

ECONOMIC INTELLIGENCE UPDATE

Economic Development

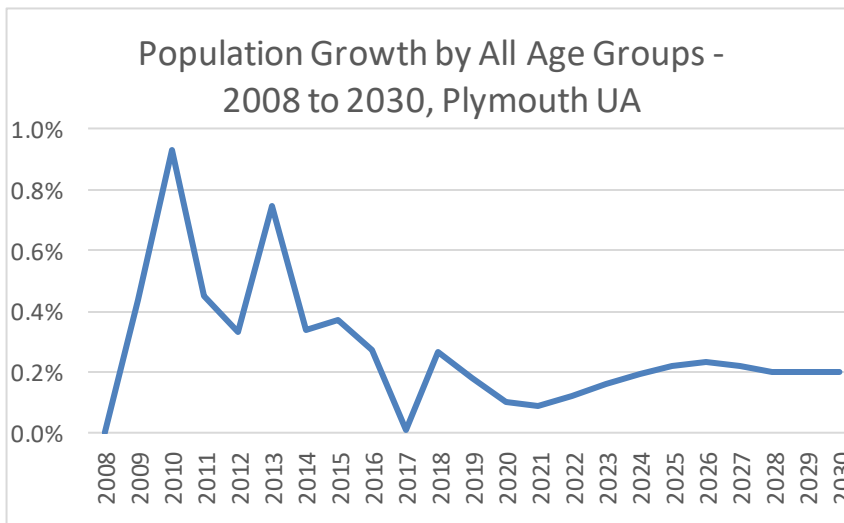


1. Introduction

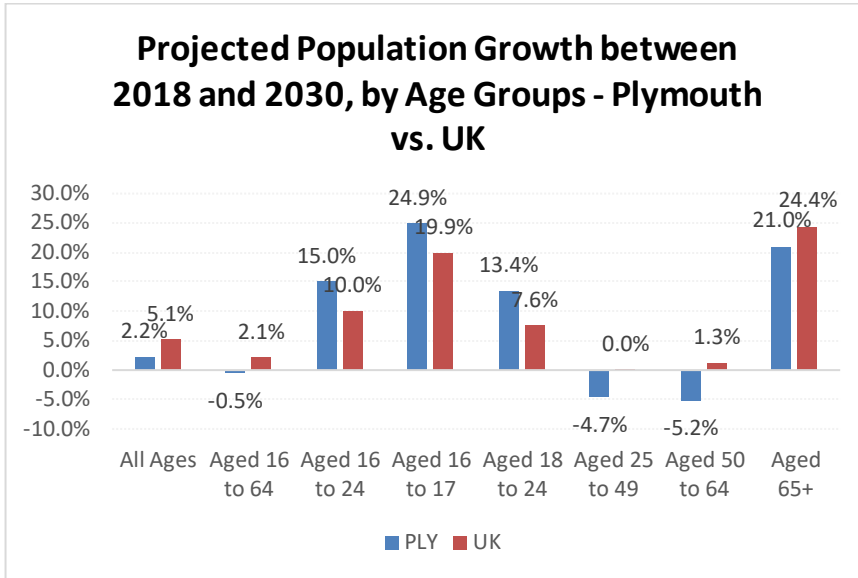
The aim of this report is to update members of the Brexit, Infrastructure and Legislative Change Overview and Scrutiny Committee on the latest economic data and trends for Plymouth. For this report, we have selected a range of economic statistics that are of relevance to Plymouth's economy and relate to the Plymouth Plan objectives of a Healthy, Growing and International. The report will give an overview over Plymouth's performance on these measures and our strengths and weaknesses. It will then show how Economic Development (ED) is addressing these issues through their projects.

2. Plymouth – Population and ongoing trends:

- 2.1. The total population estimate for Plymouth is 262,839 as of mid-2020. Population growth has been fairly stagnant over the last decade. Plymouth has experienced growth of between 0.3% and 0.5% per annum. The level of population growth has varied considerably depending on the age group though. Over the past 10 years, we have seen the younger age groups (16 to 24) experience a significant downward trend, after a peak in 2010/11.



