structures are normally based on participation by stakeholder groups (e.g. employees, users, clients, local community groups etc.) or by trustees or directors who control the enterprise on behalf of a wider group of stakeholders. They are accountable to their stakeholders and the wider community for their social, environmental and economic impact. Profits can be distributed as profit sharing to stakeholders or used for the benefit of the community.

EXISTING SUPPORT FOR SOCIAL ENTERPRISES

National

The Government has declared its belief that social enterprises can play an important role in the regeneration of deprived communities, by:

- raising the profile and awareness of enterprise, especially in disadvantaged areas and underrepresented groups;
- creating business and employment opportunities in areas where traditional for-profit business models may not operate or be viable;
- providing accessible learning and training opportunities for local people;
- leveraging in funding from other sources; and
- helping to build social networks and contributing to wider community cohesion.

In November 2006 The Office of the Third Sector (OTS) published a Social Enterprise Action Plan ("*Scaling New Heights*") building on the Government's 2002 *Social Enterprise Strategy*. This stated that there were at least 55,000 social enterprises in the UK and an intention to help create many thousands more. The proposed actions were divided into four themes, which aim to:

- foster a culture of social enterprise, especially by inspiring the next generation to start thinking about the social impact of business;
- improve the business advice, information and support available to social enterprises;
- tackle the barriers to access to finance that restrict the growth of social enterprises; and
- enable social enterprises to work effectively with government to develop policy in areas of expertise.

The Government also announced that it would put £10m forward for equity or quasi equity investments, into social enterprises in partnership with the private sector and has consulted further on what is now known as the 'Risk Capital Investment Fund'. In addition, the Department for Children, Schools and Families (DCSF) and the Qualifications and Curriculum Authority (QCA) have integrated social enterprise models into the GCSE Business Studies syllabus for September 2008.

Other Government initiatives include the following:

- The **Department for Business Enterprise and Regulatory Reform** (BERR) supports social enterprise as part of its wider enterprise policy. It works closely with RDAs on business support for the sector and funds Enterprise Insight (see below). BERR is now developing a new enterprise strategy and will involve OTS and the sector to ensure that it is relevant to, and inclusive of, social enterprise.
- The **Department for Communities and Local Government** (CLG) has committed to a three-year programme which will invest in community anchors to support community sector organisations at neighbourhood level.
- The **Department for Children, Schools and Families** (DCSF) is investing in third sector support for young people with ideas for social enterprises that can be run both by and for young people. It is also allocating £60 million a year (£55 million going directly to schools) to create a new focus on Enterprise Education.
- The **Department for Environment, Food and Rural Affairs** (Defra) is working to increase the role of social enterprise across the full range of their strategic priorities.
- The **Department of Health** (DH) invested more than £1.4m in 26 social enterprise pathfinders in 2006/7 and is now evaluating the learning from them to share this across the sector. Over the next four years the DH will invest more than £73 million in social enterprises in health and social care.
- The Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCTs) aim to encourage equity investment in small, unquoted companies, that might otherwise fail to attract funding because of the proportionally higher costs involved in investing in smaller businesses. The EIS provides 20 per cent income tax relief and a range of capital gains tax exemptions to encourage direct investments in small businesses. Investments in VCTs attract 30 per cent income tax relief and capital gains tax exemptions. These reliefs can be used by social enterprises that have the appropriate structures.
- Enterprises in disadvantaged communities (including social enterprises) can also benefit from Community Investment Tax Relief (CITR) which incentivises investments of up to £250,000.

Other national initiatives include the following:

