



Councillor Tudor Evans

Leader of Plymouth City Council
Labour Councillor for Ham Ward

Plymouth City Council
Civic Centre
Plymouth PL1 2AA

T 01752 304950

E tudor.evans@plymouth.gov.uk

www.plymouth.gov.uk

 twitter.com/plvmleader

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Dear Steve

Economic Development 2013 update and 2014 priorities

I am pleased - on behalf of the Leader - to report again on the performance of the City Council's Economic Development Department and to outline our economic priorities for 2014.

Please also find **two leaflets** attached – our **2013 Update** and our **City Deal** leaflet - which provide a summary of this letter and details via the **embedded web links**.

2013 has been a busy year where we have made significant progress, building on the additional investment in capacity we made in 2012. Working closely with the LEP, Plymouth Growth Board, Destination Plymouth and the Culture Board, we have moved a number of major initiatives forward including the Plan for Jobs, City Deal, History Centre, Visitor Plan, and Mayflower 2020. We are also well underway with the refresh of the city's Local Economic Strategy and have supported our LEP in the development of new EU strategic funding programmes and its emerging Growth Deal.

2013 has been a better year for the national economy with output expanding each quarter following a year of close to flat growth. Forward looking business surveys suggest this growth is likely to gain momentum though 2014. The main obstacles to a full and sustainable recovery, however, remain low productivity and flat real wage growth.

In Plymouth a similar story has unfolded with the labour market showing a tangible recovery: unemployment has fallen every month since 2013 with 1,800 residents coming off the claimant count. Furthermore, youth and long-term unemployment rates have eased. The city's unemployment rate at the end of 2013 was 2.6%, comfortably below the national average of 2.9%.

On the demand side, new figures show that between 2011 and 2012 the city added 2,500 new jobs: growth of 4,100 private sector jobs offset by public sector losses. Encouragingly, private sector gains were predominantly full time, signalling a positive rebalancing of economic activity. The employment growth to some extent fills the hole created by a comparatively deep recession; however, similarly impressive job creation rates are required over the coming years to get the city back on track.

Against this more positive outlook, however, there are enduring weaknesses. Rates of youth and long term unemployment in the city, for example, are stubbornly high and reflect the challenges facing those further from the labour market. In addition, problems of hidden and under employment remain and changes introduced through welfare reform are likely to add further pressures for our most disadvantaged residents. Addressing these challenges remains at the heart of the city's Local Economic Strategy, delivery of which is managed by the Growth Board.

Update on 2013 priorities

In 2013 we delivered against a range of priorities and I am pleased to report on each in turn:

Overall in 2013 the team enabled delivery of the following outcomes:

- Jobs created – 1,288
- Jobs safeguarded – 427
- Jobs pipeline created – 4,922
- Unemployment down 0.9% to 2.7%
- Funding secured – £22.1m
- Indirect funding secured – £19.6m
- Estate management – 98% Occupancy and 126 lettings
- Property deals – £273m investment pipeline
- Marketing through Destination Plymouth – PR £2.2m advertising value reaching 120m people, 131% growth in visitor numbers year on year (over 600,000 visitors)
- Overall visitor numbers up 7%

Plan for Jobs – www.plymouth.gov.uk/plan_for_jobs

The Plan for Jobs brings together 19 different projects and aims to create over 2,000 jobs and apprenticeships over two years. A number of innovative projects are included within the Plan under the following overarching commitments:

- Creating jobs for local people by unlocking or speeding up major development projects
- Help the city's unemployed gain skills and experience and retain talented graduates
- Pro-actively sell the city, its businesses, its products and its people
- Unlock access to finance and provide support to enable job creation
- Use the Council's assets, influence and buying power to increase jobs by using local supply chains and local goods where possible.

Following the first full year of the Plan (2013 calendar year) 1,183 jobs have been created by the Plan projects, exceeding the target for year one. 15 of the 19 projects are already showing jobs created. The strong progress during year one provides confidence that the 2,000 jobs target over the Plan period will be met.

LES review

The review of the city's Local Economic Strategy (LES), led by Plymouth Growth Board, has been carried out over a number of months, reflecting on progress since 2006, enduring challenges and future growth opportunities. The LES review will form a key building block in the emerging Plymouth Plan – the overarching framework for growth and development in the city – while also serving as the city's contribution to wider Heart of the South West Local Enterprise Partnership strategy developments. It sets out a series of 'flagship' interventions, designed to build on progress and take the city's economy to a new level of focus and ambition. The delivery-end of the strategy will continue to be finessed and refined through January/February 2014, with final sign-off by the Growth Board and then Plymouth City Council Cabinet by the end of March 2014. Further information can be found at www.plymouth.gov.uk/localeconomicstrategy.

