

theme 5 Leadership

This theme area addresses the following critical success factors for Plymouth:

Leadership

- Coordination and championing
- Image & Branding

DELIVERY STRATEGY PRINCIPLES

Intervention

The new economic strategy needs to be underpinned by a robust delivery and implementation plan that is driven by the 'vision' and the options for change in Plymouth. An 'objectives-led' approach to delivery is fundamental to realising the aims and priorities of the vision, and realising Plymouth as a City of Ideas.

The final elements of the delivery framework and associated vehicles will be shaped by the appetite of the different stakeholder groups (both public and private) to drive the vision forward, as well as the type and scale of funding options available at the time of implementing the different components of the vision. Presented below are some of the funding options and delivery mechanisms available to the strategy partnership group and the implications of pursuing alternative implementation strategies. We conclude this section by presenting a recommended way forward for delivering the Vision for Plymouth through the establishment of a new Local Delivery Vehicle (LDV).

Funding

The successful delivery of the Vision for Plymouth will rest on the clear recognition that there is likely to be a 'funding gap' between the costs of implementing the vision and the capital receipts generated from sources such as land disposals. The onus will be firmly on the public sector organisations to meet this gap through a cocktail of funding arrangements, recognising the strategic role of the City economy in the regeneration of the local and sub regional economies. Public sector funding support will be required for the initial reclamation of development sites and the provision of infrastructure and landscaping. Whilst the residential elements of the vision may well be financially self-sustaining, many types of industrial and office development are likely to be underpinned by some form of public sector subsidy. Consideration will also need to be given to the best methods of achieving the required high standards for the long-term maintenance of the public realm. Again, some form of public sector support is likely to be necessary.

The public sector organisations involved in providing funding support will of course need to be satisfied with the value for money that will be offered and achieved by their respective contributions. At the same time, there must be a clear recognition that this will require long term commitment from the public sector organisations to funding the different components of the concept as an integrated package, so as to achieve the required critical mass for sustainable development of Plymouth.

In going forward, a zero budget funding approach should be adopted for the Plymouth Local Economic Strategy Action Plan, building up funding possibilities from the most certain sources initially before including the contributions of less certain sources, in order to identify the level and robustness of the funding gap. It is likely that the development will take place in phases, with the most feasible parts of the vision being taken forward first.

Delivery Vehicles

A range of potential delivery vehicles, which could be adopted as an appropriate model to take the Action Plan forward, have been considered. It is anticipated that some form of **partnership arrangement** will be required to drive the vision forward given the complexity of issues to be addressed, in terms of required expertise in the development process, land assembly, marketing, funding, state aids and so on. The nature and scope of this partnership arrangement could take a number of formats – ‘public private partnership’ or ‘public public partnership’ – dependent upon the motivation of different stakeholder organisations. The role of the PPP in driving this process forward will be critical.

The key issue – or key question – is why do we need a delivery vehicle (or delivery vehicles) at all?

Taking the regeneration of Plymouth forward via a ‘loose’ partnership, and individual contractual (rather than corporate) arrangements will carry the following risks:

- Lack of co-ordination;
- No branding;
- Create difficulty in attracting private sector investment;
- Lack of focus for public sector investment; and,
- Absence of joined up thinking.

Three key issues arise when considering a delivery strategy:

- Who is going to set the overall strategy and take ownership of its continuing relevance and appropriateness?
- Who is going to develop and manage projects as they evolve?
- How are individual elements going to be procured?

The PPP may play a variety of roles in this. Its role may well be as the overarching body managing the first two processes outlined above. Crucially, how is the third element – the real delivery issue - going to be addressed?

Effectively 4 solutions are possible:

- **Traditional procurement** – largely public funded, through existing agencies or project sponsors;
- **PFI** – now commonplace but still traditionally used to deliver key public projects such as schools, hospitals and roads, rather than complex mixed-use regeneration schemes; or
- **Other public private partnerships** – often the preferred vehicle nowadays. These PPPs could take the form of new innovative development style agreements or new joint venture companies – the appropriateness of the vehicle needs to reflect the key drivers behind the project/s.
- **City Development Companies** – a new form of partnership announced by Government which provides for a coordinated approach to deliver accelerated growth.

Frequently the main challenges to establishing a partnership, vehicle or company are:

- Ensuring that the partners are clear in terms of the remit of the entity – i.e. what do we need it to do?
- Understanding what is necessary to deliver the above – e.g. funding, skills, planning or other statutory powers;
- Learning from best practice and models elsewhere – but realising one size does not fit all; and,
- ‘Designing’ a delivery vehicle to fit the above – but being re-assured that from legal, tax and commercial standpoints the company is fit for purpose.