- The **Social Enterprise Coalition (SEC)** is the national body for social enterprise in the UK, representing more than 10,000 members. It seeks to raise the profile of social enterprise, build capacity and encourage co-operation.
- **Enterprise Insight** runs campaigns which aim to attract young people aged 14–30 into enterprise, whether through starting a business or a social enterprise, or through pursuing an idea at work. This includes Social Enterprise Day, which forms an element of Enterprise Week, and the Make Your Mark: Change Lives campaign, with The Office of the Third Sector and the Social Enterprise Coalition, to help inspire more young people to get involved with social enterprise.
- The **National Council for Graduate Entrepreneurship (NCGE)** was launched in 2004 to raise the profile of entrepreneurship in higher education and as a result increase the number of students and graduates seriously considering and engaging in business start-up in all its forms. Social enterprise is an integral part of NCGE's activities.
- **UnLtd** is a charitable organisation set up in 2000 to promote social entrepreneurship. In 2002 it was granted a £100 million legacy by the Millennium Commission which it has used to fund its Millennium Awards scheme. UnLtd is also the lead delivery partner of The Big Boost programme, funded by The Big Lottery Fund, which gives awards to young people to set up community projects. UnLtd's awards programme gives both practical and financial support to new and existing social entrepreneurs.
- The **SETsquared Partnership** brings together the enterprise activities of the Universities of Bath, Bristol, Southampton and Surrey. Its support programme, entitled 'Social IP', aims to create new social enterprises that have global potential. In addition, it is working with private investors, foundations and funds to encourage investment into these new social enterprises.
- **Futurebuilders England** is a £125 million investment fund to assist voluntary and community organisations and social enterprises in building their capacity to increase the scale and scope of their public service delivery in England.
- **Social Firms UK** is the organisation for firms providing employment for disadvantaged groups.

Regional

All RDAs recognise the potential that social enterprise has for the delivery of a number of key objectives of regional sustainable economic development, including:

- increased productivity through innovation and economic inclusion;
- maximising the impact of the public pound through public service delivery models that support added economic, social and environmental value; and
- modelling sustainable economic growth.

As such, they have sought to adopt a similar approach to social enterprise as other businesses in trying to help identify markets and remove barriers to operation, through:

- support for specialist infrastructure;
- demonstration projects of regional and national significance to key models and markets;
- understanding and awareness raising programmes;
- development of specialist advice and financial products, where appropriate;
- policy intervention within public sector markets; and
- developing professional development training and education.

Following a review of business support arrangements for social enterprise across all regions, a plan for implementation of good practice across all RDAs was launched in March 2007. RDAs now have a specific responsibility to encourage new social enterprises by:

- embedding social enterprise in existing entrepreneurship and leadership programmes;
- influencing key partners and stakeholders to ensure that they are able to offer appropriate advice to potential social enterprises in pre-start or start-up stages; and
- promoting sustainable models of infrastructure and intermediary support for potential new entrants to social enterprise.

In particular, through the Business Link service, they will implement, market and monitor the supply of appropriate business support accessible to social enterprises and social enterprises are now included in Train to Gain.

In respect of the South West Regional Development Agency (SWRDA) specifically, its **Regional Economic Strategy (RES) 2006 - 2015** highlights the contribution social enterprises can make in helping the region achieve a prosperous and sustainable future:

“Social enterprise is a vital element of the region’s economy, providing jobs and services in their own right but also adding to the region’s overall “wealth” through a broad range of social and environmental objectives.... The region needs to build on existing structures, to enhance support for social entrepreneurs.”

Over the past three years, SWRDA along with RISE (Regional Infrastructure for Social Enterprise) and Business Link, have been developing a new regionally-based business support service. In 2007 RISE published the final report on the **Business Support Project 2007**. The report delivered strong evidence of the need for business support for social enterprise and created a mechanism for the delivery of such a service, which will go live in April 2008.

Social Enterprise Link will be a service operated through Business Link by specialist social enterprise business advisors and available free at the point of delivery. It will be based on the same IDB model (Information, Diagnostic and Brokerage) as applies to general business support, but its delivery will be by people who understand the social enterprise concept and can provide the specialist support needed. The service will operate region-wide and will be available to both start-ups and existing social enterprises.

SWRDA has had a specific focus on developing infrastructure for social enterprise support. Champions have been nominated within Business Link to identify potential social enterprises. They then receive a pack and a self-assessment questionnaire. Following this the diagnostic stage is managed by a social enterprise specialist. An action plan is then developed with a package of solutions distinct from mainstream business support. All business advisors have to be SEDI accredited.

SWRDA is currently reviewing the above in line with the Business Support Simplification Programme. The vision is of a consistent regional support service, although there is scope for additional local investment or to adapt the model according to local need.