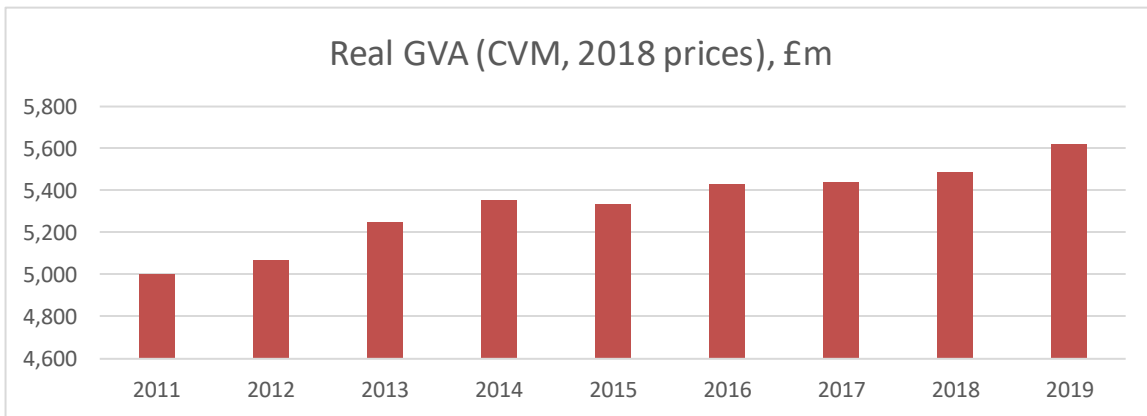
- 2.2. However, forecasts show this trend may be reversed after 2018, with significant population growth projected in the younger age groups. The below long-term population growth projections show the largest growth in the 16-17 age group, followed by those aged 65+. Population growth of those aged 25-49 and 50-64 is expected to become negative. These trends fall mostly in line with what is expected across the UK.



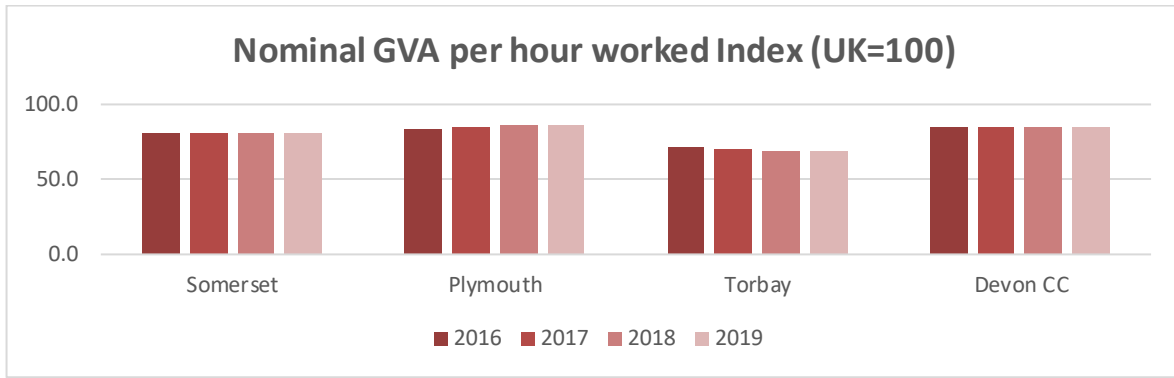
2.3. The Plymouth Plan aspires to grow the population to 300,000 by 2034; however, this relates to the urban area of Plymouth and not the administrative area, which is depicted here.

3. GVA and Productivity

3.1. Plymouth’s economy has been growing, but not as fast as nationally. Plymouth’s real GVA – GVA adjusted for inflation – has grown by 12.5% from 2011 to 2019. The South West region has seen an overall growth of 13.0% and the UK has seen growth of 15.9% over the same period.



