BUSINESS GROWTH AND INVESTMENT

Plymouth Growth Board Report – 12th February 2018

This report outlines how PCC drives and supports Inward Investment and Business Growth with an aim to retain and grow productivity within our existing businesses, support start-ups and attract more businesses to the City. This report highlights key investment and business support activity and seeks the Board’s thoughts on suggested challenges.

What has Plymouth City Council been doing for Inward Investment?

Plymouth has been the Business Lead on behalf of the LEP. The LEP covers a wider geography than just Plymouth but this report gives an idea of the scale and the complexity of the work we have undertaken to date. PCC has employed the regional Inward Investment Manager since 2014 until June 2017 and we have been providing Interim Management support until the role is filled again. We are also helping to write a £800,000 Inward Investment soft landing proposition into ERDF.

We have developed collateral and the necessary relationships with government agencies. The Invest in Heart of SW website has sector proposition, a video and case studies.

We work in partnership nationally with the Department of Trade (DIT) Team, in order for an investment in LEP area to be registered in the national DIT count; we must meet stringent audit criteria. Over the last 3 years we have demonstrated strong growth. The most recent figures are for 2016/7. In the 2016/17 financial year we saw a 60% increase in number of Inward Investment projects - 22 projects creating 688 new jobs and safeguarding 1009. This compares with previous years as below:-

2015/16 14 Projects, 121 new jobs and 63 safeguarded
2014/15 13 Projects, 340 new jobs and 340 safeguarded

Our approach has been to focus on sectors for which we have a global or national competitive advantage and to lever DIT resources. The sectors we have focused on are:

Aerospace
South West industry and public sector partners are working up the iAero (Innovation Aerospace) strategy and plan and a South West Aerospace Campaign Plan including:

- An inward investment proposition document, similar to those created for nuclear and more recently marine;
- A presence at the Paris Airshow in June 2017;
- Follow-up activity with Washington State, following Barry Warburton’s successful mission last year.
- Invest Bristol & Bath engaging a GKN secondee to work with the West of England Aerospace Forum (WEAF) to update the regional aerospace research paper, focussing on new and emerging technologies and opportunities.
- The LEP funded iAero, an Aerospace centre of technology.
AgriTech

- The small-scale South West AgriTech research and cluster mapping exercise has been completed.
- The HotSW has recently created a brief regional proposition

Marine

- The South Coast Marine Cluster (SCMC) has commissioned a research project to map and analyse the cluster, this was conducted by professional researchers Wavehill.
- Written and designed new SCMC marketing collateral including a brochure, website https://southcoastmarine.org.uk/ and Twitter account @scoastmarine.
- Organised a 2nd trade and investment mission to San Diego to exhibit at Oceanology International North America:
  - The SCMC exhibition stand featured pods from Oceansgate, Universities of Exeter, Southampton and Plymouth, Plymouth Marine Laboratory, National Oceanography Centre and 2 businesses Witt Energy and Oceanwise.
  - Valuable interactions included international cluster conversations with Canada, the US, Ireland and France, and profile raising of the cluster and its assets with international businesses and organisations.
- Appointed a seconded sector lead (Sheldon Ryan) funded across LEP areas.
- Plymouth maintains a leading voice in this Cluster

Nuclear

- Nuclear South West (NSW) partners attended the DIT Civil Nuclear event in London also attended by several Overseas Posts, 40 French and over 60 Chinese companies, amongst others.
- The HotSW IIM was 1 of only 2 UK cluster representatives to host roundtables at the event.
- NSW brochures were added to the 400+ delegate bags.
- Several Joint Venture enquiries have been received recently, which are being managed by the HotSW IIM and relevant NSW partners.
- Funding for the Inward Investment element has been gathered from the HotSW Invest Service, Somerset LAs and Invest Bristol & Bath

Plymouth Centric Inward Investment – We have a strategy of directly supporting existing businesses in the City and helping them to grow. Our Business Relationship Programme has directly assisted 126 businesses in 2017. Support for helping attract inward investment has varied from account management to planning support. In terms of Foreign Direct Investment, the last financial year, ending March 2017, saw 2 major inward investments to the City. This current financial year, ending March 2018, sees 6 to 8 FDIs in the pipeline. It must be acknowledged that the attraction process for FDI is lengthy, can take a number of years and relies upon creating and presenting globally relevant industrial sectors working across LEP boundaries (such as South Coast Marine Cluster, Nuclear South West above).
2017 saw the launch of a completely new Invest Plymouth website https://www.visitplymouth.co.uk/invest Since the website went live in August last year there have been a total of 5,153 unique visits to the website, 122 of which went on to visit the Contact page, requesting further information and support from the Inward Investment and Enterprise Team

Plymouth Discretionary Rates Use – Since 2013/14 we have successfully administered the use of discretionary rates relief supporting the creation of 1200 new jobs and safeguarding 183 jobs for a rates relief investment of £670,000.