RISE, based in Exeter, exists to support the development of the social enterprise sector in the South West. It is a membership organisation, comprising social enterprises, those offering support to social enterprises (e.g. Business Links) and other partners (e.g. SWRDA). RISE seeks to

- Ensure social enterprises have access to effective high quality business support;
- Facilitate the delivery of business support to social enterprises;
- Disseminate information/good practice on social enterprise development; and
- Lobby and advocate on behalf of social enterprises and support agencies.

In respect of specific services RISE provides, these include the following:

- **Social Enterprise Mark** – a scheme designed to communicate to customers that trading with a social enterprise is achieving a social outcome as well as benefiting from networking with other holders of the Mark.
- **Business Advice Network** - offers learning and networking opportunities for those providing business support to social enterprises and community groups.
- **Training Programmes** – aimed at business support providers.

The South West Investment Group (SWIG) provides unsecured loan finance loans of £1,500 - £50,000 for businesses unable to raise funds through traditional routes. SWIG is funded from a mixture of European money and private finance.

Sub-Regional

Co-active has operated in Devon & Cornwall for more than 20 years. From April 2008 it will be part of the business support services available to support social enterprises in the South West (Social Enterprise Link), providing brokerage and diagnostic services.

- develop social enterprises;
 - engage with individuals and communities to help them fulfil their potential; and
 - promote social economy solutions across a variety of economic development activities and regeneration programmes
-
- workshops delivered in both Devon and Cornwall each quarter, aimed at pre-start-up and business advisors, covering a range of issues
 - consultancy, specialist development work and training (covering governance and legal structures, finance, asset management, staff management, volunteer recruitment etc.)
 - general advice and support for social entrepreneurs and advisors.

Co-active has a presence at the Torbay Innovation Centre (TIC) at South Devon College in Paignton.

Groundwork Devon and Cornwall has been operating in Torbay for the past 5 years, delivering environmental programmes in respect of:

- Community development
- Employment and training programmes
- Landscape and architecture
- Education
- Business support
- Youth work

Having focused initially on community development work, Groundwork is now looking at developing social enterprise models within those communities in which it has been working most intensively.

EXPERIENCE IN THE SOUTH WEST

RISE estimates that there are approximately 6,000 social enterprises in the South West, although this doesn't seem to quite marry with Co-active's estimate that there are around 170 social enterprises in the Plymouth travel to work area. Nevertheless, it is apparent that social enterprises operate in diverse sectors, but tend to be concentrated in Health & Social Work, Social and Personal Services, Education and Property.

Co-active credits social enterprises with having piloted innovative regeneration in Plymouth's most deprived areas, providing a range of services, and helping hundreds of people by generating wealth and creating jobs (sustainably and inclusively). One example is the Wolseley Community Economic Development Trust, which manages business premises, fostering new businesses, creating jobs, and encouraging businesses to trade and employ locally. Surpluses generated resource delivery of counselling and employment services for local people and gives grants and financial support to local people, local organisations and businesses, including other social enterprises.

Co-active's experience in Plymouth has highlighted a number of barriers to developing social enterprises:

- Fit for purpose business support;
- Attitudes to social enterprise;
- Access to finance;
- Lack of a culture of social entrepreneurship;
- Skills development; and
- Relevant and up to date knowledge and information.

PROMOTING AND SUPPORTING SOCIAL ENTERPRISE IN TORBAY

Although it is not possible to provide a detailed view, it seems fair to say that the social enterprise sector in Torbay appears to be very under-developed. In many other areas, social enterprises are created when a community or voluntary group identifies a local need and comes up with a possible solution. In addition, there has often been in proliferation in the number of social enterprises in an area where a specific support organisation has been based locally, such as Co-Active in Plymouth, BACEN in Bristol and Co-operative Futures in Swindon and Wiltshire.

It is notable that this is yet to happen to a significant extent in Torbay, quite possibly because of the lack of resources dedicated to nurturing social enterprises. Furthermore, consultations undertaken in the course of research that has informed this document pointed to a greater likelihood of top down solutions emanating from mainstream service providers. That is not to say these are not good ideas – they might well help to develop sustainable enterprises providing valuable community services – but it does expose the lack of activity at grass roots level.

