Oversight and Governance
Chief Executive's Department
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Published 04 March 2025

CABINET – SUPPLEMENT PACK

Monday 10 March 2025
9.00 am
Council House, Plymouth

Members:
Councillor Evans OBE, Chair
Councillor Laing, Vice Chair
Councillors Aspinall, Briars-Delve, Coker, Dann, Haydon, Lowry, Penberthy and Cresswell.

Members are invited to attend the above meeting to consider the items of business overleaf.

This meeting will be webcast and available on-line after the meeting. By entering the meeting room, councillors are consenting to being filmed during the meeting and to the use of the recording for the webcast.

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You can watch any of our webcast meetings on YouTube. For further information on attending Council meetings and how to engage in the democratic process please follow this link - Get Involved

Tracey Lee
Chief Executive

Cabinet – Supplement Pack

9.	**Creative Industries Plan:**	**(Pages 1 - 48)**
10.	**Plymouth Active Leisure - Introduction of Agency Model:**	**(Pages 49 - 56)**

Cabinet

Date of meeting:	10 March 2025
Title of Report:	**Creative Industries Plan**
Lead Member:	Councillor Jemima Laing (Deputy Leader, and Cabinet Member for Children's Social Care, Culture and Communications)
Lead Strategic Director:	Karime Hassan (Interim Strategic Director for Growth)
Author:	Hannah Harris
Contact Email:	Hannah@plymouthculture.co.uk
Your Reference:	CI100325
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

The purpose of this report is to present the Creative Industries Plan – 'Plymouth Rising' for endorsement and adoption by the city council.

Recommendations and Reasons

Cabinet is asked to:

1. Adopt the Creative Industries Plan;
2. Mandate Plymouth Culture to develop a full implementation plan, based on the outline action plan within the Creative Industries Plan, with support from PCC and city stakeholders, to be presented to Scrutiny/Cabinet in the next financial year.

Reason: so that the Creative Industries opportunity in the city can be fully realised and the sector can play an active part in the city's economic growth.

Alternative options considered and rejected

1. No alternatives identified.

Relevance to the Corporate Plan and/or the Plymouth Plan
This supports the City Vision to be one of Europe's most vibrant waterfront cities and the City Council priority of a vibrant cultural offer.

The Plymouth Plan remains the City's overarching strategic plan, looking ahead to 2034. The Plan sets out a shared direction of travel for its long-term future bringing together a number of strategic planning processes into one place. The Plan sets out the aspiration to be a healthy and prosperous city with a rich arts and cultural environment. The Culture Plan sits alongside this as a mechanism for achieving the strategic objectives and the Creative Industries Plan is a subset of this.
Policy INT4 is of particular relevance as it seeks to delivering a distinctive, dynamic, cultural centre of regional, national and international renown and sets out how the city will support a thriving arts and cultural sector.

The arts and cultural sector have the ability to have a positive impact across a wide range of topic areas ensuring this Culture Plan also contributes to the following policies:

- Policy HEA1 Addressing health inequalities, improving health literacy;
- Policy HEA2 Delivering the best outcomes for children, young people and families;
- Policy HEA4 Playing an active role in the community;
- Policy HEA7 Optimising the health and wellbeing benefits of the natural environment;
- Policy GRO1 Creating the conditions for economic growth;
- Policy GRO2 Delivering skills and talent development;
- Policy INT3 Positioning Plymouth as a major UK destination;
- Policy INT6 Enhancing Plymouth's 'green city' credentials;
- Policy INT8 Celebrating diverse communities.

Implications for the Medium Term Financial Plan and Resource Implications:
None identified directly connected to this report.

Financial Risks

None identified directly connected to this report although the recommendations set out in the plan will be subject to grant funding or external investment on a case-by-case basis.

Legal Implications

(Provided by Julie Parkin/JP)

None.

Carbon Footprint (Environmental) Implications:
This report has no identifiable environmental implications. Any recommendations taken forward from the plan within the implementation plan will be assessed on a case-by-case basis to ensure environmental sustainability.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:
** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*
None.

Appendices
**Add rows as required to box below*

Ref.	Title of Appendix	**Exemption Paragraph Number** (if applicable) *If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.*						
		1	**2**	**3**	**4**	**5**	**6**	**7**
A	Briefing Report							
B	Creative Industries Plan							
C	Equalities Impact Assessment							

Background papers:

**Add rows as required to box below*

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	**Exemption Paragraph Number** (if applicable) *If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.*						
	1	**2**	**3**	**4**	**5**	**6**	**7**

Sign off:

Fin	DJN.24.25.174	Leg	LS/2960(45)/JP/260225	Mon Off	N/A	HR	N/A	Assets	N/A	Strat Proc	N/A
Originating Senior Leadership Team member: David Draffan (Service Director Economic Development)											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 25/02/2025											
Cabinet Member approval: Councillor Jemima Laing approved by email Date approved: 25/02/2025											

Creative Industries Plan

Commissioning Process

In the summer of 2024 Plymouth City Council asked Plymouth Culture to lead the development of a Creative Industries Plan. We commissioned creative industries specialist Joanne Evans and data journalist Miriam Quick to deliver this work.

The Creative Industries Plan draws data from a range of sources including Companies House, Data City, the Office for National Statistics (ONS), and DCMS, to understand our baseline. It also takes account of information gathered from cultural organisations and creative businesses through 1-2-1 consultations. The report considers examples of effective support for the creative industries elsewhere in the UK that we might learn from.

To define the scope of the work we used the Department for Culture, Media & Sport (DCMS) classification of the creative industries. This encompasses nine subsectors:

- IT, software and computer services
- Film, TV, video, radio and photography
- Advertising and marketing
- Publishing
- Music, performing and visual arts
- Architecture
- Design and designer fashion
- Museums, galleries and libraries
- Crafts

Creative Industries Plan Executive summary

An opportunity for growth and diversification

The creative industries sector is one of the UK's eight priority industrial sectors. As a nation, we excel at these industries and they have expanded twice as fast as the UK economy as a whole between 2010 and 2022, contributing 5.7% of all UK GVA.[i]

They can flourish anywhere in the UK, given the right conditions, without needing much capital infrastructure or resources. The Great South West had the joint fastest creative industries jobs growth of any British region between 2019 and 2022 (4.1% CAGR) and over the longer term (2015-2022), the GSW's creative industries jobs growth rate (2.8% CAGR) approached London's (3.5% CAGR)[ii].

In Plymouth, the Council has made significant investment in cultural assets. Now is the time to leverage the investment in these assets and organisations and work with partners to stimulate growth in the creative industries. The Creative Industries in Plymouth represent untapped potential. Stimulating the sector and participating fully in the national and regional growth trend would gain jobs and GVA in a high growth, high value sector. If Plymouth's creative industries job share reached close to the South West average (a Location Quotient of 0.75), it would generate 1,640 jobs in Plymouth and 2,138 in the TTWA. This would generate an additional £90-126 million GVA per year for the local authority district and £112 - 165 million for the TTWA.

A stronger creative industries sector would help Plymouth diversify its economy, making it more resilient and mitigating its dependence on a small number of sectors and publicly funded service jobs, [iii] and it would drive innovation. When industry intersects with creativity and technology, the new hybrid businesses form the backbone of the future economy.

A vibrant creative industries sector will also help Plymouth attract talented people, and their families, to live in the city, helping to meet the demand, identified in the economic strategy, for a large number of additional skilled workers in key industries over the next 10 years.[iv] It may also help repopulate and regenerate areas of the city as research shows creative industries workers and businesses are more likely to move into deprived areas.[v]

Building on Plymouth's strengths

Nearly 9,000 people worked in creative industries and creative roles in Plymouth in 2023, representing the wider creative economy.[vi] However, the sector is relatively small when compared with the national picture, with just 2.1% of Plymouth employment in 2022 in the creative industries, compared to 4.4% across Britain. The sector is also small relative to other industries in the city, and its recent growth has not tracked that of the wider South West. The creative industries share of Plymouth employment changed little between 2015 and 2022, illustrating that organic growth along will not be sufficient to meet our growth ambitions.

Three subsectors lead Plymouth's creative industries: IT, software and computer services; Film, TV, video, radio and photography; and Music, performing and visual arts. The largest by raw job count is IT, as it is nationally, but this is significantly lower than you might expect of a city the size of Plymouth, the location quotient of this subsector was just 0.30.[vii] This subsector is an essential foundation for other industries, driving digital transformation and enabling innovation across the board and is therefore not be under stated as an essential driver for growth.

Film, TV, video, radio and photography is the largest subsector in Plymouth by total turnover. It includes some of the largest creative industries businesses in Plymouth, but recent market disruption is putting these firms under pressure. Supporting this subsector to work together with IT businesses and Plymouth's immersive infrastructure to develop future-proofed immersive content and services will help it grow.

Music, performing and visual arts is the strongest creative industries subsector in Plymouth. In 2022, its share of jobs in the city was comparable to the British average – with a big contribution from Theatre Royal Plymouth, Plymouth's largest creative industries employer. The subsector also contributes the most to the city's economy in GVA terms: at least £42.5 million. Thriving music, performing and visual arts activities bring vibrancy and playfulness to Plymouth – essential for making the city a great place to live, improving the city's quality of life for current residents, helping to retain graduates, and attracting talent to the city. However, this subsector is vulnerable across the UK and employment figures have been declining in recent years. We may still be seeing the effects of the pandemic on a subsector that was particularly hard hit by lockdowns. Music, performing and visual arts businesses will need the right conditions to bounce back fully and maximise their potential to enrich the city.

Developing a thriving ecosystem

Creative industries companies prosper in geographical clusters, where they benefit from proximity to skills, customers and knowledge, and when they are clustered in deprived neighbourhoods, this can have a modest, but important, impact on regeneration. Within Plymouth, creative businesses are scattered, making them less visible to each other and to local communities, potentially creating a barrier to their growth. Establishing creative zones would help businesses work together and grow, make creative activity in Plymouth more visible, and generate more vibrant neighbourhoods.

Cultural organisations, universities and Plymouth City Council have come together before to support the creative industries and an interconnected, long-term plan that embeds stimulation for the creative industries into every policy – from skills to planning – to enable communities and businesses to grow the sector is now needed.

Plymouth has the potential to become the urban creative capital of Devon and Cornwall. Compared to the broader South West region, it has a high proportion of young people aged 18-34, its housing is relatively affordable [viii] and digital connectivity in the city is currently good.[ix] It has a much higher share of people in further education and skills than the English average.[x] All of these are strong reasons for creative industries businesses to be based in the city.

Plymouth can learn from strategies adopted in other English industrial cities where the creative sector is becoming a priority. Examples include designating cultural and creative zones (CCZs) or quarters; partnerships to deliver incubators and investment funds to stimulate the birth and growth of tech businesses; and production centres to grow the performance and screen industries.

Creative Industries Plan - Recommendations

- Embed the creative industries in all council policy areas.
- Designate culture and creative clusters (CCCs) around existing anchor organisations as the primary mechanism for partners to deliver business support services, to stimulate clustering and neighbourhood regeneration and make Plymouth's creative identity more visible.
- The initial CCCs should be: the Culture Quarter around The Box: a Createch Quarter focusing on a screen and immersive training cluster around the Market Hall; increased capacity at Theatre Royal's TR2 production base with a view to developing a production park; and a Performance Quarter around TRP, extending from the Guildhall to the Millennium building.
- Nurture regional and national partnerships to attract investment and deliver the business support.
- Build a pipeline of creative businesses by providing support and investment mechanisms for creative businesses at each stage of their growth.
- Stimulate the tech sector with mechanisms including early-stage investment to double the number of businesses and IT professionals in Plymouth over the next 10 years and stimulate R&D collaborations with other sectors.

Cabinet Recommendations

1. Adopt the Creative Industries Plan

2. Mandate Plymouth Culture to develop a full implementation plan, based on the outline action plan within the Creative Industries Plan, with support from PCC and city stakeholders, to be presented to scrutiny/cabinet in the next financial year.

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[i] DCMS: DCMS Sectors Economic Estimates Gross Value Added 2022. Released 15 February 2024. 2022 data is provisional. Data in current prices.

[ii] Leading from the Edge: Creative Industries in the Great South West.

[iii] The Centre for Cities estimates 35.7 percent of jobs in Plymouth in 2022 were publicly-funded service jobs, the ninth highest of 62 UK cities.

[iv] Plymouth Economic Strategy 2024

[v] Creative Industries Policy and Evidence Centre discussion paper (August 2023): Creative Destruction? Creative firms, workers and residential gentrification.

[vi] ONS Local: Overview of creative jobs and creative industries, Great South West, 2014 to 2023. Released 27 September 2024. Custom data request reference 2381, with data based on the Annual Population Survey. Data for Plymouth local authority district.

[vii] The local authority district and TTWA have the same location quotient.

[viii] ONS: House price to workplace-based earnings ratio. Released 25 March 2024.

[ix] Ofcom via ONS: Explore local statistics. Data for January 2024.

[x] ONS: Explore Local Statistics – Plymouth. Data for 2023 or 2022-23.

Plymouth Rising

The Creative Industries in Britain's Ocean City

Preface

This report describes the characteristics of the creative industries in Plymouth, assesses evidence that points to their intrinsic economic value, and describes their potential to drive innovation and growth across the city's business sectors.

The primary geographic focus is Plymouth local authority district (LAD), which has a population of around 269,000. Where relevant, we also focus on the Plymouth Travel to Work Area (TTWA) as defined in the 2011 Census - an area that encompasses Plympton, Tavistock, Ivybridge, South Brent, Princetown and much of the Dartmoor National Park, as well as Plymouth itself, Saltash and parts of east Cornwall. Our analysis uses the Department for Culture, Media & Sport (DCMS) classification of the creative industries. This encompasses nine subsectors:

- IT, software and computer services
- Film, TV, video, radio and photography
- Advertising and marketing
- Publishing
- Music, performing and visual arts
- Architecture
- Design and designer fashion
- Museums, galleries and libraries
- Crafts

The report draws data from sources including Companies House, Data City, the Office for National Statistics (ONS), and DCMS. We also outline examples of effective support for the creative industries elsewhere in the UK that suggest ways forward. Finally, we recommend an action plan to stimulate the sector that aligns with Plymouth's Economic Development Strategy and maximises the creative industries' potential to transform the city.

The report was produced by creative industries specialist Joanne Evans and data journalist Miriam Quick on behalf of Plymouth Culture and Plymouth City Council.

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Forward

Against a backdrop of funding cuts we have continued to champion culture and invest in assets and infrastructure. We have actively built and maintained strategic partnerships with funders such as Arts Council England and Heritage Lottery which has made possible significant cultural investment such as £4.1m per year in NPO funds alongside capital developments like The Box and Market Hall.

We have done this because we recognise the value of culture and the positive impact it can have on everyone. It is what makes our city attractive and what brings joy to communities. Plymouth is without doubt recognised nationally and internationally as a cultural destination, programming and producing world-class culture.

Given the strong cultural infrastructure we have achieved within the city, we believe we have the right foundations on which to build and grow the creative industries. Now is the time to leverage the investment in cultural assets and organisations and work with partners to stimulate growth in the creative industries.

The strategic approach set out in this Creative Industries Plan builds on our strengths and complements the Economic Development Strategy for the city. The Creative Industries represent untapped potential and we believe that this tailored, integrated plan provides an opportunity to grow the sector and support our wider place-making ambitions. We wholeheartedly endorse the plan.

Tudor Evans
Leader Plymouth City Council

Jemima Laing
Deputy Leader Plymouth City Council

Executive summary

An opportunity for growth and diversification

The creative industries sector is one of the UK's eight priority industrial sectors. As a nation, we excel at these industries and they have expanded twice as fast as the UK economy as a whole between 2010 and 2022, contributing 5.7% of all UK GVA.

They can flourish anywhere in the UK, given the right conditions, without needing much capital infrastructure or resources. The Great South West had the joint fastest creative industries jobs growth of any British region between 2019 and 2022 (4.1% CAGR) and over the longer term (2015-2022), the GSW's creative industries jobs growth rate (2.8% CAGR) approached London's (3.5% CAGR).