Plymouth Newsletter – we have completely overhauled the monthly business newsletter, which provides business news, access to existing and new business support services, funding and tender opportunities, competition and awards links, innovation support and business event information. The newsletter was relaunched in May last year. There are currently 3,170 subscribed to the newsletters. Link here: https://www.visitplymouth.co.uk/invest/news-events where you can subscribe.

Business Events – Over the past year a number of business events have been pulled into the City by PCC that draw on local expertise, catalyse business innovation/growth and raise the profile of the City in key sectors. 2017 saw a number of digital business events, in addition to, the Small Business Saturday National Roadshow in November and the ASEAN Business Council national roadshow. 2018 will see Plymouth host the China Business Council in February to meet Plymouth based businesses and Plymouth Manufacturing Group, whilst the Marine Tech Expo will return to the City with an ambitious programme of keynote and industry speakers hosted at Roland Levinsky Building.

Innovation – There has been progress in those sectors of geographical competitive advantage previously identified by the Science and Innovation Audit. Plymouth has significant expertise in Marine (South Coast Marine Cluster) demonstrated by the hiring of a Plymouth-based South Coast Marine Cluster Coordinator. In addition to this, 2017 saw MARIC (Marine Innovation Centre) launched at Plymouth University which provides specialised business support to inventors, entrepreneurs and new and existing SMEs aspiring to work in marine sectors, funded by ERDF.
In 2018 the HotSW LEP is seeking a closer partnership with Innovate UK which will hopefully draw more innovative projects to the city.

Fisheries (subset of marine) – As the nation’s largest fishing port in terms of the number of FTE jobs supported, bringing in over £12 million each year, fisheries is an important sector to the Plymouth economy. To address safety concerns Plymouth City Council last year distributed 250 free lifejackets last year, fitted with in-built locator beacons.
Early 2018 will see the Examination of the Joint Local Plan which amongst other things seeks to safeguard for the fishing industry the Sutton Harbour Fish Quay and should also hear (hopefully positive) news on an EU funding bid to support innovation in the industry.

Creative Digital –The new Devonport Market Hall project is looking to install a digital immersion dome in Plymouth, working with iDAT. This project received £1 million in the national budget, and the funding agreement is due to be signed in the first quarter of the year.

Digital Business Network - A number of digital business events have been pulled into the City to consolidate the emerging sector. Last year the city hosted Cybercon, a cyber security event that attracted 100 software professionals to the city; in addition to Facebook and Instagram’s ‘She Means Business’ roadshow as part of their national tour. The National Digital Policy Alliance met with Plymouth’s growing cyber ecosystem to understand why the city is leading the way in developing
future cyber skills. Most recently the LEP Growth Hub funded Digital Toolkit workshop kick started the New Year in Plymouth with over 50 attending.

**Nuclear Cluster** - A recent study compiled by Oxford Economics and commissioned by the Nuclear Industry Association revealed the sector’s impact was worth £1.6 billion in the South West. The sector currently supports 180 nuclear companies and 8,000 highly skilled workers. The research also anticipates at least £50 billion worth of contracts available to the SW across 15 projects in new build, decommissioning and defence, where Plymouth has expertise.

**Health and Digital Living** – This was another cluster identified by the Science and Innovation Audit. Under this, PCC has collaborated with the University of Plymouth and Plymouth Science Park to explore the potential for a collaborative life sciences, health and medical cluster. Plymouth Science Park and the University have obtained funding and have commissioned research to explore this potential cluster.

**As well as the above activity PCC has facilitated/supported the delivery of generic business support activity:**

**Growth Hub** – the Growth Hub contract has been in place since March 2016. This contract provides a service to all businesses in the LEP area. For the year ending November 2017 the contract has delivered:

- **Business Engagement with 236 Plymouth businesses**
- **258 signposts to Business Support Services**

The Growth Hub can be contacted on: 03456 047 047, info@heartofswgrowthhub.co.uk, www.heartofswgrowthhub.co.uk

**Business Advisors** – This more intensive business support element of the Growth Hub was matched by PCC for YTKO to deliver a new ERDF contract with effect from April 2017 until Dec 2019. This project will deliver in Plymouth:

- **A 3 hour diagnostic to 428 businesses**
- **A further 9 hours of support to 86 of these businesses**

Following a slow start (due to extended contract negotiations), by the end of November 2017, 38 businesses had received 3 hours of support, with one having gone on to receive the additional 9 hours.