Therefore, in selecting the appropriate delivery vehicle for Plymouth the following options are available.



Examination of these options, in our experience, suggests:

- Clarity is required between **overarching delivery vehicles** and **project specific delivery vehicles**;
- The former – at least in terms of direct investors – tend to be Public Public Partnerships, and as such, the role of the private sector and conflicts of interest need to be carefully managed;
- Arguably, the most effective vehicles in terms of delivery have been some of the more interventionist structures – though often this results in a loss of democratic accountability due to the degree of autonomy exhibited by these organisations;
- Project delivery vehicles have greater clarity in terms of the role of the private sector and are usually extremely delivery focussed rather than strategy orientated; and,
- There is potential to identify a range of **hybrid models** designed specifically for the individual contexts.

Experience suggests also that there are a number of other issues to assess in order to determine whether a proposed delivery vehicle is genuinely meeting its objectives in the most efficient manner and is therefore likely to engage the private sector. The key 'tests' are contained in Table 1 below.

Table 1 Fit for Purpose Test	
Test	Why?
Additionality	Whichever structure is selected should 'add value' to the existing organisations and delivery mechanisms in place (otherwise the chosen delivery vehicle will at best only 'replicate' the activities of existing organisations and, at worst, compete with these bodies)
Efficiency	In terms of ensuring that the objectives, projects and programmes to support these objectives are delivered in a timely, effective and focussed manner
Flexibility	Future economic and social conditions are, at best, difficult to predict over the medium to long term and, consequently, whichever delivery vehicle is selected requires to be able to adapt to changes in market conditions, political and funding regimes as well as the needs of the local community
Deliverability	The option selected must be practical in terms, for example, of attracting funding support, political 'buy-in' and private sector commitment
Accountability	In delivering objectives, and projects and programmes, clear lines of accountability and responsibility will be required to inform, evaluate and monitor progress and to attract funding support
Representative	The objectives set for regeneration are primarily aimed at the needs of residents and, as such, the delivery vehicle requires to reflect and represent such needs both within the area and to "external" investors and funders
Value for Money	Resource commitments required for delivery need to generate benefits and positive returns in the most cost effective manner

TOWARDS IMPLEMENTATION

In this section, one suggested delivery arrangement for Plymouth going forward is presented. This model is based upon a review of the relative merits of different delivery processes currently being applied in UK regeneration areas. We start by setting out delivery mechanism principles that we believe should be the cornerstone of any process for successfully delivering the Plymouth Vision.

Key Delivery Mechanism Principles

(i) Private sector leadership

Sustainable economic development in cities will only be achieved by building a competitive business environment that generates jobs, income and wealth opportunities for local residents. As economies become more global and the pace of change increases, localities need to build on their assets to retain, grow and attract business, as well as become more innovative and responsive to change.

This requires a shift away from defining the task of urban regeneration in terms of reducing poverty to a much more positive view based around creating economic advantage and opportunity for enterprise development. Engaging the private sector to do this is essential. Plymouth requires the development of a sustainable business population that is able to identify and benefit from the competitive advantages that the City can provide.

The most deprived areas within a city are also hubs for wealth creation. The poorest communities face daunting problems such as high crime, unemployment, lack of suitable premises, shortage of management and staff skills, and negative perceptions that discourage business creation and private investment. Yet, these are areas with significant economic advantages such as available workforce, strategic locations, and underserved local retail markets. These communities are usually seen as unproductive areas, but they really are untapped sources of enterprise growth, job creation and new markets.

Public sector organisations that aim to engage the private sector in regeneration initiatives should be aware of some of the barriers that this process may face. Major challenges that exist in urban economic development include the 'silo' effect of different government entities following separate agendas, the fragmentation of multiple organisations often working at cross-purposes, and the challenge of engaging local leaders who are over-committed. The economic and political structure in the UK at the local level is often a barrier to public-private collaboration.

New policy tools in the form of Local Strategic Partnerships, Business Improvement Districts, new forms of public and private partnerships, and discussion of financial devolution have all improved

coordination in recent years. Local and regional institutions need to be created that bring business to the table, not just to advise on economic development issues, but to play a leadership role. This requires public institutions to become partners and facilitators in the economic development process.

(ii) Plymouth's role as a City Region

City-Regions are the enlarged territories from which core urban areas draw people for work and services such as shopping, education, health, leisure and entertainment. The city-regional scale also plays a significant role for business in organising supply chains and accessing producer services. As a scale for policy intervention in England, the City-Region has greater economic and cultural resonance than current administrative regions and local authority districts.