In Plymouth, the Council has made significant investment in cultural assets. Now is the time to leverage the investment in these assets and organisations and work with partners to stimulate growth in the creative industries. The Creative Industries in Plymouth represent untapped potential. Stimulating the sector and participating fully in the national and regional growth trend would gain jobs and GVA in a high growth, high value sector. A stronger creative industries sector would help Plymouth diversify its economy, making it more resilient and mitigating its dependence on a small number of sectors and publicly funded service jobs, and it would drive innovation. When industry intersects with creativity and technology, the new hybrid businesses form the backbone of the future economy.

A vibrant creative industries sector will also help Plymouth attract talented people, and their families, to live in the city, helping to meet the demand, identified in the economic strategy, for a large number of additional skilled workers in key industries over the next 10 years. It may also help repopulate and regenerate areas of the city as research shows creative industries workers and businesses are more likely to move into deprived areas.

Building on Plymouth's strengths

More than 9,000 people worked in creative industries and creative roles in Plymouth in 2023, representing the wider creative economy. However, the sector is relatively small when compared with the national picture, with just 2.1% of Plymouth employment in 2022 in the creative industries, compared to 4.4% across Britain. The sector is also small relative to other industries in the city, and its recent growth has not tracked that of the wider South West. The creative industries share of Plymouth employment changed little between 2015 and 2022, illustrating that organic growth alone will not be sufficient to meet our growth ambitions.

Three subsectors lead Plymouth's creative industries: IT, software and computer services; Film, TV, video, radio and photography; and Music, performing and visual arts. The largest by raw job count is IT, as it is nationally, but this is significantly lower than you might expect of a city the size of Plymouth, the location quotient of this subsector was just 0.30. This subsector is an essential foundation for other industries, driving digital transformation and enabling innovation across the board and is therefore not to be under stated as an essential driver for growth.

Film, TV, video, radio and photography is the largest subsector in Plymouth by total turnover. It includes some of the largest creative industries businesses in Plymouth, but recent market disruption is putting these firms under pressure. Supporting this subsector to work together with IT businesses and Plymouth's immersive infrastructure to develop future-proofed immersive content and services will help it grow.

Music, performing and visual arts is the strongest creative industries subsector in Plymouth. In 2022, its share of jobs in the city was comparable to the British average – with a big contribution from Theatre Royal Plymouth, Plymouth's largest creative industries employer. The subsector also contributes the most to the city's economy in GVA terms: at least £42.5 million. Thriving music, performing and visual arts activities bring vibrancy and playfulness to Plymouth – essential for making the city a great place to live, improving the city's quality of life for current residents, helping to retain graduates, and attracting talent to the city. However, this subsector is vulnerable across the UK and employment figures have been declining in recent years. We may still be seeing the effects of the pandemic on a subsector that was particularly hard hit by lockdowns. Music, performing and visual arts businesses will need the right conditions to bounce back fully and maximise their potential to enrich the city.

Developing a thriving ecosystem

Creative industries companies prosper in geographical clusters, where they benefit from proximity to skills, customers and knowledge, and when they are clustered in deprived neighbourhoods, this can have a modest, but important, impact on regeneration. Within Plymouth, creative businesses are scattered, making them less visible to each other and to local communities, potentially creating a barrier to their growth. Establishing creative zones would help businesses work together and grow, make creative activity in Plymouth more visible, and generate more vibrant neighbourhoods.

Cultural organisations, universities and Plymouth City Council have come together before to support the creative industries and an interconnected, long-term plan that embeds stimulation for the creative industries into every policy – from skills to planning – to enable communities and businesses to grow the sector is now needed.

Plymouth has the potential to become the urban creative capital of Devon and Cornwall. Compared to the broader South West region, it has a high proportion of young people aged 18-34, its housing is relatively affordable and digital connectivity in the city is currently good. It has a much higher share of people in further education and skills than the English average. All of these are strong reasons for creative industries businesses to be based in the city.

Plymouth can learn from strategies adopted in other English industrial cities where the creative sector is becoming a priority. Examples include designating cultural and creative zones (CCZs) or quarters; partnerships to deliver incubators and investment funds to stimulate the birth and growth of tech businesses; and production centres to grow the performance and screen industries.

If Plymouth's creative industries job share reached close to the South West average (a Location Quotient of 0.75), it would generate 1,640 jobs in Plymouth and 2,138 in the TTWA. This would generate an additional £90-126 million GVA per year for the local authority district and £112 - 165 million for the TTWA.

Recommendations

- Embed the creative industries in all council policy areas.
- Designate culture and creative clusters (CCCs) around existing anchor organisations as the primary mechanism for partners to deliver business support services, to stimulate clustering and neighbourhood regeneration and make Plymouth's creative identity more visible.
- The initial CCCs should be: the Culture Quarter around The Box: a Createch Quarter focusing on a screen and immersive training cluster around the Market Hall; increased capacity at Theatre Royal's TR2 production base with a view to developing a production park; and a Performance Quarter around TRP, extending from the Guildhall to the Millennium building.
- Nurture regional and national partnerships to attract investment and deliver the business support.
- Build a pipeline of creative businesses by providing support and investment mechanisms for creative businesses at each stage of their growth.
- Stimulate the tech sector with mechanisms including early stage investment to double the number of businesses and IT professionals in Plymouth over the next 10 years and stimulate R&D collaborations with other sectors.

Creative industries in the UK

The UK excels in the creative industries and they generate an enormous amount of wealth. In 2022 they contributed £124.6 billion to the UK economy, or 5.7% of UK GVA – almost as much as the entire construction sector (£139.1 billion). And they are growing fast. Between 2010 and 2022, real GVA growth in the creative industries (50.3%) was more than double the UK economy as a whole (21.5%). In 2019-2023, the creative industries generated a 15.1% increase in jobs compared with only 1.4% across all UK industries. They employed 2.4 million people in the UK in 2023, 7.1% of all UK jobs.

In recognition of this sustained contribution to UK growth, the government has made the creative industries a priority sector. The Creative Industries Sector Vision, published in 2023, also laid out plans to expand the creative industries' GVA by £50 billion a year and add a million extra jobs by 2030.

The creative industries – particularly the IT, software and computer services subsector – are also a potent force for innovation. They are increasingly collaborating with other industries, creating hybrid sectors that can be highly innovative and disruptive and are essential in developing a future economy. Examples include the application of AI and robotics to marine automation, collaborations between defence specialists and tech developers to create virtual training systems, and immersive health applications that combine the skills of content creators with those of health practitioners.

The creative thinking that underpins all subsectors also generates spillover effects elsewhere. Creative jobs attract highly qualified people: 69% of those working in the UK creative industries had a degree or equivalent in 2023, compared to 44% of workers across all UK sectors. The innovative mindset of these workers ripples out across the wider economy: evidence shows businesses more closely connected to the creative industries, or with more employees from the sector, are more likely to produce novel product innovations.

And creative jobs have a strong multiplier effect. On average, each creative job in a locality generates 1.9 new jobs in non-tradable sectors, like leisure and retail. Oxford Economics estimates that for every 10 jobs in the creative industries, a further seven are supported in other sectors. And for every £1 contributed in GVA, a further £0.50 is generated in other sectors.

Creative industries in Plymouth

Business numbers and employment

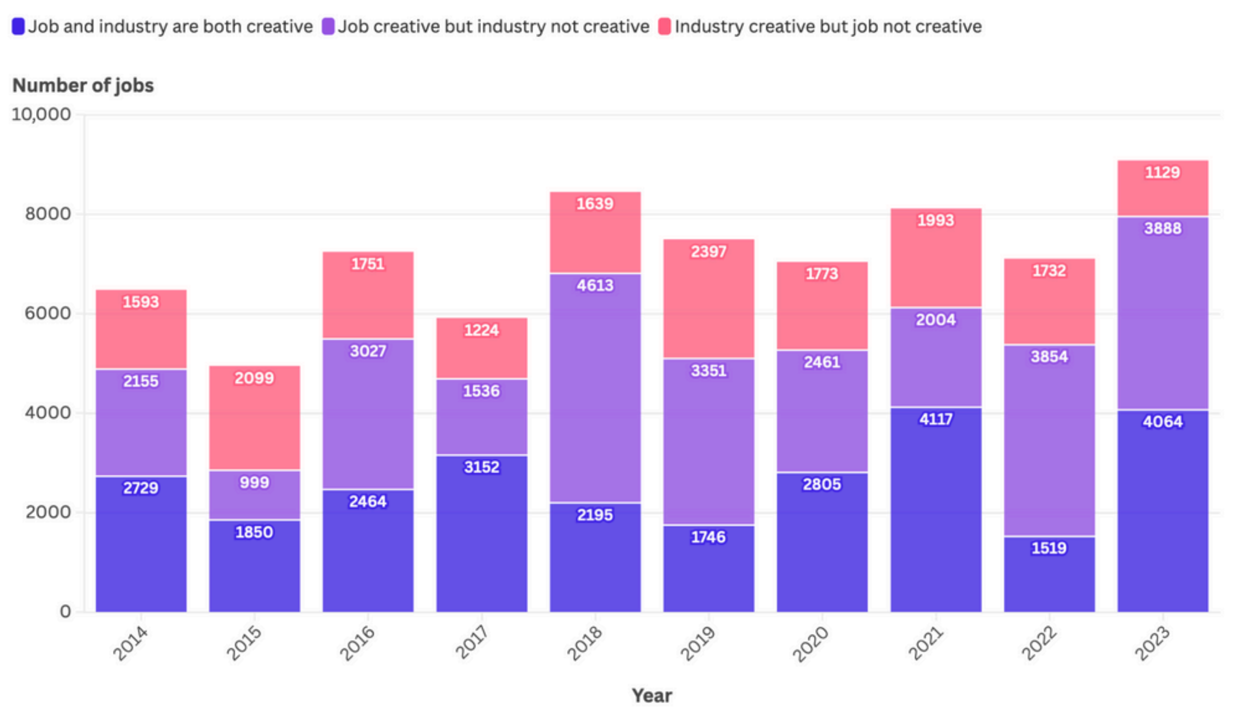
In July 2024, 905 companies within the creative industries were registered within the Plymouth TTWA. Of these, 648 (72%) are located within the Plymouth local authority district, with 107 (11.8%) in South Hams and 75 (8.3%) in each of Cornwall and West Devon.

Employment data is available for only 525 companies, or 58% of these registered companies. This suggests they employed 1,979 people in the TTWA and 1,656 in Plymouth LAD. Theatre Royal Plymouth (TRP), which employs 289 people, or 15% of all Plymouth TTWA creative industries employees is the only large company by employee count. Three medium-sized companies employ a further 16% of the TTWA creative industries workforce (322 people) between them:

- TwoFour Broadcast Ltd, a TV production company
- Goss Interactive Ltd, a software company
- Services Design Solution Ltd, an architecture and building engineering firm

A custom data request to the ONS puts employment figures substantially higher. It shows 5,193 people working in the creative industries in Plymouth LAD in 2023 and 3,888 people working in creative jobs in other sectors in Plymouth, an increase of 80% since 2014. This is important because the forward-thinking mindset of these people who work in creative jobs for companies outside the creative industries can make those companies more innovative. The ONS custom figures also suggest these figures include about 2,700 creative freelancers in Plymouth.

Figure 1: Over 9,000 people work in creative industries and/or jobs in Plymouth



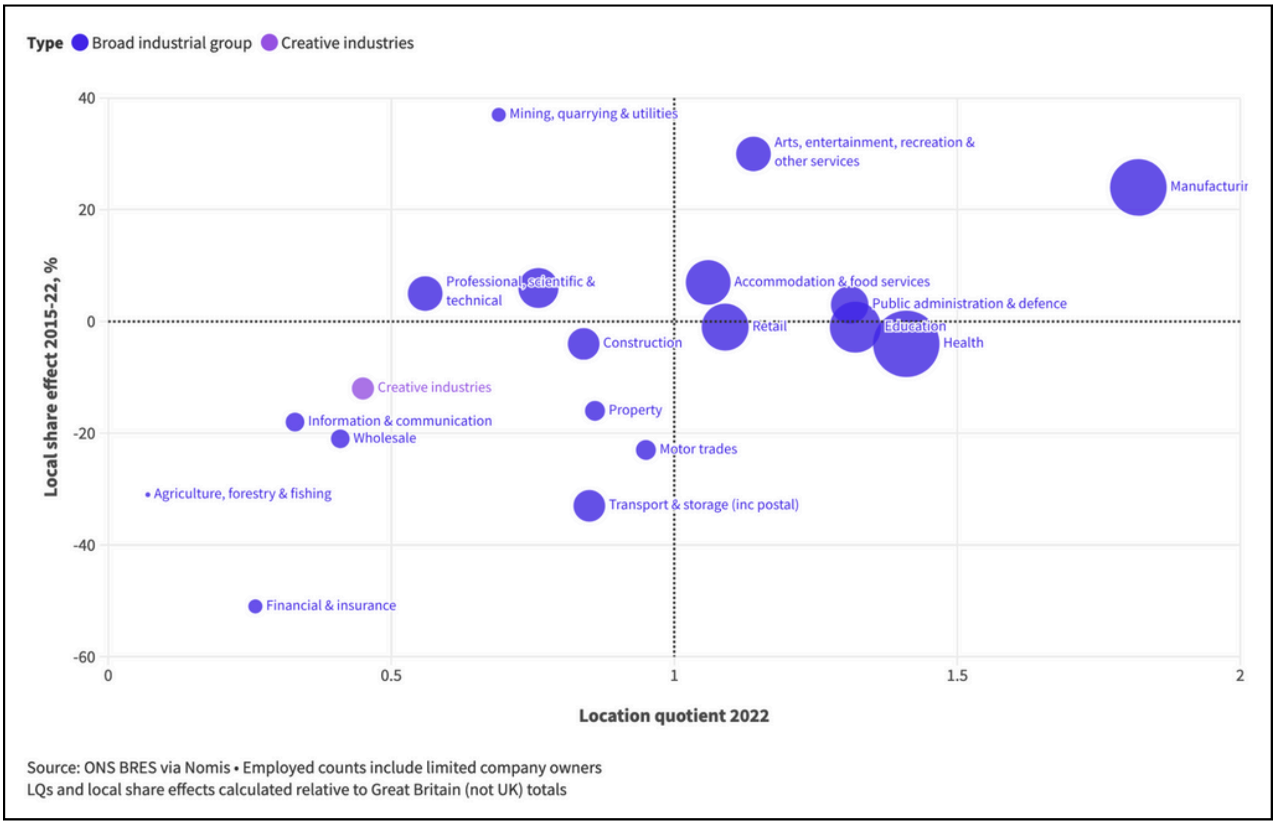
ONS Local: custom data request 2381 • Data for local authority district and includes freelancers. Data from the Annual Population Survey, so not directly comparable with ONS BRES data or our own analysis.

While these numbers may sound encouraging, ONS employment data from 2015 to 2022 shows the creative industries in Plymouth are relatively smaller than the creative industries across Britain as a whole. They are also smaller than other industrial sectors in Plymouth. Only 2.1% of employment in Plymouth was in the creative industries in 2022 (2.0% in the TTWA), compared to 4.4% across Great Britain and 4.7% in England alone.

The share of Plymouth employment in the creative industries changed little from 2015, and fell an average of 3.2% per year CAGR between 2019 and 2022. Figure 2 shows the creative industries in Plymouth is neither as large (location quotient under 1), nor growing as fast (local share effect under 0 percent) as across the country.