City Deal – www.plymouth.gov.uk/citydeal

One of the biggest challenges of 2013 was to negotiate our Plymouth and the South West Peninsula City Deal which we finally signed in January 2014 and the highlights of which are described in the attached City Deal leaflet.

Our vision is to create an environment where business thrives, companies innovate and the commercial potential of our marine assets is harnessed. We will achieve this by leveraging one of the largest City Deal partnerships across England, to begin to redress a key economic barrier to our economic growth – our low rate of productivity. Through the delivery of this City Deal, by 2030 we will:

- Create 9,500 permanent jobs (1,600 in Plymouth)
- Generate a Gross Value Added (GVA) of almost £800m
- Leverage in £266m of private sector investment
- Unlock 85,000sq m of new marine workspace – South Yard
- Support over 20,086 businesses to grow
- Work with 1,500 young people supporting 500 into employment
- Launch the largest employment progression pilot scheme in the country

Plymouth, Britain's Ocean City

Since the Britain's Ocean City branding was launched with the new city entry signs, a huge amount of work has been done to promote and embed the brand. Britain's Ocean City has been used successfully to support visitor and investment marketing and has featured prominently in Destination Plymouth's campaigns and events. Destination Plymouth's PR agency Hills Balfour has been very successful in gaining substantial national and regional media coverage focusing on Plymouth as Britain's Ocean City.

The brand is at the heart of the City Council's Corporate Plan and it features prominently on both the Council and www.visitplymouth.co.uk websites, which each receive over 50,000 unique visits a month. There has also been strong support on social media. @BritainsOcean Twitter feed has a growing following and use of the #BritainsOceanCity hashtag is being encouraged to help celebrate what is great about Plymouth. A brand strategy and guide can be found on www.plymouth.gov.uk/britainsoceancity. If you are interested in using the brand or having a discussion about the possibility contact the City Council's communications team on 01752 307816 or communications@plymouth.gov.uk.

City of Culture

In 2013 the Culture Board led Plymouth's first ever bid to be UK City of Culture. The final bid can be found at www.plymouthculture.org/perch/resources/cityofplymouthculturebidshort.pdf. Unfortunately the bid was not successful. However the bidding process proved extremely valuable in building even stronger links between the major cultural organisations in the city. On the back of the bid a community consultation event was undertaken in July entitled "How we culture culture?" which will now be used in the process of refreshing the Vital Spark cultural strategy.

None of the work undertaken for the bid will be wasted. Much of the content is now being incorporated in the work of Destination Plymouth, in the History Centre project and as part of our planning for Mayflower 2020. The bid itself raised the profile of Plymouth nationally with fantastic coverage on social media in particular. On the back of the BID, Plymouth City Council and the Arts Council have provided £250,000 funding to appoint a new Plymouth Culture Director to lead the city's cultural agenda. Recruitment is now underway with an appointment expected in April.

City centre

Given the scale of retail rent reductions in the city centre since the recession, and the increasingly significant scale of internet shopping, it is not surprising that major retail redevelopment has proved challenging since Drake Circus. Mixed-use development projects containing student housing have made progress however, including the site of the former Hoe Centre in Armada Way for 550 student units, a Tesco Metro store, and the former Jobcentre building in Buckwell Street. With support from the Council, the Theatre Royal Company has carried out a £7m refurbishment of the theatre building and public realm. The City Centre Company continues to work with the Council's events team on seasonal attractions such as Flavour Fest and the winter ice rink and village. The Big Screen has been

retained and is popular viewing for sporting events such as Wimbledon fortnight. The city centre will be a major priority for the Council in 2014.

Derriford

In December outline planning consent was granted for the Seaton Neighbourhood proposed development in the north of the city that will include up to 873 new homes, 8,000sq m of new business space, 2,000sq m of local shops, a 95-acre community park and the northern section of the Forder Valley Link Road. The number of construction jobs will be around 275, plus 10 apprenticeships per annum. On top of this, the development will make an important financial contribution towards a new primary school for Derriford on an adjoining site.

The Council's role in the Seaton Neighbourhood is an excellent example of how we're demonstrating responsible leadership to deliver new homes and jobs for the city. We are securing a commitment from the developers to create new apprenticeships and we expect the development to employ almost 300 construction people on site at any one time. The development will contribute towards the improvement of existing roads in the area and also represents a significant step towards securing the funding required for the Forder Valley Link Road, which will unlock potential for further growth in the north of the city. In December 2013 the Council's Cabinet approved the £70m enabling land deal for the Seaton neighbourhood.