There is therefore a need for a variety of activities to be undertaken if there is to be any prospect of developing a vibrant social enterprise sector in Torbay. It should be ensured that these complement rather than duplicate any support to be delivered regionally via Co-active.

Establishing the Base Position

Scoping

It would appear that Torbay is starting from a low base, though this has not been confirmed by any dedicated research. There is therefore a need for a scoping exercise to establish how many social enterprises there are, who they are, where they have come from, where they are located, what they are doing and at whom their services are aimed. Scoping the sector will help assess its nature and scale, set a baseline against which future achievements can be assessed and inform the detail of many of the other potential actions described below. It might also help to identify specific barriers to development of the sector in Torbay. Were it able to do so, sector needs could be mapped onto support provision and new local services developed to fill any such gaps.

This exercise could go further in seeking to scope the potential of the sector, in terms of numbers of social enterprises, GVA and jobs that might be created over a particular period of time.

Skills Audit

The scoping exercise might also be extended to audit the skills of the staff and volunteers working within these organisations. This in turn would inform the development of a skills action plan to ensure individual social enterprises and the sector as a whole had the requisite breadth and depth of skills. This would of course need to take into account the diversity of social enterprises and the range of needs of people working within them.

Encouraging Start-ups

Promoting Awareness

This could be done broadly to include local community groups, voluntary organisations, policy makers, financiers, business advisors and schools and colleges (staff as well as pupils). Through seminars, workshops, literature, case studies, inclusion in school curricula/careers advice, site visits and other means, a promotional campaign could answer the fundamental questions: What is a social enterprise? What activities can they undertake? How are they run? A successful campaign will require an effective Co-ordinator and a willing partnership, involving (at local level) the Education Business Partnership, Torbay Council, TDA, Change Up, Community Partnerships, Connexions, Torbay Business Forum/local Chambers of Commerce, South Devon College, schools and the media, amongst others.

Any awareness raising activity should be designed to feed into and prepare potentially interested individuals for participation in the workshops delivered in the area through Co-active. It might also be targeted specifically at organisations based in/serving Torbay's most deprived communities and people living in them.

Providing Support

If Social Enterprise is to be nurtured effectively, there is a need to identify, catalogue and promote available support. In the first instance, this would identify any overlaps and/or gaps in support provision and subsequently would facilitate a co-ordinated approach to support provision.

There might also be scope for projects that co-ordinate the provision of pro bono work by specialist professionals carried out for the benefit of social enterprises and other fledgling businesses.

Generating and Developing Ideas

The establishment of a mechanism that encourages the generation of Social Enterprise ideas and supports their conceptual development would help to both accelerate the implementation of good ideas and reduce the amount of time spent on developing ideas unlikely to come to fruition. An ideas forum would also facilitate the sharing of experience amongst social entrepreneurs

Targeting Specific Opportunities

The biggest sector within Torbay is Health and Social Work, which is also one of the most popular sectors within which social enterprises operate. Consequently, there is likely to be considerable potential to develop social enterprises in this sector in Torbay. To that end, there is scope for a customised package of support and advice and/or the recruitment/training of a specialist advisor.

Another possibility is to utilise the Disabled Enterprise Project, which the TIC began operating in January 2008. It is an extension of a scheme already operating in West Devon/South Hams where it provides support to 35 people. It is estimated that there could be as many as 80 potential beneficiaries in Torbay and there could be scope for a social enterprise-specific element.

Similarly, there would be merit in looking at provision of support services to other target groups, including women, BME communities and those with disabilities. For example, the skills of people with disabilities might be developed based on the thrive model (<http://www.thrive.org.uk/>).

There are also opportunities for community groups in relation to the running of some of Torbay's community-based facilities. The sale of community facilities to community groups for nominal sums is being encouraged by national government and facilitated through the provision of improvements grants of up to £1million through the Community Assets Fund.

Torbay Council is undergoing a change programme designed to deliver a commissioned approach to service delivery via the public, private or third sectors. In this context, they are able to provide a list of community facilities by ward from which community groups might select those they wish to take responsibility for, utilising a social enterprise model. Again, there is scope for a customised package of support and advice and/or the recruitment/training of a specialist advisor with regard to asset transfer. As a specific example, the local authority is currently responsible for the management of a large nursery, for which it is keen to hand over responsibility for maintenance to a community enterprise.