Figure 2: Plymouth's creative industries have plenty of room to grow

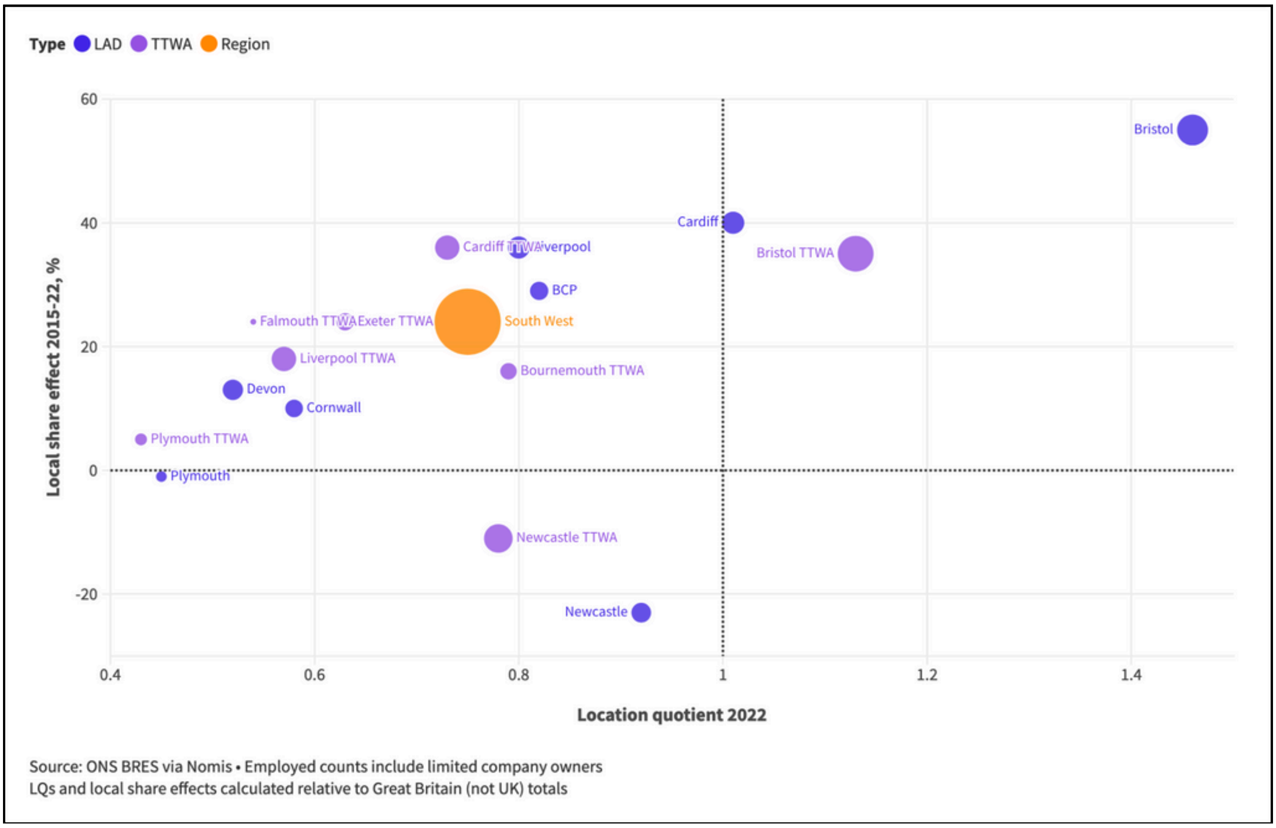
Shift-share chart showing creative industry employment and employment growth in Plymouth LAD relative to across Britain, compared to other industries



The creative industries in Plymouth are also relatively smaller than in other UK cities and regions, in terms of job share and growth. If Plymouth's creative industries job share reached close to the South West average (a Location Quotient of 0.75), it would generate 1,640 jobs in Plymouth and 2,138 in the TTWA. This would generate an additional £90-126 million GVA per year for the local authority district and £112 - 165 million for the TTWA.

Figure 3: Regional Growth Centre Opportunity

Shift-share chart showing employment and employment growth in the creative industries in Plymouth relative to across Britain, compared to other cities and regions



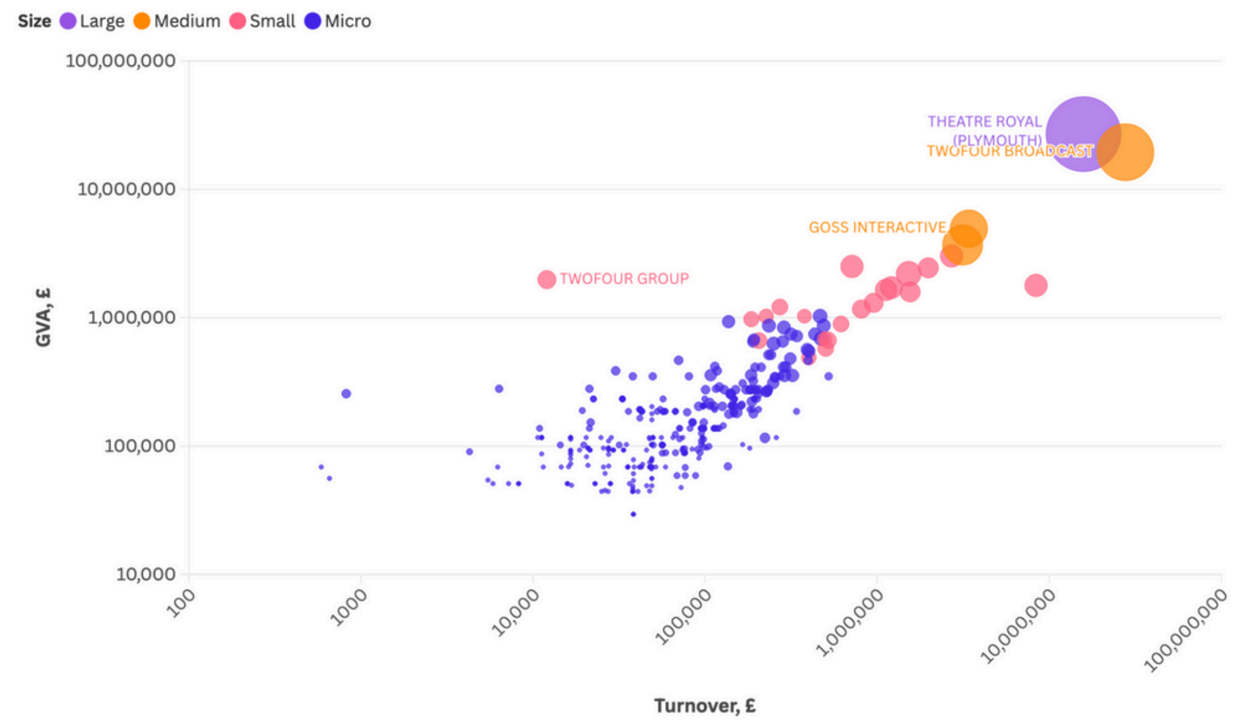
Stimulating growth in the creative industries in Plymouth represents a valuable opportunity. Bringing Plymouth's job share up to the national average would generate over 3,000 jobs in the local authority district and 4,000 across the TTWA. Assuming these new creative industry jobs produced the same GVA per job as those already in existence, that would generate an estimated extra £165-230 million GVA per year for the local authority district and £203-£297 million for the TTWA. It would be possible for Plymouth to develop a strategy that seeks to achieve a proportion of this growth opportunity, with a particular focus on attracting some of the existing growth seen across the South West.

Turnover and GVA

The 393 creative industries companies in Plymouth for which we have turnover data account for £102.5 million in turnover and 380 companies for which we have GVA data contribute £134.9 million GVA to the city's economy. The figures are dominated by a handful of large and medium-sized companies:

- 73% of turnover from the Film, TV, video, radio and photography subsector (£27.7 million of £38.1 million) is from TwoFour, a medium-sized company.
- 72% of turnover (£15.8 million of £21.8 million) from the Music, performing and visual arts subsector is from TRP. TRP also accounts for 63% of GVA.
- 39% of architecture turnover (£3.1 million of £8.1 million) is from Services Design Solution, a medium-sized company.

Figure 4: Larger companies anchor Plymouth's 'flotilla' of micro-businesses



Source: Our analysis of data from Companies House and Data City • Data for Plymouth TTWA. Bubbles are scaled to the number of employees. The larger the bubble, the more employees.

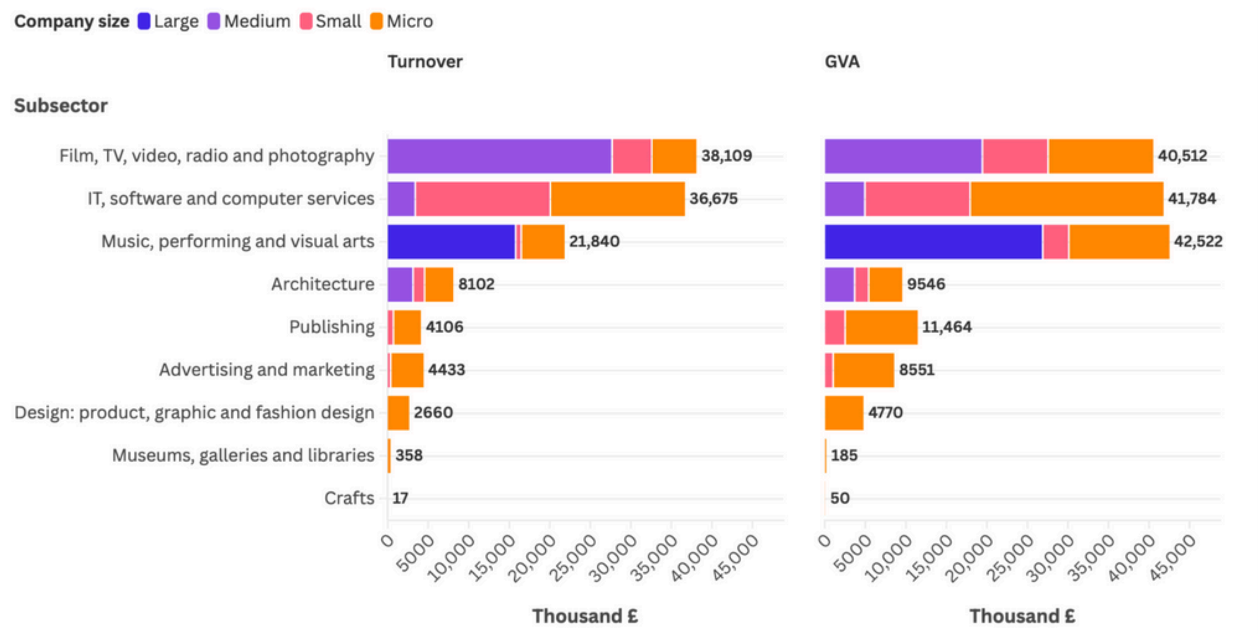
This dominance by a handful of larger companies is not particularly unusual. Compared to other local authorities in the GSW, Plymouth has a similar share of creative industry companies in each size group (large, medium, small and micro). Instead, the underlying issue is that the creative industries sector in Plymouth is small overall, so there are naturally few large and medium-sized companies to anchor others, making the business ecosystem vulnerable should these critical anchors fail.

By way of context, Plymouth has a small number of businesses relative to its population across all sectors. Centre for Cities ranks Plymouth 61 out of 63 UK cities for business stock in its Cities Outlook 2025 with 231.8 businesses per 10,000 population . Building a pipeline of growing businesses, as well as increasing the overall number of businesses in the city, is essential for resilience and aligns with the city's Economic Development Strategy more broadly.

Plymouth's Subsectors

By employees, turnover or GVA, the same three subsectors lead the Plymouth creative industries economy – Film, TV, video, radio and photography; IT, software and computer services; and Music, performing and visual arts. IT is the largest subsector by employee count in the TTWA (based on data from 525 companies, or 58% of the total). Figure 5 shows film generates slightly more than IT in turnover and music generates the most GVA in the TTWA:

Figure 5: Film, IT and music lead on turnover and GVA in the TTWA



Source: Our analysis of Companies House and Data City data. • Data for TTWA. Turnover data available for 553 of 905 companies (61 percent) and GVA data for 525 (58 percent)

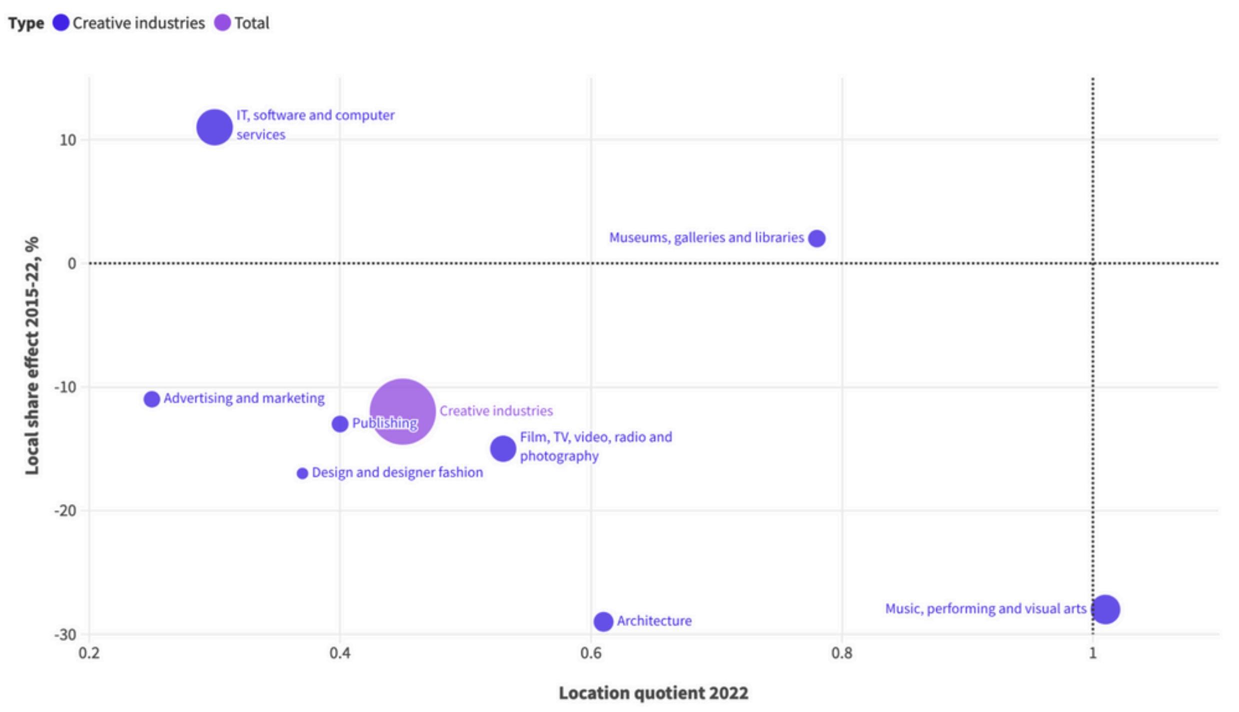
The three strongest subsectors in Plymouth are also among the top five across Britain, so we would expect to find more creative companies in Plymouth in these nationally large subsectors. However, 2015-2022 ONS employment data shows Plymouth's job share is lower than national in all subsectors except Music, performing and visual arts and Crafts. Crafts is a strong subsector in Plymouth, but remains small. Craft businesses employed around 45 people in the city in 2022, with an undefined number of crafts freelancers. Plymouth's subsectors from strongest to weakest in employment terms by location quotient, relative to Britain as a whole are:

- Crafts: 2.69
- Music, performing and visual arts: 1.01
- Museums, galleries and libraries: 0.78
- Architecture: 0.61
- Film, TV, video, radio and photography: 0.53
- Publishing: 0.40
- Design: product, graphic and fashion design: 0.37
- IT, software and computer services: 0.30
- Advertising and marketing: 0.25

The shift-share chart in Figure 6 shows growth of most creative subsectors in Plymouth – as well as the creative industries as a whole – from 2015 to 2022 has been slower than the British average, with a local share effect below 0. The exceptions are IT, software and computer services and Museums, galleries and libraries, which have both been growing faster. The growth in museums may possibly reflect the full opening of The Box in May 2021, after the pandemic, although, it is unclear whether the ONS data includes The Box.