The economic logic for a city-regional component to policy-making has become more powerful as the economic performance of cities has become increasingly critical to that of the regions in which they sit. Across the country, Gross Value Added (GVA) data now show that the major City-Regions outperform their regions and show higher rates of growth in GVA. Strong City-Regions are a necessary – even though they may not be a sufficient – condition for ensuring optimal economic growth. Research evidence shows that small businesses such as the cultural and creative industries and large businesses such as aerospace rely heavily on informal local networks and that their supply chains draw heavily on contacts drawn from within their City-Region.

Therefore, while cities are usually defined by their administrative boundaries, the economic impact of these cities often results in mutually beneficial outcomes with the surrounding areas. The City-region¹ reflects the relationship between the city and surrounding area and communities, and the way people and organisations access services, jobs and cultural activities. At the national level, Government now recognises that large cities – such as Plymouth – are key to driving both national and regional competitiveness and, in particular, the development of the knowledge economy. This focus highlights the need for **mechanisms that are able to facilitate coordinated work across administrative boundaries** and policies to take into account the city-region relationship. The Local Government White Paper “Strong and Prosperous Communities” sets out a suite of opportunities to enable this cross-sector and cross-authority working which Plymouth will need to grasp very early if it is to deliver on its ambitious, yet deliverable agenda.

It is increasingly recognised by Government that City Regions are the main drivers of economic growth:

- The recently published DCLG report ‘*A Framework for City-Regions*’ concludes that the economic focus on City-Regions fits well with the current logic of government policy.
- The work of the ‘*Core Cities*’ research suggests that the most competitive regions in Europe contain the most competitive cities. The economic reach of larger cities has usually grown into their surrounding areas depending on work and commuter patterns, housing availability and affordability and retail catchments.
- The ‘*State of the Cities*’ report puts the strengthening of city economies at the forefront of the urban policy agenda and provides a context for a focusing on the economic role of City Regions.
- Most significantly, the introduction of a stronger city-regional policy framework would potentially help address both elements of the Regional Economic Performance (REP), Public Service Agreement (PSA) target which commits ODPM, HM Treasury (HMT) and the Department of Trade and Industry (DTI) to ‘make sustainable improvements in the economic performance of all English regions and over the long term reduce the persistent gap in growth rates between the regions’.

¹ **City-region** is recognised as a credible economic term within the concept of the knowledge economy, and is used by land-use planners, economists and urbanists.

In the UK, the main cities typically are, however, under-performing relative to the national economic performance. A recent DCLG report on the State of English Cities indicates that Plymouth performed below the average English city over the period 1995 – 2002.

If Government decided to develop and deliver a national framework for City Regions, based on reducing the gap between regional growth rates and focused on a smaller number of City Regions, it would be looking for “trial” City Regions. These would need to demonstrate how potential improvements in economic performance would help reduce the gap in regional growth rates and the accessibility to the development of partnerships through which to enhance economic competitiveness in partnership with government. Plymouth would be well placed to take up this challenge.

Plymouth 2020 – Local Strategic Partnership

The LSP was established in 2003 with a responsibility to improve the ‘well being’ of Plymouth and a mandate to deliver the **City Strategy**. The City Strategy has set out its vision that Plymouth will become ‘one of Europe’s finest, most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone’. The City Strategy also encompasses the aspirations and priorities of the Neighbourhood Renewal Strategy and Plymouth’s commitment to the Sustainable Communities agenda.

The LSP established four theme groups through which it is seeking to deliver the eight strategic objectives of the City Strategy. These theme groups are:

- **Healthy** – to improve the health, well being and social care of local people
- **Wealthy** – to develop a city which creates and shares prosperity
- **Safe** – to reduce crime and disorder
- **Wise** – to promote a location for learning, achievement and leisure.

The LSP is now well established in the City and all the key local and regional stakeholders are well represented on the LSP Board. There would appear to be some issues around effectively communicating the benefits and evolving impact of the LSP to the private sector and community groups. There is a strong case for ensuring that the LSP remains at the heart of any delivery mechanism established for the Action Plan. Fundamentally, the LSP has legitimacy and a license to operate across the City because it is accountable to all the key stakeholders with a vested interest in the successful transformation of Plymouth.