Strategic property review

A strategic property review was completed in 2013 by Jones Lang LaSalle, as part of a national LGA programme, which has confirmed the Council's current management of its property demonstrates a significant number of strengths and there is a definite commitment to adopt a strategic long-term approach to utilise assets to support growth. An action plan has now been formulated to deliver a number of key initiatives including the following:

- **Delivering employment** – Unlocking the creation of new high quality jobs at Council-owned sites, for example a direct development scheme is currently being taken forward at Langage Science Park to deliver 30,000sq ft of high quality employment accommodation to support/create c80 FTE jobs
- **Delivering homes** – Terms have been agreed to deliver c600 new homes on 10 former school and community centre sites of which c49% will be affordable. In addition, 10 further sites have recently been offered to the market as the result of property rationalisation and are expected to deliver a further 200 new homes, working with the Housing Delivery Team.
- **Direct intervention in priority city centre projects** – the Council is actively seeking to take forward major redevelopment opportunities in the city, with particular emphasis on the new History Centre, Colin Campbell Court and Bretonside Bus station.

Community Economic Development Trust

In 2013 we completed a feasibility study to establish a new Community Economic Development Trust (CEDT) for the north west of Plymouth, covering 20,000 people. A number of Council sites were ring-fenced to the CEDT and income opportunities were identified. We continue to work closely with communities and stakeholders to help the newly elected

steering group to run the CEDT. An application to the Co-operative Enterprise Hub to establish the CEDT as a legal entity is being progressed. In addition, we are proposing some investment opportunity options for the five sites that the newly set up CEDT steering group wish to see explored further.

Unemployment

To address concerns raised by employers that young people are not 'work ready' the Council has set up the 1000 Club to encourage employers to support a young person into work. The Club provides an initial single point of contact for employers to talk through their employment needs and then arranges for the relevant organisation to contact them to progress their requirements. Over 2,139 people have benefited from the support provided by 1000 Club members, which is broken down as follows –

Full time jobs	415
Part time jobs	14
Apprenticeships	504
Internships	206
GBW work placements	389
Schools work experience	611
Members	904

Please go to www.1000club.co.uk for more information.

In addition, an 'Employability Curriculum Framework' has been developed and will shortly be piloted in local schools. If successful, the curriculum will be rolled out across the city's schools and further and higher education establishments to help further embed employability skills into their curriculums and provide those leaving education with the skills required for working life.

City College Plymouth, through working in partnership with the Council has set up the Plymouth Apprenticeship Company (PAC). Funded by the Council, PAC employs the apprentice and acts as the agent between the employer and apprentice. Through this model, the apprentice can split their on the job training between a small number of employers and small businesses who may not have the capacity to employ an apprentice full time, can benefit from having the services of an apprentice. Please go to www.cityplym.ac.uk/node/36537 for more information.

Visitor economy - Destination Plymouth

The partnership working between Destination Plymouth, Plymouth Waterfront Partnership and Plymouth City Centre Company BIDs with the City Council continues to go from strength to strength. Visitor figures for 2012 show that Plymouth was 7% up year on year with over 5.4 million overall visitors and 11% up on spend at £314 million. This is great news for the city. Day visitors were 4.7 million with £165 million spend which puts Plymouth at the top of the Devon destinations table in terms of both volume and value of day visitors. The impact of this

growth equates to roughly 500 new jobs in tourism and the visitor related economy in Plymouth.

Destination Plymouth marketing activities in 2013 have been showing good results with a 131% increase in website visitors year on year (now over 600,000 per annum and on target to reach over 1 million this year). Facebook and Twitter have also proved very impactful reaching new audiences. 'What's On Plymouth' now has over 18,000 Facebook likes and is growing daily. PR activity has also been very fruitful with advertising value equivalencies of over £2.6 million May to December and an audience reach of over 448 million.

Key projects currently in progress include: Plymouth Hosts pilot volunteer scheme, taxi driver training working group, Telling Stories programme and campaign activities development for summer/autumn. In conjunction with the inward investment team a hotel and accommodation survey will be conducted this year with the aim of understanding market opportunities to encourage accommodation developers to the city.

The events calendar for 2014 is looking better than ever including the 100th anniversary of the City celebrations, Royal Marines 350th anniversary, WW1 remembrance, favourites such as Flavour Fest and National fireworks and 'La Solitaire du Figaro Eric Bompard' world single handed sailing championships. Sponsorship opportunities are available for many of these events. Go to www.visitplymouth.co.uk/whats-on for more information.

Our 2014 Priorities

The priorities of the department remain largely unchanged in 2014 as we continue to focus on job creation and growth. Some of the flagship interventions are set out below.

Local Enterprise Partnership

To deliver our ambitious LES we aim to match private sector investment with public sector resources so, to this end, we have contributed to our Local Enterprise Partnership's (LEP) plans, including its Strategic Economic Plan (SIF) and EU Structural Investment Fund (SIF) that will help decide investment priorities to 2020/30.