Figure 6: IT is a bright spot of growth, amid a landscape of shrinking subsectors

Shift-share chart of creative industries employment in Plymouth local authority district, by subsector



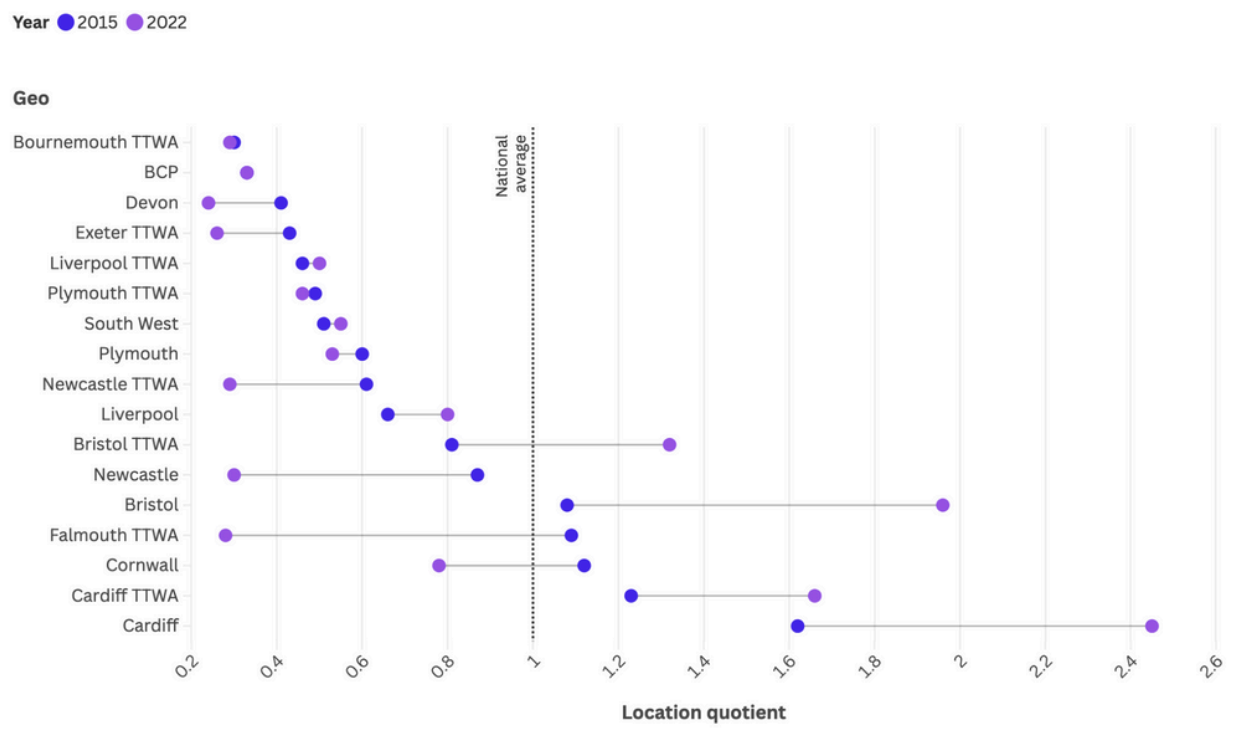
Source: ONS BRES via Nomis • Data for Plymouth local authority district. Employed counts include limited company owners
Crafts excluded because of low base. LQs and local share effects calculated relative to Great Britain (not UK) totals

Subsector profiles

Film, TV, video, radio and photography

The largest subsector in Plymouth by total turnover, the film, TV, video, radio and photography subsector has a high average turnover, too: £448,341 per company in the TTWA, and £609,538 in Plymouth LAD. The figure is heavily skewed by TwoFour Ltd. Over the years TwoFour has created a pipeline of additional businesses as employees have left to establish their own enterprises. Like many other television producers, however, it is facing difficult market conditions because a complete sector behavioural shift in favour of streamers and away from broadcasters is leading to a move away from documentary genres and a plunge in advertising revenue. These recent difficulties are not necessarily reflected in our employment data, which is from 2022. In 2022, employment location quotients in Plymouth for the Film, TV, video, radio and photography subsector were generally lower than other cities and regions, and were similar to those for the South West of England as a whole (see Figure 7).

Figure 7: Employment location quotients 2015-2022: Film, TV, video, radio and photography



Source: ONS BRES, accessed via Nomis on 30 October 2024 • National average is Great Britain

Aligning its job share with the average across Britain would bring an extra 340 highly-skilled jobs to the city and potentially an additional £33-34 million in GVA. One way this could be done is by encouraging this subsector to innovate with new technologies, particularly by supporting convergent screen industries. Convergent screen industries bring film, TV and computer games skills together with other digital technologies to generate new film production techniques (including virtual production), new immersive content, and new markets. Plymouth has the opportunity to grow a future-facing convergent screen subsector, thanks to the immersive dome at the Market Hall – a unique, world-class asset – and the recent establishment of both a screen agency for Devon and a Far South West Immersive Cluster.

Case Study: Wakefield

Production Park

Wakefield was one of the first five recipients of the Cultural Development Fund (CDF) in 2019, selected, like Plymouth, because its cultural and creative sector was smaller than the national average. In 2018, Wakefield's culture and creative sector represented only 1.5% of its total GVA and employment was only 2.1%, significantly lower than the national average of 4.8%. Identifying the sector as high-value, Wakefield embedded the creative industries in its 2018 economic strategy, and has supported public private partnerships and projects that have stimulated creative industries growth.

Outside the city centre in South Kirby, Wakefield Production Park is a spectacular example of how socially responsible private investment combined with strategic policy support can make a difference. Located on a former industrial estate and begun as a stage-building business founded by a scaffolding entrepreneur, Production Park has evolved into Europe's first live events campus. It designs and builds arena stages and provides rehearsal space for the world's biggest touring artists. In 2023, more than 100 productions – from theatre shows to global stadium tours – were built in Wakefield.

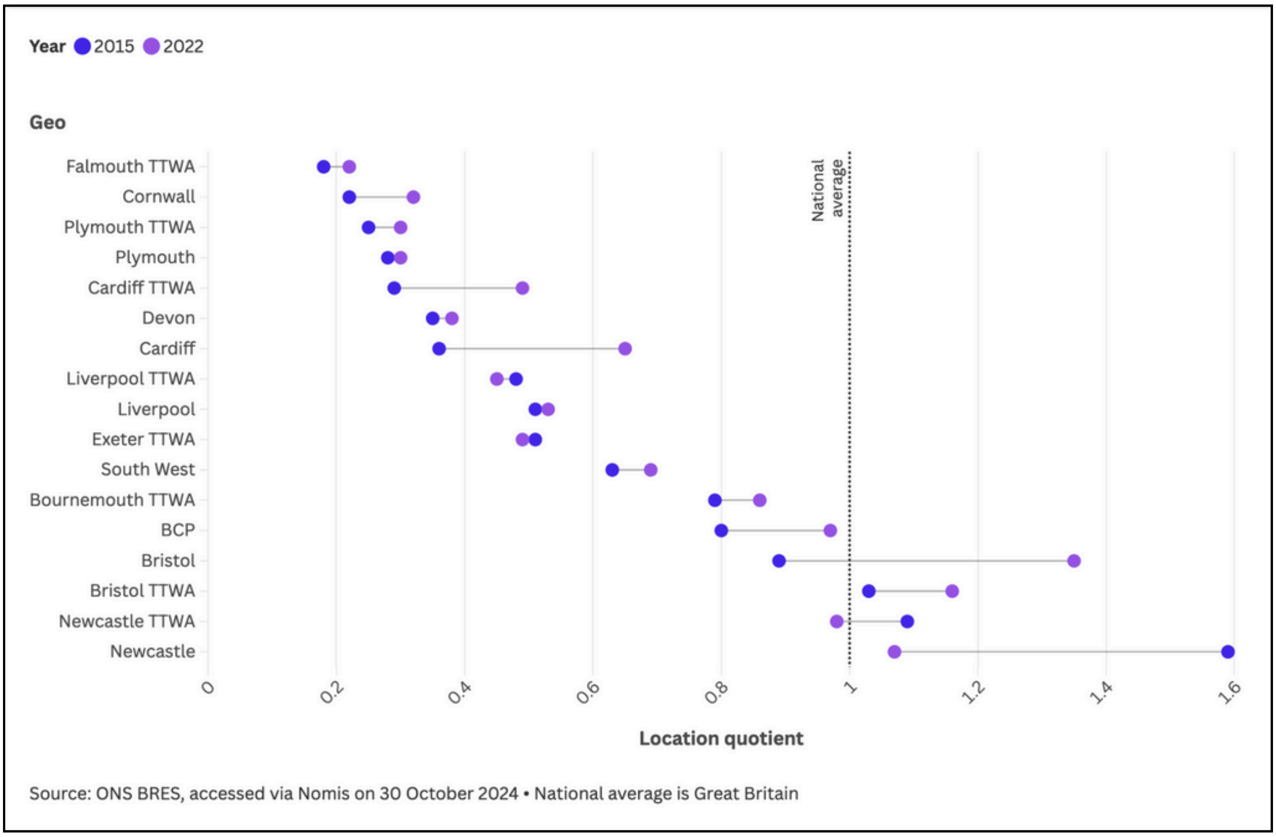
At the heart of the campus sit 15 independent live events businesses, offering services such as tour catering and lighting. In 2011, Production Park created its own education centre, offering live events and production degree courses accredited by the University of Bolton. It also hosted over 400 learners from the West Yorkshire community for free, to widen access.

Another Production Park business is XPLOR (xplor.one), which pioneers R&D in stage and screen industries, offering services to clients in virtual production and immersive experiences. XPLOR received grant funding from the European Regional Development Fund (ERDF) and DCMS to open a £7-million facility in Autumn 2022 and in August 2023, secured further co-investment to develop its virtual production R&D facilities from UKRI's convergent screen technologies investment programme with a consortium that brings together Production Park, Wakefield City Council, Screen Yorkshire, the University of York and Vodafone.

IT, software and computer services

Across the UK, IT, software and computer services is the largest creative industries subsector by GVA. It contributed £53.4 billion to the national economy in 2022, more than twice as much as the next largest subsector (film, at £20.8 billion). It is also the biggest job provider, accounting for nearly 45% of British creative industries employment in 2022. However, in Plymouth, although it is growing, IT accounted for only 30% of creative industries employment in 2022 and employment location quotients were lower in Plymouth than most other cities and regions, including Devon or Cornwall (see Figure 8).

Figure 8: Employment location quotients 2015-2022: IT, software and computer services



ONS data shows a lack of IT professionals in Plymouth: There were only 745 IT subsector jobs in Plymouth in 2022, and 950 in the TTWA. Census (2021) employment by occupation reveals information technology professionals (occupation code 213) made up only 1.3% of people in work in Plymouth the week before the census, compared to 2.6% in Newcastle, 1.8% in Wakefield, both of whom have growing creative industry clusters, and 2.5% across England. Plymouth also had only 0.2% of workers who were web and multimedia design professionals (code 214) compared with 0.4% across England.

Plymouth is currently punching below its weight when it comes to this crucial growth sector. It is not clear why this may be the case, but the scale of the opportunity is huge. IT skills and tech businesses are essential to create and grow hybrid enterprises where creative industries subsectors overlap with each other, including in convergent and immersive screen, interactive performance and adtech. They are also essential to drive innovation and R&D where tech intersects with other industries, putting the automation in marine automation, the advanced into advanced manufacturing and the digital into digital healthcare. Cybersecurity, AI and visualisation are particularly important to these hybrids. If Plymouth could boost its overall IT job share to reach the national average, the city would gain an extra 1,700 tech professionals, potentially earning £75-123 million in additional GVA for the city. Centre for Cities currently ranks Plymouth 49th out of 63 cities for innovation (new economy firms per 10,000 working age population). More IT businesses and professional would drive innovation across all industries

Case Study: Liverpool

Digital and creative industries investment

Liverpool supports early stage digital and creative industries business growth through partnerships and equity investment. Every year tech accelerator, Baltic Ventures, supports 12 companies through a four-month, part-time accelerator programme for two of their co-founders who are seeking investment within 12 months of the programme. As well as mentoring, master classes and investment support, it provides nine months' use of office space, and tech provider discounts. It also makes a £30,000 equity investment from its angel syndicate as an Advanced Subscription Agreement (ASA). The ASA gives angel investors a 20 percent discount on the share price of the company's next fundraise. If the company does not raise funding within six months of the ASA, the investment converts to equity at a pre-agreed valuation, enabling the angel investors to benefit from SEIS or EIS tax credits.

To meet the need for seed investment for Baltic Ventures' accelerator cohort, and for businesses from other scale-up programmes, in early 2025 Liverpool City Region (LCR) will launch a new £10-million equity seed fund, targeted at early-stage businesses in digital and creative, health and life sciences, and advanced manufacturing, which are all priority sectors for growth in Liverpool and its city region. This builds on the success of the North West Fund for Digital and Creative, a £17-million equity investment fund covering the North West, from 2010 to 2017 which was backed by European Regional Development Funds. It invested in 19 early-stage businesses in LCR from 2010, enabling it to benefit from the UK creative industries' 50% growth from 2010 to 2022. It brought in £65 million of co-investment from outside the region, delivered four notable exits for business in LCR to acquirers based in the UK, US, and Switzerland, and helped to create 975 jobs in the North West.

Case Study: North East

Partnering with Creative UK

The North East Combined Authority (CA) like Devon and Cornwall has a strong relationship with Creative UK. It has fostered and expanded this relationship to not only provide specialist expertise to the creative sector but also to leverage in external investment from Creative UK's own investment funds.

In 2021 the CA funded the North of Tyne Culture and Creative Investment Programme, a £2-million loan and equity fund for growth-minded businesses in the creative and cultural sector, and contracted Creative UK to manage it. Although the programme's loans and equity investments are limited to between £50,000 and £150,000, Creative UK can co-invest from its UK-wide Creative Growth Finance loan fund, backed by Triodos Bank, on a business-by-business basis. This enabled a £750,000 investment round for Venture Stream, a digital agency in Newcastle.

In 2023, the North East captured £1.275 million in the first wave of the DCMS Create Growth Programme which was managed by Creative UK, as in Cornwall and Devon. Continuing its relationship with the North East, in August 2024, Creative UK launched the North East Shared Success Fund financed by the CA, in a new investment initiative. This fund provides £25,000 of interest-free loans to creative industries SMEs, to help them test ideas and develop new products or services, and is designed to fill the gap between creative grants and loan schemes. Businesses repay the money, interest-free, once their project succeeds or they reach a turnover threshold.

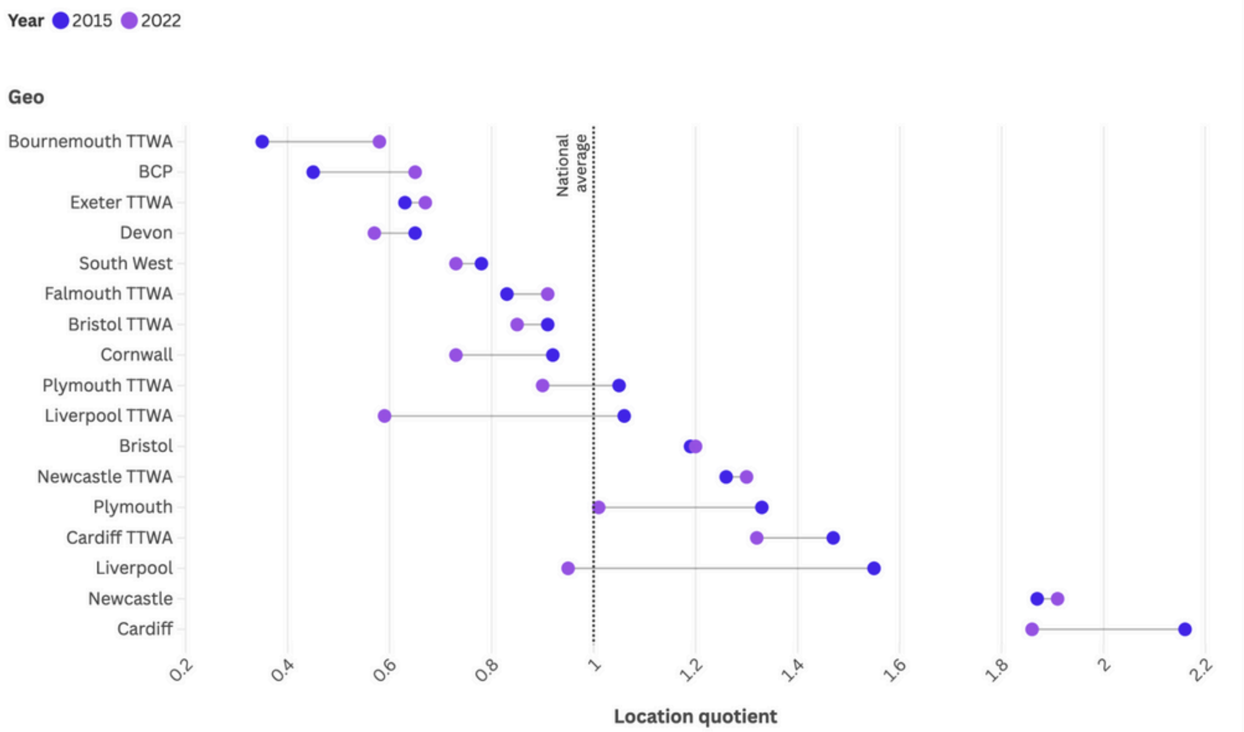
Music, performing and visual arts

A vibrant Music, performing and visual arts subsector is essential to bring new people into the city to live and to enhance the wellbeing of existing residents. Employment location quotients for this subsector in 2022 were about the same in Plymouth as the national average (see Figure 9).