A NEW APPROACH FOR PLYMOUTH

Currently, the economic development strategy for Plymouth is being driven forward by the Wealthy Theme Group of the LSP. In formulating a delivery strategy for Plymouth Vision it is clear that this process needs to be owned and accountable to the LSP. Nevertheless, a new approach to the delivery of the Plymouth Local Economic Strategy is required because of inherent limitations of the Wealthy Theme Group structure and its operations. These limitations are:

- The Wealthy Theme Group is a forum for holding to account the key local stakeholders, but is not primarily a delivery focused organisation;
- The Wealthy Theme Group is not currently able to mobilise the resources and leadership of the private sector in Plymouth and its sub-region in the optimum manner;
- The successful delivery of the Plymouth Local Economic Strategy is predicated on an integration of the priorities across all four of the Theme Groups and cannot be delivered by the Wealthy Theme Group alone.

By way of illustration of new approaches adopted in other UK cities, a case study of Creative Sheffield is presented below, where new delivery and institutional structures have been created to help transform the economic fortunes of Sheffield as the first **City Development Company**.

Creative Sheffield

Creative Sheffield is a new 'city economic regeneration company' to be developed in Sheffield with the purpose of transforming the performance of Sheffield's economy over a period of 15 years. Explicitly, 'Creative Sheffield' will seek to deliver higher levels of economic growth and enhance the competitiveness of the city. It will also help Sheffield to play a stronger role in the sub-region.

Creative Sheffield will:

- Be a company limited by guarantee;
- Be a limited life organisation;
- Have a territorial coverage of the City of Sheffield;
- Provide a new leadership model for city economic regeneration; aiming to reposition Sheffield.

It has been proposed that Creative Sheffield will go through 2 phases of development. First; the Start-Up and Transition phase which will be for a 2 year period from January 2006 to December 2007. Second; will be the fully operational phase of 'Creative Sheffield' and will be the subject of a detailed Business Plan to be prepared during the 2 year start-up period.

During the start-up period, some of the core activities of 'Creative Sheffield' will include: establishing the Chief Executive's Office, production of an Economic Masterplan for Sheffield, strategic marketing, inward investment and development of the Knowledge Economy among others.

During this transitional phase, four organisations will be integrated within Creative Sheffield. These include;

- Sheffield First for investment (inward investment organisation for Sheffield);
- Sheffield One (urban regeneration company for Sheffield);
- Cultural Industries Quarter Agency (organisation promoting the development of creative and digital industries in Sheffield);
- Knowledge Starts in South Yorkshire (a joint commercialisation programme involving University of Sheffield, Sheffield Hallam University and Sheffield City Council).

Additionally, the Board is planning to increasingly engage the private sector generally and businesses in particular.

Therefore, there is a clear need for the use of dedicated and focussed delivery mechanisms for the implementation of the Plymouth Local Economic Strategy, rather than a conventional approach, given:

- The complexity of the delivery process which will require careful co-ordination and a joined up approach;
- The long term nature of the regeneration programme (at least 20 years);
- The need to provide identity and branding to the regeneration of Plymouth;
- The importance of achieving quick wins to build confidence and create momentum;
- The need to create a favourable climate for private sector investment;
- The upfront nature of the significant capital expenditure anticipated and downstream generation of income;
- The critical need to manage the release of development land over time to support land values;
- Ensure co-ordinated development in Plymouth with development opportunities and regeneration initiatives in the wider sub region;
- The importance of securing balance between commercial performance and achievement of the preferred vision.

The key issue is how best to inject public funds so as to ensure:

- Effective, rapid project delivery; and
- A reasonable slice for the public sector of the value it adds to development through its investment.

A traditional approach has been for the public sector to make direct investments:

- Upfront, to provide a platform for the regeneration (e.g. decontamination);
- Co-funding of non-commercially viable projects through grants;
- Direct investments in social infrastructure (e.g. schools) in parallel with investments made by developers in commercially viable projects.

Under this approach, the public sector tries to get its return either through land disposal proceeds (where it owns part of the land), or through Section 106 obligations requiring the developer to provide at least part of the accompanying infrastructure. There are three inherent weaknesses in this approach:

- The value for the public sector is extracted (in the form of sales proceeds and/or Section 106 obligations) at an early stage in the project, where the perceived risks are higher, and the development surplus available for the public sector correspondingly lower.
- The infrastructure surrounding housing tends to be dealt with as an 'add-on'. The provision tends to be limited to that which can be extracted through Section 106 obligations or otherwise afforded from tight public sector budgets.
- Long term accountability is weak. What can the public sector do if the infrastructure provided under Section 106 obligation performs poorly over the longer term? The developer will probably have exited years before.

One alternative approach for Plymouth – to complement rather than replace the traditional one altogether – looks at building a long term partnership between the public sector and the private sector; and above all, broadening this relationship to include the provision of parts of the economic infrastructure, not just the commercially viable developments.