**Start-Up** – This programme, delivered by YTKO, is now live, offering a combination of workshops on specific topics, such as social media; sales; finance; marketing; as well as 1-2-1 support with an experienced business advisor to tackle the specific needs and challenges of the business.

**Social Enterprise** – A European Funded programme has been launched offering a minimum of 12 hours tailored business support. Existing social enterprises are supported to develop and launch new products and services as well as entering new markets. Voluntary and community sector groups wanting to transition into trading social enterprises can be supported, and the programme will also support budding social entrepreneurs wanting to develop their ideas to start trading. Locally, support is delivered by Real Ideas Organisation.

**Export** – DIT services are delivered by the Chamber and Business West. A growing body of research has highlighted the disproportionate dependency of Plymouth’s exports on EU markets, with
46% of the South West’s exports bound for the EU. Events such as Mayflower 400 hope to consolidate and expand current trade links with other international markets.

**Wider Picture of Support** – The important wider picture of what is ultimately business support and investment is summarised in the attached PCC Economic Development 2017 Scorecard extract.

**Some Challenges**

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**Plymouth’s survival rate** is below the South West average on every year, however the gap is slowly closing against both the HotSW average and the national average, with last year’s reporting of an approximate 2.82% difference in survival rate while this year it is 2.75%. However, the good performance of HotSW is still bolstered by Devon and Somerset. How can we best support businesses to survive those first 5 years?

**Scale-up support** - how can we best support our businesses to increase their ambition and scale-up to provide both increased productivity and increased survivability? There are two national government definitions of scale up:-
- Minimum of 10 employees at the start of the engagement.
- Achieved minimum £500k turnover in last year (operating for at least 3 years).
- Potential/aspiration to grow turnover and/or profit by a minimum of 20% (per annum) over a 3 year period

And/or (depending on local economic priorities):
Total number of businesses that have received ‘Medium’ and ‘High’ intensity support, that have the potential to grow, and have :-
- Minimum of 5 employees at the start of the engagement
- Achieved minimum £250k turnover in last year
- Potential/aspiration to grow turnover and/or profit by a minimum of 50% over a 3 year period

**Brexit** – Provides many uncertainties for growth and for Plymouth and as the date grows closer we must ensure that we are best prepared to meet the threats.
HEADLINE ACHIEVEMENTS

- Low unemployment – 2.0% - a 9.7% reduction on the previous year.
- Jobs created by Economic Development – 375
- Jobs pipeline created – 3,873
- Apprenticeship starts – 3,770, an increase of +5.9% on last year; both the SW and the nation show negative trends
- Businesses assisted through the Business Relationship Programme – 126
- Funding secured – £69.9 million
- Property Deals pipeline – in excess of £500 million
- Estate Management – 46 lease renewals, 26 licences, 17 rent reviews, 5 disposals, 1 freehold acquisitions, 1 long leasehold acquisitions and 3 lease acquisitions
- Estate Management – £150 million of assets under management, generating circa £10 million income, equivalent to a 7% return
- Acquisition of £35 million of investment property delivering additional £1.3 million surplus income with further £18 million of development under construction projected to return £250,000+ of surplus income
- Events programme – attendance for 2017 is over 380,000

MAJOR INITIATIVES

- Quality Hotel developer selected for new £50 million 5* 60 bedroom boutique hotel and 80 apartments with completion due in time for Mayflower 2020
- Colin Campbell Court and Bath Street – phased demolition commenced to enable delivery of new homes and shopping scheme in a £50 million plan which will also see further development of the boulevard to Millbay
- Plymouth Science Park £7 million development of Phase 5 completed
- Langage Phase 2 £3 million direct development employment scheme started on site with completion due summer 2018
- Next at Home, Marsh Mills £11 million development commenced with store due to open in December 2018
- Former Derry’s department store – lease re-gear enabled start on site of £47 million mixed use refurbishment to provide 500 student units, 110 bedroom hotel and new retail accommodation.
- Oceansgate Phase 1 £7.7 million direct development underway. Due to complete in early 2018
- Bickleigh Down 'eco village' £14 million scheme under construction.
- Plymouth City Market £3.5 million refurbishment completed culminating in the Grand Day Out and providing a sustainable future for the market
Drake Leisure £50 million redevelopment of Bretonside to include new multiplex cinema and restaurant units commenced on site

£23.5 million funding confirmed for The Box

Hosted the successful UK Inbound 40th Anniversary in February 2017 with a programme of events including the AGM, workshops, networking evening, familiarisation trips and a black-tie gala dinner with award ceremony.

Plymouth Waterfront Partnership BID renewal

Poppies: Wave installation on Plymouth Hoe for four months as part of the Poppies Tour