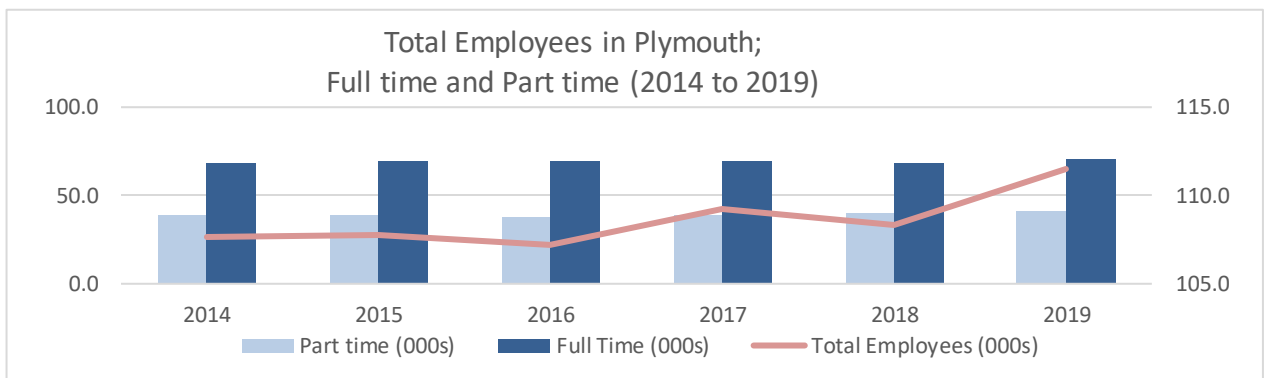
3.2. Plymouth’s productivity growth (Nominal GVA per hour worked) has exceeded national growth since 2015. However, there still remains a considerable gap between the productivity of Plymouth and the national average.



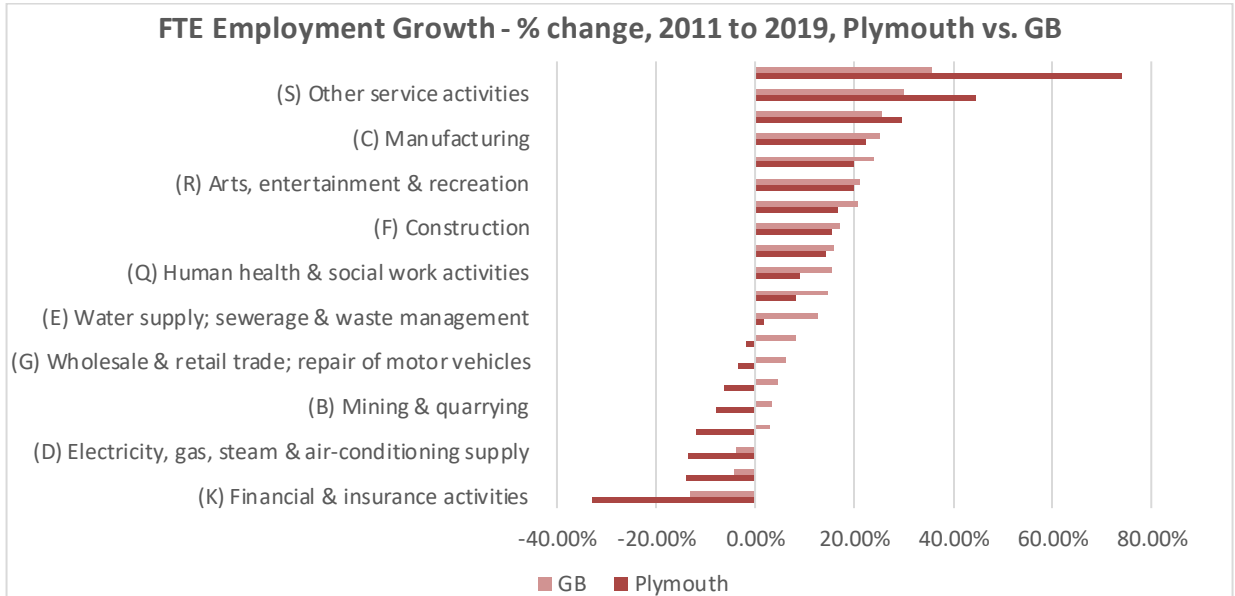
3.3. This means while Plymouth has better than national productivity growth rates, it still lacks behind in overall productivity when compared against the UK average.