A City Development Company for Plymouth

Having reviewed all of the options we are of the view that there is a need to establish a new Local Delivery Vehicle for Plymouth and this should be a City Development Company that would oversee the implementation of all aspects of the Vision for Plymouth. A City Development Company would be tasked with taking a overarching co-ordinating role between public and private sector stakeholders.

A City Development Company would work with existing partnerships within the city and would be based on a number of principles:

- A focus on delivery not strategy.
- Engagement with private and public sector partners able to drive delivery while avoiding any commercial conflicts of interest.
- Ensuring the local authority demonstrates its strong community leadership role.
- Responding to the desire for local control and ownership of issues and required actions.
- Ability to respond to the wish of partners for speed of action and simplicity of approach.
- Retaining the flexibility to extend (or contract) its range of functions and to adapt its own operational structure.
- Building on the will of public partners to use their statutory powers and ownership or control of substantial land and property holdings to achieve the mutually agreed aims of the partnership.

The Delivery vehicle will:

- Secure and maximize the effectiveness of the timely provision of infrastructure and other public sector investment,
- Harness development benefits (and value where appropriate) that can be used to support investment in infrastructure or other community benefits,
- Champion economic development,
- Secure effective engagement of partners and stakeholders, and align their investment programmes, behind an agreed set of priorities.
- Attract new private and public/private investment partners into the city and maximize benefits to the city from regional funds, UK state aid and European programmes.

We also believe that the promotion of the Plymouth City Region is fundamental to the long-term economic transformation of the City. This requires new ways of thinking and working that transcend city / sub regional boundaries, and integration of spatial planning with economic development planning. There are currently two sub regional partnership bodies that need to have close links with the City Development Company. These are:

- **Plymouth Sub Regional Economic Partnership:** The Plymouth Sub-regional economic partnership is the public/ private partnership setting the economic priorities for the Plymouth travel to work area, and provides the economic input into the Plymouth 2020 Partnership. The partnership was developed as various organisations within the sub region acknowledged that there is a high degree of interdependency between Plymouth and the small towns and rural communities surrounding the City. This is most evident in terms of economic and employment links and reflected in a number of existing or emerging economic development structures that operate at the Plymouth sub regional level.
- **Plymouth, South East Cornwall and South West Devon Steering Group:** The Plymouth, South East Cornwall and South West Devon Steering Group leads the spatial strategy of the Sub Area defined around Plymouth in which there are strong functional relationships with the City, such as a high proportion of people travelling in for work. The SWRA has asked Plymouth City Council, Devon and Cornwall County Councils, Dartmoor National Park Authority and the District

Councils of South Hams, West Devon and Caradon to put forward a strategy for the area. This should set out a vision for what the Sub Area will be like in 2026 and will be used to inform the Regional Spatial Strategy (RSS). The Sub Area is defined as the area around Plymouth in which there are strong functional relationships with the City, such as a high proportion of people travelling to the City for work. There have been Community Strategies prepared for all local authorities in the Sub Area (including Plymouth's Mackay Vision for the regeneration of the City).

A clear brand and marketing strategy

There is a clear requirement to promote Plymouth as an investment location and to communicate the obvious and less obvious benefits of investing in the city. There are however a number of different audiences for any communications strategy these might include new and existing investors, visitors, new and existing residents. We have identified two core themes on which to focus initial marketing and branding efforts that will underpin the various elements of the strategy.

1. Plymouth: the high technology hub

This branding should help Plymouth to target its investor offer to high value added activities in the high tech and knowledge based sectors, in particular business services, creative industries and healthcare industry. This effort will link to other priority actions to make sure that the location requirements for the sectors to be attracted are actually in place, and that the location requirements that are already in place are promoted. The tourism industry should also contribute to this initiative by profiling itself for business tourism and by enhancing the offer mostly on hotels, event amenities and infrastructure access. Overall achieving this branding requires a strong marketing strategy focused at the right sectors and using business means (e.g. specialised magazines).

2. Plymouth: the national events capital

This branding takes as cornerstones the marine and lifestyle assets of the city of Plymouth. It aims to build on marine assets for the development of national (e.g. marine aquarium) and international (e.g. cruises) visiting and event tourism (e.g. festivals). It provides an offer of well maintained historic marine assets that are used yearly for set national events. There is an obvious linkage with the creative industry, particularly the performing arts sector. The Creative Industries Cluster and its businesses should plan and develop a cultural map of Plymouth and a central diary of creative events, meetings, sourcing opportunities etc. This would help to promote and grow the creative industries sector, enhance the cultural attractions and events offered by Plymouth and create opportunities for further collaboration between local businesses.