Theatre Royal Plymouth's significance to performing arts in Plymouth cannot be overstated. Not only is it the largest regional theatre producing and co-producing its own shows, but it also builds sets for other UK venues and for international export at its TR2 production centre. However, growth at TR2 is constrained by the capacity of its building and lack of access to skills, hampering its ability to support local supply chains and grow the subsector.

Live music in Plymouth also has the potential to grow with the opening of The Guildhall, continued efforts to bring other venues back into use, and the strengthening of relationships with music promoters such as Live Nation, which produces Plymouth's Summer Sessions. With a creative industries action plan that aligns with the Music Action Plan and recognises the value that Music, performing and visual arts bring to Plymouth's economy and culture, jobs could potentially be recovered, and more gained.

Figure 9: Employment location quotients 2015-2022: Music, performing and visual arts



Source: ONS BRES, accessed via Nomis on 30 October 2024 • National average is Great Britain

Case Study: Thames Estuary

High House Production Park

Thames Estuary was the largest of the geographical areas selected for CDF Round One, with the largest culture and creative sector at £998 million GVA. However, the proportion of the population working in the creative sector was below the national average, at 2.5 percent. £4.3 million was awarded to the University of Kent to cement the foundations for a long-term transformational, culture-led innovation and growth strategy for North Kent and South Essex. It set out to build area identities, local pride, creative production, jobs, and innovation. It also developed a Creative Estuary brand.

The Thames Estuary Production Corridor is a programme to build on the area's manufacturing legacy to develop a series of large scale, state-of-the-art creative and cultural production centres. Its case for investment argues the Thames Estuary Production Corridor has the potential to create 50,000 jobs and generate £3.7 billion for the UK economy, becoming the UK's largest concentration of creative production.

At the heart of the strategy is High House Production Park in Purfleet, Essex, a regenerated 14-acre site providing spaces for large-scale creative production built around the Royal Opera House's production facilities. Facilities include a costume centre, workshops for all scenery, refurb and paint for Royal Ballet, Royal Opera and Birmingham Royal Ballet and a centre for rehearsals which includes a sound stage, recording studio, dance studio, green room and meeting room.

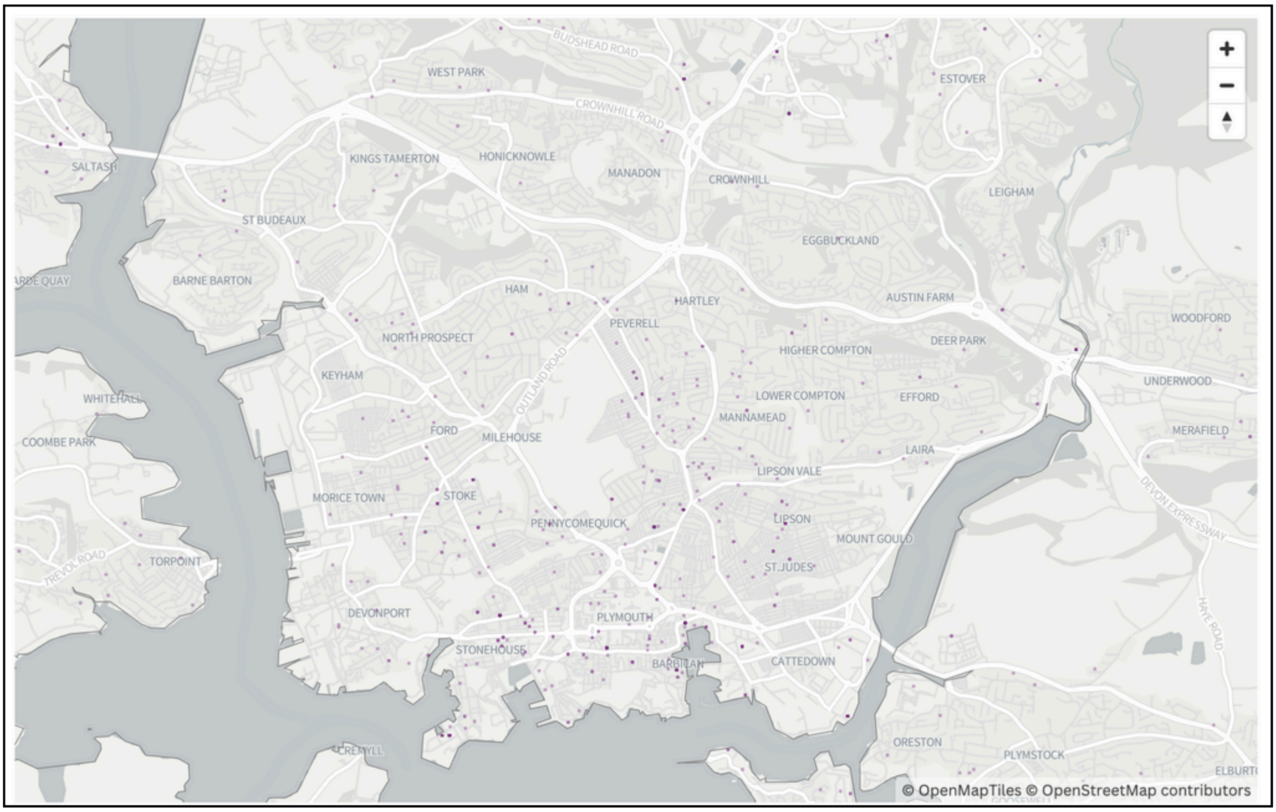
It was developed through collaboration between multiple public and private sector partners including the Royal Opera House, Thurrock Council, Creative & Cultural Skills, Acme Studios, Arts Council England, East of England Development Agency, the Department of Business, Innovation and Skills, and the Ministry of Housing, Communities and Local Government.

Company Location

Being in a microcluster makes a big difference to companies outside established creative clusters. Companies in microclusters are more likely to want to grow than those not in a microcluster. They are also more likely to behave like companies in bigger, established creative clusters, benefitting from a proximity to skills, customers and knowledge.

On a TTWA-wide scale, Plymouth could be considered a creative industries cluster, but within the city there is little sign of microclusters forming. Figure 10 shows creative industries businesses are scattered around the city centre and are not clustered (except insofar as they tend to be located in more built-up areas). This may be putting the brakes on creative industries growth in Plymouth.

Figure 10: Little evidence of creative industries microclusters within Plymouth



Educational and cultural organisations and infrastructure can anchor creative industries businesses and incentivise them to cluster by providing knowledge, supporting networks, providing specialist facilities and meeting spaces, and placemaking, as well as more formal business support.

One of Plymouth's strengths is that it is home to three universities and the city boasts some state-of-the-art facilities for students, academic researchers and business collaborators including the i-DAT Open Research Lab for creative technology and The Fablab at AUP. These facilities provide companies from across sectors with access to equipment and expertise to support the development of new products and processes.

Plymouth has also made significant investments in cultural organisations and assets including The Box and the Market Hall immersive dome that can have a significant impact on commercial creative industries companies. Along with their role in supporting clustering, Arts Council England identified cultural organisations' impact on:

- Innovation: acting as R&D labs for the creative industries, bearing the risk and providing the opportunities for experimentation that can lead to commercial activity.
- Education: opening up access to a rich and diverse education, equipping young people with the skills and creativity they need to work in the creative industries, as well as other sectors.
- Collaboration: supporting supply chains and enables companies and freelancers to access the broad range of skills needed to create new products and services.

There is a clear opportunity to connect the existing cultural infrastructure within the city to an emerging creative industries cluster.

Case Study: Newcastle

Creative Central CCZ

Like Plymouth, Newcastle's creative industries jobs are small relative to other sectors and the city is lagging on creative industry job growth compared to other cities and regions. However, it has recently introduced a series of interventions aimed at stimulating the sector.

A key element of the North East's strategy is a five-year (2022-2027) place-based approach to developing CCZs, including a Creative Central zone in Newcastle, which has secured £1.7 million investment from the North of Tyne Combined Authority. It is within Newcastle city centre's conservation area, close to the universities and culture assets, and at the forefront of the centre's reinvention and revitalisation. Councillor Alex Hay, Cabinet member for a Thriving City at Newcastle City Council, said the goal is to "retain local talent, attract investment and create jobs, which will together act as a catalyst for the growth of the cultural economy and the city's wider economy."

A key objective for the zone is to increase the amount of physical space in which cultural and creative practitioners and businesses can work together, rehearse and perform. To this end, the city council has launched a workspace small grant scheme, offering up to £15,000 to potential workspace providers and property owners to bring forward plans that will result in a net increase in space predominantly for the use of the culture and creative sectors.

Regeneration and gentrification

In Plymouth, three quarters of creative industries companies currently have addresses in the most deprived half of city LSOAs. For completeness it is right to consider the likely impact of gentrification from the development of a successful creative industries strategy.

Creative industries have a mixed impact on deprived areas. On the positive side, they may stimulate regeneration, attracting other businesses and residents to an area. Creative industries companies are often attracted to an area by the promise of affordable business premises to rent or buy at least in urban areas. On the less positive side, a new influx of more highly-paid creative industries workers to an area may raise the price of housing so previous residents can no longer afford to live there. However, researchers at the UK's creative industries Policy and Evidence Centre (PEC) found that while there is a link between local creative activity and subsequent residential gentrification, it is small, even in the most creatively dense neighbourhoods. The presence of creative workers had a substantively larger effect than creative companies, but the role of companies was more stable. A 10% point increase in creative workers was linked to only a 2% increase in gentrification probability 10 years later, while the same increase in creative businesses was linked to a mere 0.02% uptick in gentrification probability.

The PEC notes these findings have important policy implications. 'Whilst on the average, the influence of the creatives to gentrification is small, there are limited places where the connection and impacts will be more pronounced and visible. Policymakers should be aware of these nuances and engage in planning, pride in place and community building interventions together with active labour market policies to mitigate adverse effects'.

Case Study: London Boroughs

Creative Enterprise Zones

In 2018, London invested in pilot creative enterprise zones in six of its most deprived local authority districts and has evaluated their impact. They were created in response to "the important role artists and creative businesses play in creating opportunities and attracting development. They also ensure that growth is inclusive and supports a more diverse creative workforce across the city." Policies for the zones were set out in the London Plan, the spatial strategy for London, which describes what local plans should consider when establishing a creative enterprise zone. For example, zones should:

- Develop, enhance, protect and manage new and existing workspaces
- Support existing and the development of new cultural venues
- Help deliver spaces that are suitable, attractive and affordable for the creative industries
- Encourage the temporary use of vacant buildings
- Integrate public transport, digital and other infrastructure and service provision
- Support a mix of uses.

The six zones created are in Brixton (Lambeth), Hounslow, Deptford and New Cross (Lewisham), Tottenham (Haringey), Croydon, and Hackney Wick and Fish Island (Hackney and Tower Hamlets). They received £5.08 million in core funding, plus £3.1 million match and £4 million in capital funding between 2018 and 2021, between them. Creative enterprise status justified the financial contribution from developers towards creative sector uses. Each zone has its own distinctive character, but with four common pillars:

- Space: creating permanent, affordable, creative workspace and live-work spaces at below-market rents and ensuring no net loss of space.
- Providing skills and business support: building entrepreneurial skills and offering business support to artists, start-ups, sole traders, micro-sized and small businesses, developing career pathways and opportunities for progression into the creative industries and supporting sectors.
- Policy: development and delivery of proactive policy approaches which support artists and creatives in Local Plans, housing and business rates policies.
- Community engagement and socially inclusive places: embedding creative production in communities, creating socially inclusive places and strong links with education providers.

Case Study: London Boroughs

Creative Enterprise Zones

During the evaluation period, the pandemic delivered a serious economic shock to the culture and creative industries and the evaluation found the zones were not immune to the London-wide fall in employment numbers and decline in businesses. However, they did find they were more resilient than areas outside the zone. Across all zones, the programme secured additional spaces for cultural and creative industries and created job opportunities. This was often achieved through increased networking and relationship building within the zones, enabling strategic coordination and support for creative businesses. As well as catalysing and accelerating their growth, this has also strengthened institutional relationships. By 2021, the zones had delivered 30,441 square metres of new creative workspace. They had also delivered a 14.2% net increase in creative sector jobs compared with 7.5% in London overall, and a 7.2% increase in creative businesses compared with 0.4% in London overall.

Through different activities across the zones, the programme made the creative and cultural industries more visible. Examples include placemaking interventions like mural and artwork commissions, wayfinding, and branding initiatives like ‘Made by Tottenham’, local ambassador programmes, marketing campaigns, and panel events.

The Plymouth advantage

Sitting at the centre of the Devon and Cornwall peninsula where creative industries are growing, Plymouth could be its urban creative capital. Compared to the broader South West region, it has a high proportion of young people aged 18-34 and is an affordable city to live in relative to other South West cities based on its house price to earning ratio. It also has a much higher share of people in further education and skills than the English average, despite a lower share with Level 3 or above qualifications.

Digital connectivity is good in the city, particularly compared to other areas in the South West. Ninety-one percent of premises in Plymouth had coverage from a Gigabit-capable broadband service in January 2024, compared to a national average of 78.8%. This ranks the city highly on broadband speed. In addition, 100% of the Plymouth local authority district area had 4G coverage and 97.1% had 5G coverage in January 2024, ranking it in the top third of local authority districts across the UK.

Broadband speeds will be limited in the future without further rollout of optical fibre all the way from exchanges to buildings, known as Fibre to the Premises (FTTP). Although Openreach says they will reach almost all property in 2026, Plymouth is currently lagging behind. According to Ofcom, FTTP was available to 46.7% of premises in Plymouth local authority district in January 2024, putting the city in the bottom third of local authority districts in the UK for FTTP availability.

Case Study: Liverpool

LCR Play: a low-latency secure private network

Digital businesses in Liverpool have an incentive to move into one of its creative industries hubs and collaborate across their supply chains: as tenants, they can access a low-latency private secure network at unlimited speeds, for free. LCR Play (lcrplay.co.uk/) is a low-latency dark fibre and wireless private network that circles the city. It is aimed at the interactive entertainment and gaming industry and is not connected to the internet – but instead has a direct connection from building to building. LCR began the construction of LCR Play (originally called the Liverpool Game Developers Network) in 2016 to bring the Transatlantic Submarine Cables (via the Southport Landing Stage) into the heart of the creative industries quarter. LCR Play now connects more than 50 buildings that house many of the region's games studios, developers, testers, content creators and venues. Most members are running 1Gbps, 10Gbps or even 100Gbps connections with speeds only limited to the optics used by the members themselves. LCR Play's vision is to create the region's first large-scale, private, metropolitan, digital network that connects all of the creative spaces, venues and content production houses.