Local Economic Strategy

We will begin delivery of our refreshed LES, with a focus on our six flagship initiatives: Ocean City Infrastructure; Business Growth and Investment; Learning and Talent Development; Visitor Economy and Culture; Digital Economy, and People, Communities and Institutions.

Employment and Skills Board

We will establish a new Employment and Skills Board (ESB) for Plymouth to ensure employers are better able to shape skills demand from education and training providers. The Growth Board is currently recruiting a Chair. The ESB will then be held accountable for delivery of a new Plan for Employment and Skills, which is currently in preparation.

City Deal

The Plymouth and South West Peninsula City Deal was agreed with HM Government in January 2014 and the year ahead will see the Council, Homes & Communities Agency, and the Naval Base/Ministry of Defence, and other government agencies, in detailed discussions on the most feasible way to release around 18 acres of South Yard into civilian use from April 2015. Surveys, studies and master-planning will be needed to agree site infrastructure and servicing to prepare for the physical separation of the site from the remainder of South Yard, which will continue in military operational use. The intended civilian use of the site is for a £65 million Marine Industries Production Campus, which will give our marine industry and research activities in the city and the region access to deep water berthing and launching, and new employment sites and premises.

Inward investment

We have built stronger links with both the LEP and UKTI, positioning the city as one of the best places for marine and manufacturing businesses, and on the back of the City Deal we have seen a strong pipeline of businesses looking to invest in the city. This has led to significant success, doubling the number of inward investment enquiries and businesses which actually invest in the city. The number of businesses we account manage has increased by 400%. We will continue this focus in 2014.

GAIN (Growth Acceleration and Investment Network)

Through our City Deal we have secured funding to enhance the GAIN project. Businesses consistently tell us they need help navigating the different packages of support. GAIN will be the local growth hub, providing support to businesses so they find the right source of help. There will be a new refreshed website supported by businesses advisors. The new website will be ready in April 2014.

Youth and long term unemployment

We will continue to focus significant effort on youth unemployment and long term unemployment. Our City Deal will now integrate and align the city's efforts to tackle youth unemployment. In particular we will create a one-stop-shop 'Youth Gateway' to co-ordinate support for young people into employment, including independent, impartial information, advice and guidance. We will deliver a national wage progression project pilot to improve opportunities for young people to fulfil their potential and increase their wages once in employment. Finally we will improve experiences during and post-education that develops young people's employability skills. We will also ensure that the City Deal supports efforts to tackle worklessness.

City centre

Strengthening the city centre and supporting the redevelopment of major strategic development sites will be a major focus for the Council in 2014. The new Plymouth Plan, which will be consulted upon during the year, will need to examine the size of the retail offer in the city centre and may indicate opportunities for new mixed-use redevelopments, including leisure and business uses, and could include additional student accommodation. In particular the Council will be working hard to promote development at Colin Campbell Court

and Bretonside. We will also be working closely with the University to look at the feasibility of a city centre innovation centre. There will be a drive to attract new retailers into the city centre and also to investigate improvements to the environment in Plymouth City Market.

Plymouth Culture Board and Mayflower 2020

It is hoped that Plymouth Culture Board will appoint a new Director in April to drive forward the city's cultural ambitions. This will begin with the refresh of the Vital Spark cultural strategy, as we journey to Mayflower 2020. We will also further develop our Mayflower prospectus into a programme of activity and identify resources and capacity to drive forward our plans to profile Plymouth for the 400th anniversary of the Mayflower's sailing to America.

History Centre

We have launched our plans for the Plymouth History Centre, in partnership with the South West Film and Television Archive, the South West Image Bank and Plymouth University, and submitted a £12.5 million bid to the Heritage Lottery Fund that will transform the way visitors can access the city's history and heritage. This is a £21 million capital project that will significantly increase the cultural offer in the city and make a real contribution to Plymouth's growing visitor economy. The announcement on funding will be made in May, leading to a development phase which will allow us to develop ideas already put forward by thousands of our customers. More information about the development is available on the project website www.loveourpast.co.uk and via Facebook and Twitter.

Transformation

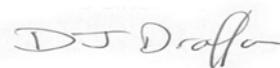
Although many local authorities around the country are reducing resources to economic development activities, a key strand of the Council's transformation agenda is an acceleration of our growth agenda and further creative use of assets. In order to contribute towards addressing the Council's budget deficit we will be looking to maximise the New Homes Bonus, business rates and council tax that result from a successful growth agenda. A five-year pipeline of development schemes is being driven forward.

All of this can only be achieved through close partnership working, so we would like to extend our sincere thanks to all of you who so tirelessly contribute to the city's growth and development.

Yours sincerely



Councillor Tudor Evans
**Leader, Plymouth City Council
& Portfolio Holder for Economic Development**



David Draffan
**Assistant Director for
Economic Development**