Indeed, there are believed to be opportunities in respect of the establishment of social enterprises providing childcare for parents and/or out of hours activities for their children, in respect of families living in deprived communities, that enables them to access learning/employment opportunities.

There would also be merit in exploring the potential establishment of estate-based social enterprises to look after parks and open spaces.

Capacity Building

As mentioned above, Torbay Council is undergoing a change programme designed to deliver a commissioned approach to service delivery. There would therefore be merit in a capacity building programme to better equip community-based organisations to bid to deliver services commissioned by the local authority and other mainstream service providers.

Funding

Experience elsewhere has highlighted the need for seedcorn funding in order to help social enterprises become established and give them breathing space to develop the products and services they offer, market these as appropriate and develop the range of business skills required to run a sustainable business.

Given the backgrounds of many of those who establish social enterprises, there is a case for arguing that they typically require a longer developmental period than many other types of business. Consequently, there are grounds for targeted financial assistance in the form of grants to help meet set up costs (capital) and initial operating costs (revenue). However, these would need to be time-limited in order to avoid becoming an ongoing subsidy, which would be unsustainable as well as undesirable.

A specific element of this could relate to the New Entrepreneur Scholarships, which the TIC began operating in January 2008. Using LSC SW funding, Scholarships will be allocated to 15 people in the hope that they might go on to start a business. It is aimed particularly at those in need of additional support, such as ex-offenders, NEETS etc., but with no age limits. Beneficiaries will also qualify for a grant of up to £500. There may therefore be potential to set aside some of these Scholarships for social entrepreneurs.

Changing Mindsets

Whilst the above relates to promotion of and support for new social enterprise opportunities, that does not necessarily relate to new organisations. Indeed, many of the best opportunities are likely to involve existing voluntary and community sector bodies that have not yet evolved to the point at which they will need to consider increasing revenues and/or broadening their income base. There is therefore a role for a project to help such organisations recognise the full range of potential income streams and to support them in exploiting those that appear most fruitful and appropriate in the context of the organisation's needs and potential.

Supporting Growth

Finance

The lack of understanding of social enterprises amongst many of the traditional sources of business finance and the perception that they represent high risk low return investments, makes it especially difficult for social enterprises to access growth finance. There would therefore be merit in establishing a dedicated loan fund. In order to achieve economies of scale, this might be best operated on a broader sub-regional level (e.g. in conjunction with Plymouth) or even region-wide (under the auspices of the South West Investment Group).

Skills Development

Subject to the findings of the skills audit, there is likely to be a need for those involved in social enterprises to improve and extend their skills base. There would therefore be merit in a dedicated Skills Development Fund to resource the provision of appropriate training at low or no cost. Such training might be expected to cover governance, leadership, people management, asset management, funding, accounting, identifying market opportunities, tendering, marketing, health and safety, relevant legislation etc..

Mentoring

Through the TIC there is already a mentoring programme. This could be extended and targeted specifically at social enterprises, provided the mentors can provide the range of skills and specific support appropriate to the sector. With this in mind, the audit of social enterprises could reveal potential mentors from within the sector. Furthermore, this approach might again be extended across the Sub-region, with Co-active being utilised to source appropriate mentors from Plymouth and provide bespoke support.

Networking

A co-ordinated Torbay Social Enterprise Network would provide a mechanism for mutual support and a conduit through which services could be delivered to social enterprises and feedback provided on the quality of service provision. Through engagement with the sector and gaining a better understanding of the issues it faces, more appropriate support mechanisms could be put in place. In addition, it could interact with any similar networks elsewhere in the South West and beyond.

Sector Leadership

In order to be in a position to realise the sector's potential, it would need to be driven by a dedicated resource, and not rely wholly on voluntary contributions of time from within the sector. There is therefore a strong case for the appointment of a Co-ordinator for Social Enterprise activities in Torbay.

Achieving Results

If the support infrastructure and activities described above can be put in place, Torbay might reasonably expect to generate and sustain an additional 25 Social Enterprises over the period 2008-2013.



SOUTH WEST ERDF COMPETITIVENESS AND EMPLOYMENT PROGRAMME



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