Last but not least, Plymouth residents enjoy life, making the city a potentially attractive place for people to move to: 83% of Plymouth residents rated their happiness as good or very good, compared to 74% across the UK. If Plymouth can tap into this optimism, sell its strengths more widely, and bring more national creative industries investment into the region, its creative industries sector will grow, and its communities fully reap the benefits that follow.

The city has some notable assets that could help make that happen. The Box is an iconic physical statement of both the city's pioneering heritage and its future cultural ambitions. The Market Hall immersive dome, the only one of its kind in Europe, is a unique asset for the convergent screen industries. The Theatre Royal Plymouth (TRP) is not only the largest creative industries business in the city, but one of the largest in the South West. Plymouth is also already a key partner in pan-regional creative industries collaborations, such as the Create Growth Programme with Creative UK, Screen Devon and the Far South West Immersive cluster, all with the potential to bring in investment.

Figure 11: SWOT analysis of the Plymouth creative industries

Strengths	Weaknesses
• High share of young working-age adults • Relatively affordable housing • Space for regeneration and development of new workspaces and infrastructure, including council-owned development sites • Good connectivity: 91 percent of premises have gigabit-enabled broadband; 97.1 percent of city area has outdoor 5G • Cultural assets and creative businesses of national standing, including The Box and TRP • Three universities, including an arts university • Robust relationships between key cultural organisations, universities and council via Plymouth Culture • Unique immersive facilities: the Market Hall dome, immersive theatre, i-DAT at Plymouth University • Large FabLab at AUP • Strength in music, performing and visual arts • A five-year deal to host Summer Sessions, a successful music festival on the Hoe • Pan-regional partnerships such as Screen Devon and Far South West Immersive • The Box, TRP and Real Ideas have international relationships and customers • Demand from other industries for creative industries services • High wellbeing to attract talent	• Too few creative industries companies • Few large and medium-sized anchor companies, making the sector vulnerable • Weak IT, software and computer services subsector: too few tech businesses and IT professionals • Music, performing and visual arts subsector vulnerable after pandemic • Little or no microclustering • Assets and infrastructure dispersed across the city, making connecting zones a challenge • Lack of visibility of creative industries in the city • Lack of capacity at TR2, including a skills shortage • Little film, TV, video, radio and photography infrastructure for hire • Low to moderate retention rates of creative graduates
Opportunities • Benefit from a fast-growing industry in terms of turnover, GVA and jobs • High-value, high skill, high productivity jobs • Diversification of city economy • Opportunity to be the urban creative capital of the peninsula • Unlocking of innovation in other sectors including marine, defence, energy and health • Provision of immersive training for industries with workers in high-risk environments • Improvement of city environment, making it more vibrant and attractive • Support for regeneration of deprived areas • Generation of 1.9 jobs in other sectors for every creative industries employee • New funding for a regional cluster • Sector is dominated by small and micro firms: investment is scalable. • Every £1 contributed in GVA generates a further £0.50 in other sectors	**Threats** • Falling behind other cities as a culture and creative city • Lack of awareness of creative industries' importance and potential • Lack of awareness of links between creative industries and other sectors of the economy • Limitation of investment funding amid other priorities • Skills shortage

A plan for Plymouth

Plymouth needs an interconnected, long-term plan for its culture and creative industries sector that moves beyond standalone buildings and short-term events. An interconnected plan will require collaboration between Plymouth Council and Plymouth's arts and culture organisations, universities, largest creative industries employers, small business networks and developers. Plymouth Council can play a key facilitation role by giving its support to partnerships and bids, and by embedding stimulation for the creative industries into every policy – from skills to planning – to enable communities and businesses to drive the sector forward and to allow a flourishing creative ecosystem to evolve.

By implementing a series of interconnected recommendations, it is believed that Plymouth could significantly grow the creative industries, in terms of jobs, turnover and GVA, and establish itself as a vibrant creative industries cluster. Successful micro-clustering within the city, alongside supporting interventions, would see a thriving creative industries sector that:

- Has many more micro- and small businesses, particularly in the music, performing and visual arts subsector, digital and screen industries
- Enables firms to cluster in vibrant, flexible and dynamic spaces with strong supply chains anchored by larger firms
- Establishes business networks, including virtual networks, which support graduate retention by increasing work placements and job opportunities
- Facilitates clusters to grow organically, as entrepreneurs and freelancers establish new businesses and workers split from established companies to create their own
- Provides accessible finance to enable small businesses with the potential to scale to become medium-sized businesses
- Facilitates hybrid businesses of the new economy to emerge.
- Champions inclusive practices in employment and audience engagement to support communities to access creative work and experiences
- Encourages talent to move to the city, attracted by its thriving creative economy.

Recommendations

Recommendations are closely interconnected and interdependent. They are intentionally aligned with the city's geography, existing assets and economic strategy – including the ambition to create thousands of new jobs in the city.

Embed creative industries across all Council policy areas

Growing the creative sector in Plymouth requires the council to consider the sector in all policy areas – from skills, planning, and health through to the night-time economy – so the plan for its growth can be joined up with other priority themes in Plymouth. This is a facilitation role for the council and seeks to embed support for the sector in order to create the conditions for growth.

Designate culture and creative clusters (CCCs)

The foundation for the strategy is to develop culture and creative clusters (CCCs), that will encourage creative businesses to cluster and provide a route for the other interventions described below. Benefits of this include strengthening supply chains, boosting innovation, attracting talent and investment in regeneration, creating opportunities for local communities making creative Plymouth visible. Plymouth's existing cultural assets and anchor organisations, working with private commercial providers and social enterprises, should be instrumental in delivering the activities. The clusters could be developed over different time frames, depending on their current state of regeneration and the scale of the ambitions. The clusters should be a focus for:

- Policy: the development and delivery of proactive policy approaches that support artists and creatives in local plans, housing and business rates policies
- Space: creating flexible, affordable, creative workspace and live-work spaces at below-market rents and ensuring no loss of space. When planning work spaces and live-work spaces for the creative sector, it is worth noting that creative businesses generally do not like bland office space. Nor do they require unaffordable luxury.
- Skills and business support: building entrepreneurial skills and offering business support, developing career pathways and opportunities for progression into the creative industries and supporting sectors
- Community engagement and socially inclusive places: embedding creative production in communities, creating socially inclusive places and strong links with education providers.

We propose four new geographic clusters, anchored by existing organisations:

1. The Culture Cluster- around The Box and universities (University of Plymouth and Arts University Plymouth), to develop the Tavistock Square site earmarked for demolition with live-work spaces.
2. The Performance Cluster- a music and performance zone in Royal Parade and Union Street that links the Guildhall, TRP, the Millennium building, the Reel and the Athenaeum.
3. The Createch Cluster- around the Market Hall in Devonport to attract IT, software, computer services and screen companies. A createch cluster in Devonport would bring createch companies close to their customers and enable defence, marine, energy and healthcare companies to use immersive assets and screen technologies to train staff for work in high-risk environments, such as offshore wind turbines.
4. Plymouth Production Park (cluster) - in Cattedown to increase TR2's production capacity by building the TR2 extension and developing its skills and supply chain to support industrial craft and new live production businesses.

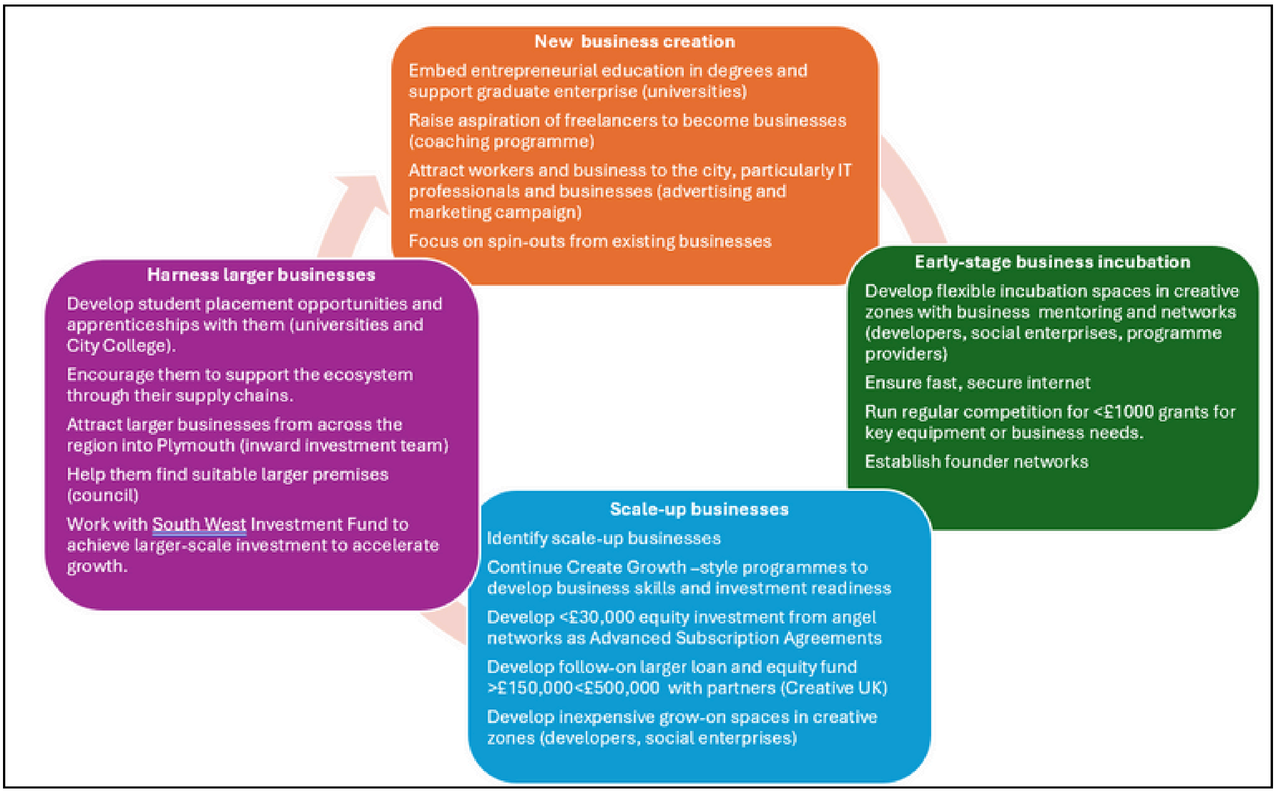
Nurture partnerships to attract investment and deliver business support

It is essential Plymouth works with partners to deliver programmes and investment. This means building on the many cross-regional initiatives that exist, including those between Screen Cornwall and Screen Devon and the Create Growth programme delivered by Creative UK.

Build a business pipeline by providing support at each stage of business growth

To make Plymouth's creative industries ecosystem larger and more robust, it is essential to build a pipeline of businesses. Support should be provided to creative industries entrepreneurs and businesses at each stage of their development, from company birth and early stage investment, to enhancing the impact of larger businesses. Policymakers, anchor institutions and delivery partners should work together to develop support mechanisms. A Plymouth Pathway for creative workers to build creative businesses should be consistent and explicit, giving them confidence there is a road to growth in the city. Mechanisms can range from support for graduates and freelancers to start businesses, to early stage investments, to helping businesses find the right premises, as shown in Figure 12:

Figure 12: The Plymouth Pathway, a virtuous cycle of business growth



Stimulate the tech sector

As part of the city's ambition to create new jobs in the city, 1,000 of them should be IT professionals with high-level skills, meaning degree level and above. Plymouth should also aim to create new digital and tech businesses with a focus on innovation and generating IP as well as computer services companies. These businesses are needed to build an investable createch subsector, to drive innovation and growth in other creative industries subsectors and to underpin innovation in other industries. Key technology domains for Plymouth to focus interventions on are cybersecurity, visualisation and AI.

The city should develop its own skills base, but also attract software engineers and businesses to Plymouth. According to CBRE, tech companies are attracted to cities by the quality of computer science at local universities, workspace costs and capacity, living costs and employment costs. Plymouth does well on living costs, but less well on the quality of computer sciences at the University of Plymouth, ranked only 105 out of 111 by the Guardian for 2025.

Action Plan

Plymouth Culture will lead the development of a full implementation plan over the coming 6 months. Reporting and monitoring will be made to the growth board in collaboration with the relevant economic leads and champions.

It is recommended that a sector led partnership is formed to take forward the recommendations set out in this plan. It is anticipated that the partnership will need to undertake feasibility and pilot activity to start the city's journey towards full delivery on this plan. We recommend the following short-term steps:

1. Support the University of Plymouth to develop and submit a peninsula bid to the DCMS's Creative Industries Cluster Programme in spring 2025. Simultaneously develop and submit a bid to AHRC through the Key Cities network to establish Plymouth and partners as a demonstrator for coastal creative industry clusters. Bids should incorporate the following activities in support of this plans recommendations:
    a. Funding the identified four clusters as pathfinders to help establish an objectives and outcomes framework for Plymouth clusters.
    b. Provide cluster anchors with feasibility funding to develop costed action plans detailing the proposed cluster and what it will deliver. These feasibility studies will form the basis for further funding applications to support the practical setup of the clusters in terms of both revenue and capital funding.
    c. Develop plans for branding the clusters aligned to the new Britain's Ocean City brand, including wayfinding and transport, to make them visible.
    d. Establish an incubation and business support programme to attract and retain talent.
2. Collaborate with the skills team at PCC to undertake research to understand why the number of tech businesses and tech professionals in Plymouth is low.
3. Partner with Destination Plymouth, using the new city branding, to test a marketing campaign to attract more IT professionals to the city.
4. Review the education and training provision in the city for very high-level IT skills, focusing on in-demand skills in cybersecurity, visualisation and AI.
5. Facilitate Plymouth Culture and partners to establish a Night-Time Economy Office & Officer to strategically progress cluster and creative/cultural development in the city centre.
6. Support Real Ideas and partners to install a low-latency private secure network that connects the Market Hall dome, Oceansgate and Derriford Hospital (and potentially other buildings) to the naval base behind the wire to facilitate collaboration across sectors and stimulate convergent industries.
7. Explore partnerships with Creative UK, Tech South West, South West Investment Fund, Foresight and British Business Bank to fund start-up and scale-up creative businesses with seed and early-stage investment.

References

[1] ONS, MYE2: Persons by single year of age and sex for local authorities in England and Wales, mid-2023. Plymouth LAD had a population of 268,736 in mid-2023.
[2] DCMS: DCMS Sectors Economic Estimates Gross Value Added 2022. Released 15 February 2024. 2022 data is provisional. Data in current prices.
[3] Leading from the Edge: Creative Industries in the Great South West.
[4] The additional GVA estimates here and for the IT and film subsectors are derived from ONS Business Register and Employment Survey (BRES) employment estimates for 2022 and our employment and GVA estimates for mid-2024 (based on GVA estimates from Data City). Lower and upper estimates represent different methodologies. See Annex 4.4 for details.
[5] The Centre for Cities estimates 35.7 percent of jobs in Plymouth in 2022 were publicly-funded service jobs, the ninth highest of 62 UK cities.
[6] Plymouth Economic Strategy 2024
[7] Creative Industries Policy and Evidence Centre discussion paper (August 2023): Creative Destruction? Creative firms, workers and residential gentrification.
[8] ONS Local: Overview of creative jobs and creative industries, Great South West, 2014 to 2023. Released 27 September 2024. Custom data request reference 2381, with data based on the Annual Population Survey. Data for Plymouth local authority district.
[9] The local authority district and TTWA have the same location quotient.
[10] ONS: House price to workplace-based earnings ratio. Released 25 March 2024.
[11] Ofcom via ONS: Explore local statistics. Data for January 2024.
[12] ONS: Explore Local Statistics – Plymouth. Data for 2023 or 2022-23.
[13] DCMS: DCMS Sectors Economic Estimates Gross Value Added 2022. Released 15 February 2024. 2022 data is provisional.
[14] ONS: Regional gross value added (balanced) by industry: all ITL regions. Published 24 April 2024.
[15] DCMS: Economic Estimates: Employment in the DCMS sectors, January 2023 to December 2023. Updated 18 July 2024.
[16] DCMS: DCMS Sectors Economic Estimates Gross Value Added 2022. Released 15 February 2024. 2022 data is provisional. Data in current prices.
[17] Government green paper: Invest 2035: The UK's modern industrial strategy. Published 14 October 2024.
[18] DCMS: Creative Industries Sector Vision. Published 14 June 2023. Last updated 20 June 2023.
[19] DCMS: Economic Estimates: Employment and APS earnings in DCMS sectors, January 2023 to December 2023. Published 13 June 2024. Updated 18 July 2024. Percentages calculated from raw estimates.
[20] Frontier Economics (2023): Creative Spillovers: Do the Creative Industries Benefit Firms in the Wider Economy? (PDF) Report co-commissioned by DCMS and the Creative Industries PEC.
[21] Creative Industries Policy and Evidence Centre (PEC): Do Creative Industries generate multiplier effects? Evidence from UK Cities, 1997-2019. Published July 2021.
[22] Oxford Economics: The UK Creative Industries: Unleashing the power and potential of creativity. Published July 2021.
[23] The Cultural Development Fund: Round One was funded with £15 million from DCMS shared between Plymouth, Wakefield, Grimsby, Worcester and Thames Estuary. It was administered by Arts Council England.
[24] Steer Economic Development (2024): Process and Interim Impact Evaluation of DCMS's Cultural Development Fund, Round 1.
[25] See Annex for a full description of our methodology.
[26] TRP's CEO puts the current number of TRP employees at closer to 350. However, in this report we will use the Data City figure of 289 to enable a consistent comparison with other companies.
[27] ONS Local: Overview of creative jobs and creative industries for the Great South West over the years 2014 to 2023 using Annual Population Survey and Business Counts Survey. Custom data request reference 2381, released 27 September 2024.
[28] Frontier Economics (2023): Creative Spillovers: Do the Creative Industries Benefit Firms in the Wider Economy? (PDF) Report co-commissioned by DCMS and the Creative Industries PEC.
[29] ONS: Business Register and Employment Survey (BRES). Exported from Nomis on 30 October 2024.

References

[30] This may reflect the negative impact of the pandemic on the music, performing and visual arts sector in particular, which accounts for a relatively high share of creative industries employment in Plymouth (see Which subsectors are strongest?). This subsector was particularly hard hit by the pandemic nationally: employment fell by 2.9 percent (-1.0 CAGR) between 2019 and 2022 across Britain. Plymouth suffered especially badly, with subsector employment falling by 17.5 percent (-6.2 percent CAGR) in Plymouth local authority district. This is likely related to the situation at TRP, which made staff redundant during the pandemic, in common with many other UK theatres.
[31] See Annex 4.3 for details on how the data underlying this and other shift-share charts was derived
[32] ONS: Business Register and Employment Survey (BRES), exported from Nomis on 30 October 2024
[33 Joanne Evans and Miriam Quick: The Creative Industries in the Great South West: Leading from the Edge
[34] See Annex 4.4 for methodology and discussion
[35 Data coverage for the Plymouth TTWA is 553 of 905 companies, which generate £116.3 million turnover.
[36] Data coverage for the Plymouth TWA is 525 companies which account for £159.4 million GVA.
[37] Although perhaps a somewhat smaller number of non-micro companies: only 23, compared to Exeter's 59, or 102 in Bournemouth, Christchurch and Poole.
[38] Centre for Cities Outlook 2024, published 22 January 2024, with data from 2022.
[39] See Annex 4.2 for an explanation of location quotients.
[40] Data for Plymouth local authority district rather than the TTWA. This is mainly to facilitate comparison with other cities like Newcastle, where the TTWA is much larger than the city itself and so a poor comparison to Plymouth's. Broadly, Plymouth's subsector location quotients and local share effects are very similar between the TTWA and the local authority district.
[41] The crafts subsector is not shown in Figure TK because of low job counts. Although its location quotient and local share effect seem impressive, it only employed 45 people in Plymouth in 2022, up from 10 in 2015, and little can be learned from this small absolute change. These figures are rounded at source by the ONS.
[42] The Guardian (14 September 2024): 'Survive to 2025': UK TV production firms fight to stay afloat in slump
[43] See Annex 4.4 for methodology and discussion
[44] Screen Devon and the Far South West Immersive Cluster are supported by Plymouth Culture, Plymouth's universities and Real Ideas.
[45]Steer Economic Development: Process and Interim Impact Evaluation of DCMS's Cultural Development Fund, Round 1.
[46] Wakefield District Economic Strategy 2018-2023
[47] Production Park was founded in 2006 as Lite Structures.
[48] CoSTAR was launched as part of the UK's Creative Sector Vision. See UKRI: Convergent screen technologies and performance in realtime (CoSTAR)
[49] DCMS: DCMS Sectors Economic Estimates Gross Value Added 2022 (provisional). Published 15 February 2024.
[50] ONS: Business Register and Employment Survey (BRES). Exported from Nomis on 30 October 2024.
[51] These figures are rounded at source by the ONS.
[52] ONS: TS064 - Occupation - minor groups. Accessed via Nomis on 19 August 2024. It's worth noting that the census took place during the pandemic, so results may not be typical of 'normal' times.
[53] See Annex 4.4 for methodology and discussion
[54] Centre for Cities
[55] The North West Fund for Digital and Creative is managed by AXM Venture Capital for North West Business Finance as part of a £155-million investment fund backed by the European Business Bank and the European Regional Development Fund.
[56] Creative UK was formed by the merger of Creative England and the Creative Industries Federation in 2021. Creative England was the first national development organisation for the creative industries. Now Creative UK is an independent company limited by guarantee that advocates for the creative industries and has an investment subsidiary. See https://www.wearecreative.uk/about/our-history/
[57] See https://www.wearecreative.uk/north-of-tyne-investment-fund-explained/
[58] See North East Shared Success Fund
[59] Plymouth Culture: Music Action Plan (PDF)
[60] Thames Estuary Production Corridor Case for Investment (PDF)

References

[61] Creative Estuary: High House Production Park
[62] Creative Industries PEC: Creative Radar 2021, The Impact of COVID-19 on the UK's Creative Industries (PDF). Published July 2021.
[63] In the research described in our sister report The Creative Industries in the Great South West: Leading from the Edge, Plymouth emerges as the third-largest cluster in the GSW region (after Bournemouth, Christchurch and Poole in first place, and Exeter and Exmouth in second), with 847 companies. Note that this cluster does not fall neatly on either the local authority district or TTWA boundaries, but is derived from companies' geographical proximity.
[64] Creative Industries PEC: Creative Radar 2021, The Impact of COVID-19 on the UK's Creative Industries (PDF). Published July 2021.
[65] Metro Dynamics for Arts Council England: The Impact of Arts & Culture on the wider Creative Economy (June 2020).
[66] The Guardian: 'Talent is classless': bold project launched to create centre for writing in north-east England. Published 8 September 2024.
[67] See https://creativecentralncl.co.uk/
[68] Quoted in Newcastle City Council CityLife: New plans to make Newcastle a hub for artists, creatives, musicians and filmmakers. Published 25 September 2023.
[69] Velez-Ospina et al 2023: Determinants of rural creative microclustering: Evidence from web-scraped data for England. Papers in Regional Science 102/5.
[70] Creative Industries Policy and Evidence Centre discussion paper (August 2023): Creative Destruction? Creative firms, workers and residential gentrification.
[71] Mayor of London: About Creative Enterprise Zones. Tarek Virani (UWE Bristol). Creative Enterprise Zones Impact Report 2018-2021 (July 2023).
[72] The London Plan 2021
[73] ONS, MYE2: Persons by single year of age and sex for local authorities in England and Wales, mid-2023.
[74] ONS: House price to workplace-based earnings ratio. Released 25 March 2024.
[75] ONS: Explore Local Statistics – Plymouth. Data for 2023 or 2022-23.
[76] Ofcom via ONS: Explore local statistics. Data for January 2024.
[77] Plymouth Live (Aug 2024): 60,00 Plymouth properties now have ultrafast broadband thanks to Openreach investment
[78] See https://en.wikipedia.org/wiki/Dark_fibre
[79] ONS: Personal well-being estimates by local authority. Published 28 November 2023. Data for 2022-23.
[80] Plymouth.gov.uk: Major music festival on Plymouth Hoe for next year. Published 27 October 2023.
[81] Plymouth Economic Strategy 2024 (PDF)
[82] Mayor of London: About Creative Enterprise Zones. Tarek Virani (UWE Bristol). Creative Enterprise Zones Impact Report 2018-2021 (July 2023).
[83] Plymouth Culture: Music Action Plan (PDF)
[84] CBRE: UK Tech Cities Report 2022. Published March 18, 2022.
[85] The Guardian: Best UK universities for computer science and information systems – league table

EQUALITY IMPACT ASSESSMENT – CREATIVE INDUSTRIES PLAN

SECTION ONE: INFORMATION ABOUT THE PROPOSAL

Author(s): The person completing the EIA template.	Hannah Harris	**Department and service:**	Plymouth Culture	**Date of assessment:**	24/02/25
Lead Officer: Head of Service, Service Director, or Strategic Director.	David Draffan, Service Director Economic Development	**Signature:**	D.Draffan	**Approval date:**	25/02/25
Overview:	The Creative Industries Plan is a sector plan which sets out the growth potential for the creative industries and makes recommendations for interventions that will support economic growth.				
Decision required:	To adopt the Creative Industries Plan and mandate Plymouth Culture to develop the full implementation plan.				

SECTION TWO: EQUALITY IMPACT ASSESSMENT SCREENING TOOL

Potential external impacts: Does the proposal have the potential to negatively impact service users, communities or residents with protected characteristics?	**Yes**		**No**	X
Potential internal impacts: Does the proposal have the potential to negatively impact Plymouth City Council employees?	**Yes**		**No**	X
Is a full Equality Impact Assessment required? (if you have answered yes to either of the questions above then a full impact assessment is required and you must complete section three)	**Yes**		**No**	X
If you do not agree that a full equality impact assessment is required, please set out your justification for why not.	The decision is for the adoption of a sector plan and there are no anticipated negative implications for service users or staff.			

SECTION THREE: FULL EQUALITY IMPACT ASSESSMENT

Protected characteristics (Equality Act, 2010)	Evidence and information (e.g. data and consultation feedback)	Adverse impact	Mitigation activities	Timescale and responsible department
Age	Plymouth • 16.4 per cent of people in Plymouth are children aged under 15. • 65.1 per cent are adults aged 15 to 64. • 18.5 percent are adults aged 65 and over. • 2.4 percent of the resident population are 85 and over. South West • 15.9 per cent of people are aged 0 to 14, 61.8 per cent are aged 15 to 64. • 22.3 per cent are aged 65 and over. England • 17.4 per cent of people are aged 0 to 14. • 64.2 per cent of people are aged 15 to 64. • 18.4 per cent of people are aged 65 and over. (2021 Census)	No adverse impacts are anticipated from this decision.	Not applicable	Not applicable

Care experienced individuals (Note that as per the Independent Review of Children's Social Care recommendations, Plymouth City Council is treating care experience as though it is a protected characteristic).	It is estimated that 26 per cent of the homeless population in the UK have care experience. In Plymouth there are currently 7 per cent of care leavers open to the service (6 per cent aged 18-20 and 12 per cent of those aged 21+) who are in unsuitable accommodation. The Care Review reported that 41 per cent of 19-21 year old care leavers are not in education, employment or training (NEET) compared to 12 per cent of all other young people in the same age group. In Plymouth there are currently 50 per cent of care leavers aged 18-21 Not in Education Training or Employment (54 per cent of all those care leavers aged 18-24 who are open to the service). There are currently 195 care leavers aged 18 to 20 (statutory service) and 58 aged 21 to 24 (extended offer). There are more care leavers aged 21 to 24 who could return for support from services if they wished to.	No adverse impacts are anticipated from this decision.	Not applicable	Not applicable
Disability	9.4 per cent of residents in Plymouth have their activities limited 'a lot' because of a physical or mental health problem. 12.2 per cent of residents in Plymouth have their activities limited 'a little' because of a physical or mental health problem (2021 Census)	No adverse impacts are anticipated from this decision.	Not applicable	Not applicable

Gender reassignment	0.5 per cent of residents in Plymouth have a gender identity that is different from their sex registered at birth. 0.1 per cent of residents identify as a trans man, 0.1 per cent identify as non-binary and, 0.1 per cent identify as a trans women (2021 Census).	No adverse impacts are anticipated from this decision.	Not applicable	Not applicable
Marriage and civil partnership	40.1 per cent of residents have never married and never registered a civil partnership. 10 per cent are divorced, 6 percent are widowed, with 2.5 per cent are separated but still married. 0.49 per cent of residents are, or were, married or in a civil partnerships of the same sex. 0.06 per cent of residents are in a civil partnerships with the opposite sex (2021 Census).	No adverse impacts are anticipated from this decision.	Not applicable	Not applicable
Pregnancy and maternity	The total fertility rate (TFR) for England was 1.62 children per woman in 2021. The total fertility rate (TFR) for Plymouth in 2021 was 1.5.	No adverse impacts are anticipated from this decision.	Not applicable	Not applicable

Race	In 2021, 94.9 per cent of Plymouth's population identified their ethnicity as White, 2.3 per cent as Asian and 1.1 per cent as Black (2021 Census) People with a mixed ethnic background comprised 1.8 per cent of the population. 1 per cent of the population use a different term to describe their ethnicity (2021 Census) 92.7 per cent of residents speak English as their main language. 2021 Census data shows that after English, Polish, Romanian, Chinese, Portuguese, and Arabic are the most spoken languages in Plymouth (2021 Census).	No adverse impacts are anticipated from this decision.	Not applicable	Not applicable
Religion or belief	48.9 per cent of the Plymouth population stated they had no religion. 42.5 per cent of the population identified as Christian (2021 Census). Those who identified as Muslim account for 1.3 per cent of Plymouth's population while Hindu, Buddhist, Jewish or Sikh combined totalled less than 1 per cent (2021 Census).	No adverse impacts are anticipated from this decision.	Not applicable	Not applicable
Sex	51 per cent of our population are women and 49 per cent are men (2021 Census).	No adverse impacts are anticipated from this decision.	Not applicable	Not applicable
Sexual orientation	88.95 per cent of residents aged 16 years and over in Plymouth describe their sexual orientation as straight or heterosexual. 2.06 per cent describe their sexuality as bisexual, 1.97 per cent of people describe their sexual orientation as gay or lesbian. 0.42 per cent of residents describe their sexual orientation using a different term (2021 Census).	No adverse impacts are anticipated from this decision.	Not applicable	Not applicable

SECTION FOUR: HUMAN RIGHTS IMPLICATIONS

Human Rights	Implications	Mitigation Actions	Timescale and responsible department
	No adverse impacts are anticipated from this decision.	Not applicable	Not applicable

SECTION FIVE: OUR EQUALITY OBJECTIVES

Equality objectives	Implications	Mitigation Actions	Timescale and responsible department
Work together in partnership to: ▪ **promote equality, diversity and inclusion** ▪ **facilitate community cohesion** ▪ **support people with different backgrounds and lived experiences to get on well together**	Plymouth Culture and partners have policies in place to protect the rights of workers and those we work with which will be adhered to throughout any development or implementation work.	Not applicable	Not applicable
Give specific consideration to care experienced people to improve their life outcomes, including access to training, employment and housing.	Plymouth Culture and partners have policies in place to protect the rights of workers and those we work with which will be adhered to throughout any development or implementation work.	Not applicable	Not applicable
Build and develop a diverse workforce that represents the community and citizens it serves.	Plymouth Culture and partners have policies in place to protect the rights of workers and those we work with which will be adhered to throughout any development or implementation work.	Not applicable	Not applicable

Support diverse communities to feel confident to report crime and anti-social behaviour, including hate crime and hate incidents, and work with partners to ensure Plymouth is a city where everybody feels safe and welcome.	Plymouth Culture and partners have policies in place to protect the rights of workers and those we work with which will be adhered to throughout any development or implementation work.	Not applicable	Not applicable

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Cabinet

PLYMOUTH CITY COUNCIL

Date of meeting:	10 March 2025
Title of Report:	**Plymouth Active Leisure – introduction of Agency Model**
Lead Member:	Councillor Sue Dann (Cabinet Member for Customer Service, Sport, Leisure, HR & OD)
Lead Strategic Director:	Prof. Steve Maddern (Director of Public Health)
Author:	Oliver Woodhams, Head of Finance
Contact Email:	Oliver.Woodhams@plymouth.gov.uk
Your Reference:	
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

This report recommends changes to Plymouth City Council's contract with Plymouth Active Leisure (PAL) to introduce an Agency Model approach. The proposed approach is summarised in Section A below, with background and further detail set out in Section B.

Recommendations and Reasons

That Cabinet agrees**:**

1. To endorse changes to the Council's current contract with Plymouth Active Leisure Ltd. proposed in this report, enabling the introduction of an Agency Model.
2. To delegate final agreement of a Deed of Variation to the current contract to the Director of Public Health in consultation with the Head of Finance and the Head of Legal Services.
3. To endorse the pricing principles to be applied to set prices for the leisure services the Council will provide from 1st April 2025, using Plymouth Active Leisure as its agent, as set out in paragraph 4.4 of this report.
4. To delegate authority to the Director of Public Health to determine and set the final, detailed list of fees and charges for these services in accordance with the principles set out in paragraph 4.4 of this report.

Reasons: An Agency Model approach will generate savings for Plymouth Active Leisure (PAL) through the recovery of previously irrecoverable VAT. These savings (estimated to be within a range of £150,000 - £250,000 annually) will support the financial sustainability of PAL and, as parent company and client, financial benefits will flow through to PCC over time.
Following recent changes in HMRC's VAT guidance for local authority leisure services, many local authorities are introducing similar arrangements for their leisure contracts – we understand that around 40 other councils are pursuing similar changes during the coming year. Having had regard to advice from external legal and tax advisors, risks are considered to be low, and the existing benefits of our current contract with PAL will be maintained.
In an Agency Model approach, PCC will assume responsibility for certain services previously provided by PAL. Whilst PAL will continue to deliver these services to customers on behalf of PCC, it will fall to PCC to set prices for its services

in line with PCC's procedures and policies relating to fees and charges. Recommendations 3 and 4 above are required to ensure that relevant prices are set for the 2025/26 financial year.

Alternative options considered and rejected.

The alternative option to not make any changes to our contract with PAL is not considered appropriate, because this would not generate savings which are required in order to secure financial sustainability for PAL, and long-term financial benefits for PCC as parent company.

Another alternative would be to in-source leisure provision and directly recover previously irrecoverable VAT. This option has been rejected because there are benefits of delivering leisure services through a Local Authority Trading Company (LATCo) delivery model, and the financial benefits available as a result of changes to VAT guidance can be realised indirectly through the Agency Model approach, whilst retaining the advantages of the LATCo mode.

This report also asks Cabinet to approve a recommendation to increase charges for certain services that will be provided by PCC using PAL as its agent from 1st April 2025. The option of not increasing charges has been considered, but is rejected on the basis that it would not achieve cost recovery and/or may affect the level of income achieved from services.

Relevance to the Corporate Plan and/or the Plymouth Plan

The commissioning of leisure services through the PAL contract supports the implementation of the Plymouth Plan, which commits the city to addressing health inequalities by providing vibrant leisure facilities that promote good health and wellbeing, in particular through the provision of programmes that encourage communities to be physical active.

The Corporate Plan commits the Council to being responsible and to spend money wisely. By putting forward the recommendation for the Council to support the adoption of an Agency Model, we are ensuring that best value is being achieved through the commissioning of leisure services.

Implications for the Medium-Term Financial Plan and Resource Implications:

There are no immediate benefits to current MTFP projections, but in the longer term improvements to PAL's financial sustainability will flow through to PCC as the parent company in the medium to long term. These benefits will be factored into future budget rounds.

There are some minor resource implications arising from legal and specialist advisor fees, which are being absorbed within current budgets.

Financial Risks:
Following recent changes to HMRC's VAT guidance, many Local Authorities across the country are introducing similar arrangements to enable VAT to be reclaimed. The council has engaged specialist legal and tax advisors to ensure our revised contractual arrangements are fully compliant and therefore considers the risk of any potential HMRC challenge to be minimal.

Legal Implications

The Council has taken external legal advice to obtain an expert view of the legal implications arising from the proposed variations.

Plymouth Active Leisure Ltd was established as a teckal entity pursuant to Regulation 12 of the Public Contracts Regulations 2015 (PCR). As such, the Council does not need to consider Regulation 72 of the PCR which governs modifications to contracts during their term.

Section 1 of the Localism Act 2011 gives local authorities a general power of competence (power to do anything that individuals generally may do) subject to certain restrictions. Provided that the variation to the contract establishes a genuine agency model the Council will not be acting outside of its powers by engaging PAL to act as its agent to provide leisure services.

Carbon Footprint (Environmental) Implications:
There are no impacts directly arising from this report.

Other Implications: e.g., Health and Safety, Risk Management, Child Poverty:
The nature of services provided through Plymouth Active Leisure will not change as a result of the recommendations in this report and so there are no other implications.

Appendices

Ref.	**Title of Appendix**	**Exemption Paragraph Number** (if applicable) *If some/all of the information is confidential, you must i why it is not for publication by virtue of Part 1of Schedu of the Local Government Act 1972 by ticking the releva*						
		1	**2**	**3**	**4**	**5**	**6**	**7**
A	Executive Summary							
B	Briefing Report							

Background papers:

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	**Exemption Paragraph Number** (if applicable) *If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.*						
	1	**2**	**3**	**4**	**5**	**6**	**7**

Sign off:

Fin	DJN.24.25.175	Leg	LS/00001312/3/AC/27/2/25	Mon Off	n/a	HR	n/a	Assets	n/a	Strat Proc	n/a
Originating Senior Leadership Team member: Steve Maddern (Director of Public Health)											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 25/02/2025											
Cabinet Member approval: Councillor Sue Dann approved via email Date approved: 25/02/2025											

SECTION A: EXECUTIVE SUMMARY

1. Executive Summary

1.1. This report recommends that changes are made to Plymouth City Council's contract with Plymouth Active Leisure (PAL) in order to introduce an Agency Model for certain leisure services to the public.

1.2. Currently, PAL provide a range of leisure services on behalf of Plymouth City Council (PCC) through a service contract; PAL is a company wholly-owned by PCC and provides these services as the 'principal' entity. However, PCC retains considerable control over the nature and cost of the services through the current contract. The contractual changes proposed would mean that PAL will provide certain leisure services as an agent of Plymouth City Council; PCC would become the supplier and PAL's role would be to develop and oversee the provision of services on Plymouth's behalf. This Agency Model approach has been endorsed by HMRC as a compliant approach to clarify VAT treatment following a recent change in national guidance. For PAL, an Agency Model approach would improve the trading position by an estimated £150,000 - £250,000 annually; over time these savings would in turn benefit PCC as the parent company.

1.3. The changes proposed would not fundamentally change the current LATCo model:

- Whilst PAL would become an agent for some services, it would retain its status as an independent LATCo providing services to PCC and a range of other customers. There would be no consequential change required to PAL's current governance, nor the shareholding agreement between PAL and PCC.
- The advantages of the LATCo model would be maintained – PAL would retain its advisory, expert role as PCC's agent for leisure services. The current management model's advantages relating to efficiency, ability to innovate, to secure new income streams and high-quality jobs would be preserved.

1.4. Many authorities are adopting similar Agency Model approaches to their leisure services contracts in order to enable the recovery of previously irrecoverable VAT. As such, the risks of taking this approach are considered to be low – the main risk is that the arrangement is deemed by HMRC to contravene its guidance and VAT is not recoverable as anticipated. This risk will be mitigated through the use of experienced legal and tax advisors to support PCC in drafting changes to the contract that are compliant. PAL are also obtaining legal advice. Contract changes would be executed through a Deed of Variation, and some operational changes to financial reporting, branding and invoicing procedures would be required to ensure that both PAL and PCC remained compliant with VAT guidance.

1.5. Subject to Cabinet's approval of the recommendations, council officers are targeting the agreement of an appropriate Deed of Variation by the end of March, to enable the Agency Model to be introduced from 1st April 2025 so that the full financial benefits can be achieved in the 2025/26 financial year.

SECTION B: Briefing report

2. Background

2.1. Plymouth Active Leisure Limited was created as a Local Authority Trading Company (LATCo) following a decision by Cabinet in August 2021. PAL took over operation of PCC's Leisure facilities from the previous operator in April 2022 and currently operates 4 leisure facilities under contract to PCC. Under the current contract, PAL supplies leisure services to the public (acting as 'principal'); however, PCC retains control over the specification and pricing of services through the service contract. Under the current arrangement, PAL is unable to recover VAT on the cost of supplying certain services – in recent years, this irrecoverable VAT has amounted to between £150,000 and £250,000 per annum. Recent changes to VAT rules resulting from the 'Chelmsford ruling' present an opportunity for PCC and PAL to review the current arrangements. PCC and PAL are proposing to vary the contract to make the management model more VAT-efficient through the introduction of an Agency Model (a model endorsed by HMRC), whereby PAL would act as PCC's agent in the supply of certain leisure services to the public.

2.2. PCC's Cabinet opted for the current LATCo model on the basis that, of six management options assessed, it best met the following critical success criteria:

- Ability to optimise VAT concessions (at the time of the transfer) and opportunities to introduce innovations to deliver efficiency savings - over the longer term.
- Ability to determine and adopt the Council's preferred pricing and programming policy.
- Ability to secure new income streams including health and wellbeing and to deliver investment plans with good ROI.
- Ability to secure high quality jobs and work-related training for local people.
- Ability to change direction and priorities to align to the changing priorities of the Council and the Plymouth community.

2.3. PCC and PAL are seeking to introduce an Agency Model in order to support (and not undermine) these objectives. The proposed approach has been developed to maintain the current level of control the council enjoys in the contract, ensuring alignment to changing local priorities, specifically in relation to the promotion of active health and the encouragement of individuals who are not currently active. PCC would maintain a similar level of control over pricing, whilst preserving the current management model's advantages relating to efficiency, ability to innovate, to secure new income streams and high-quality jobs.

3. Commercial proposal

3.1. The introduction of an Agency Model is proposed to be implemented through a change in legal arrangements, whereby PAL would provide certain services as an agent on behalf of Plymouth City Council. The services that would fall under this agency approach are currently defined as 'VAT exempt', and as such PAL is unable to recover the VAT it incurs on the cost of supplying these services. PCC (rather than PAL) would become the supplier of these services for VAT purposes, and (following changes to recent HMRC guidance), PCC would be able to recover VAT incurred on its associated costs. PAL would retain operational responsibility for the services it provided as agent, and would provide expert advice to PCC on the design and development of services as PCC's appointed agent.

3.2. PAL would continue to provide certain services in its own right (as 'principal') – there are a range of non-sporting services and sales of goods / food and beverage where activities are incidental to the core business of leisure provision and where there are no VAT advantages of adopting an agency approach. PAL would also provide grant funded services directly in accordance with the terms of various grants and would become a provider of agent services to

PCC (for which PAL would charge fees to recover its costs). The split between 'agency' and 'principal' services will be clearly defined and set out in contractual agreements.

3.3. For services PAL provides on PCC's behalf as its Agent, contractual changes would maintain existing contractual liabilities and insurance requirements. PAL would remain responsible for insuring and managing risks associated with its operation and management of all services provided by PAL, whether as principal or agent. It is currently believed that the introduction of an Agency Model approach will not require any changes to the council's existing lease agreements with PAL.

3.4. Commercially, as the parent entity of a wholly-owned LATCo, PCC currently retains the risk / reward of the provision of leisure services through its contract with PAL. The current contract defines how PCC provides core funding to PAL through a management fee, or (in the event that PAL's business activities deliver an excess of income over expenditure) how PCC would receive a share of any surplus as shareholder. This overall commercial position would be retained through the implementation of an Agency Model; PAL would collect income on PCC's behalf for the services it provides as PCC's agent, and this income would be offset against PAL's costs of providing management services with a net subsidy (management fee) or return (surplus share) depending on the profitability of activities. A specific profit-sharing arrangement has been agreed for the services to be provided from new facilities being created at Tinside Lido and again, the current agreed commercial model for these services would be maintained in the proposed contractual changes.

3.5. PCC currently exercises some control over the pricing of services through the price capping mechanism in the current contract. However, under the proposed Agency Model, PCC would need to exercise full control over the pricing of services that it supplies to the public using PAL as an agent. Notwithstanding this, the Agency Model arrangement will acknowledge that PAL are appointed as PCC's Agent because of their sector expertise, and price-setting will be undertaken annually following a process of advice and consultation between PCC and PAL. PCC will need to include the relevant services within its standard policies and processes for setting fees and charges, and would retain discretion and control over pricing.

3.6. It is important to note that PAL would receive the direct benefit of cost savings associated with the introduction of an Agency Model (as these savings arise through the recovery, by PAL, of previously irrecoverable VAT). For the first three years of its current contract PAL has sustained operating losses, arising from transitional costs and exceptional, unforeseen costs arising from the COVID pandemic and the subsequent energy crisis. The company is developing plans to recover from its current deficit position - as parent company, PCC wishes to support this recovery, whilst ensuring value for money is maintained. Savings arising through the introduction of an Agency Model will be a key factor in supporting the sustainable, cost-effective delivery of a broad range of services to support PCC's wider health and well-being objectives. This report does not propose that PCC would receive any direct, immediate financial benefit through the implementation of an Agency Model and focusses on the legal and operational changes required to introduce the approach. In due course, Cabinet will receive a further report with a broader financial analysis of PAL's medium term financial plans, and the potential consequential implications for PCC's leisure budget over the medium-term.

4. Implementation, pricing & operational changes

4.1. The proposed Agency Model would be implemented through a contractual Deed of Variation, with a target implementation date of 1st April 2025. Legal advisors are currently drafting documentation to bring the proposed changes into effect, and Cabinet are asked to authorise the Director of Public Health to finalise, agree and execute the legal documentation.

4.2. Following the execution of the Deed of Variation, operational changes would need to be undertaken by PAL and PCC. At the time of writing, work is ongoing to clarify the extent of operational impact, but changes within PAL are likely to include:

- Changes to invoice descriptions and other published material to clarify that certain services are being provided on behalf of Plymouth City Council.
- Clarifying insurance cover to ensure that PAL's activities as agent are adequately insured, and that Plymouth City Council's liabilities or insurance costs are not increased as a result of the introduction of an Agency Model.
- Changes to internal accounting and financial returns between PAL and PCC to ensure that VAT records are maintained accurately for both entities, and to ensure that both PCC and PAL are able to recover VAT associated with the supply and management of the agency services. This is likely to involve some reconfiguration of financial systems.

4.3. PAL will manage the implementation of the Agency Model, and will be responsible for all costs arising where these fall to PAL in the first instance. Costs will be funded from the savings generated by the additional recovery of VAT. PCC will use existing budgets to absorb the cost of professional advice received and any other ancillary costs relating the introduction of an Agency Model, where these fall to PCC in the first instance.

4.4. Cabinet are also asked to support the pricing structure for PCC's services provided through the Agency Model, in line with PCC's fees and charges policy and the principles already endorsed by Cabinet (at its meeting in January) for uplifts to fees and charges for the 2025/26 financial year. The Council has a range of Fees and Charges for discretionary and statutory services it provides. The Fees, Charges and Concessions Policy 2016 states that each financial year charges will generally be increased by the Consumer Price Index (CPI), which will ensure charges keep pace with the cost of providing services. The agreed increase for 2025/26, set by CMT in October 2024 and endorsed by Cabinet in January 2025, is 5% + rounding. Officers are currently reviewing proposed prices, taking into account benchmarking (where relevant) and the need to achieve cost recovery. Subject to these considerations, and a final decision on detailed proposals by the Director of Public Health, the agreed increase of 5% + rounding will be applied to current fees and charges for the relevant leisure services.

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