4. Employment Growth

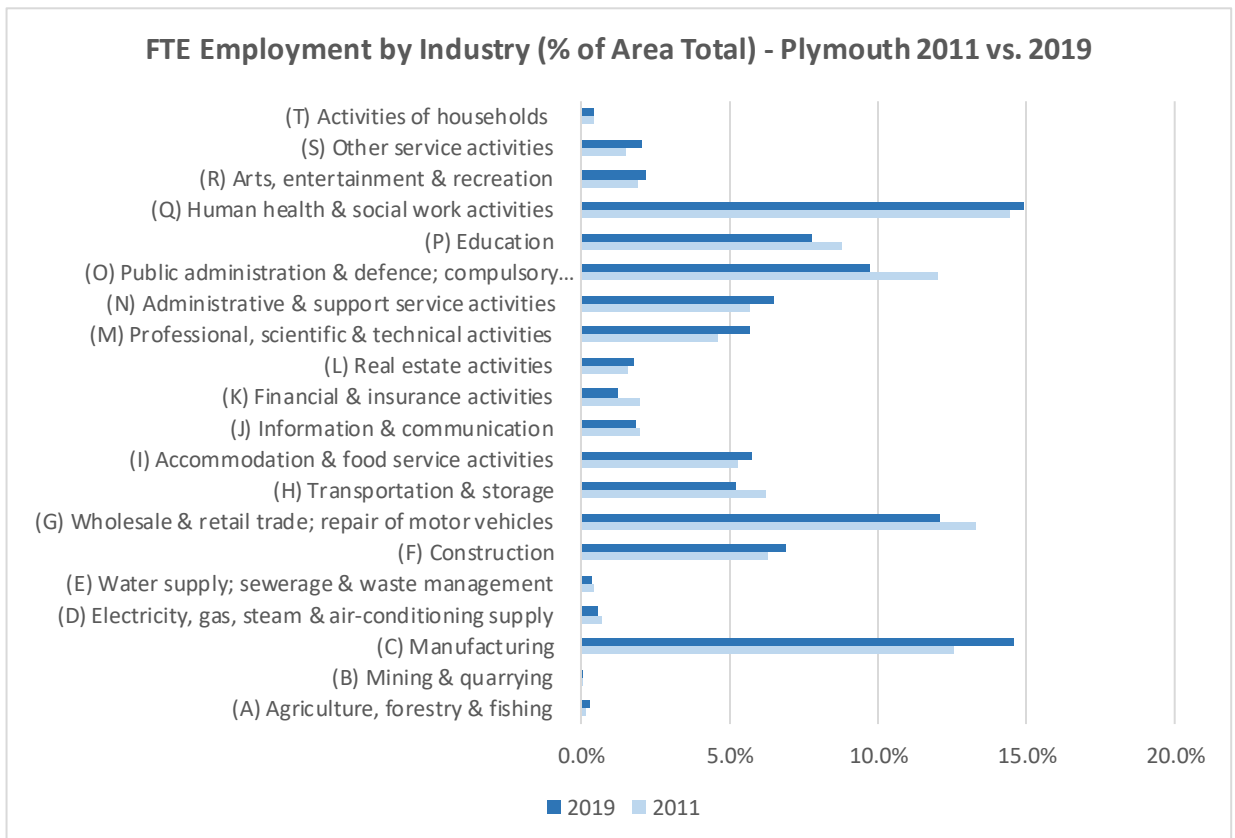
4.1. Total employment growth has been low in Plymouth, with the more significant growth occurring in part-time work. Total employees in Plymouth grew by 3.5% from 2014 to 2019. This is significantly less than both the South West (6.2% growth) and the UK average (7.7%). Of this, full-time employment grew by only 3.1% versus part-time employment growth of 4.3% over the same period.



4.2. From 2011 to 2019, we have seen significant FTE growth in many sectors. The growth of both the ‘other service activities’ and ‘professional, scientific and technical activities’ sector have outstripped the growth seen across the whole of Great Britain. Agriculture, forestry and fishing has also seen considerable growth but is a relatively small employer for the city.

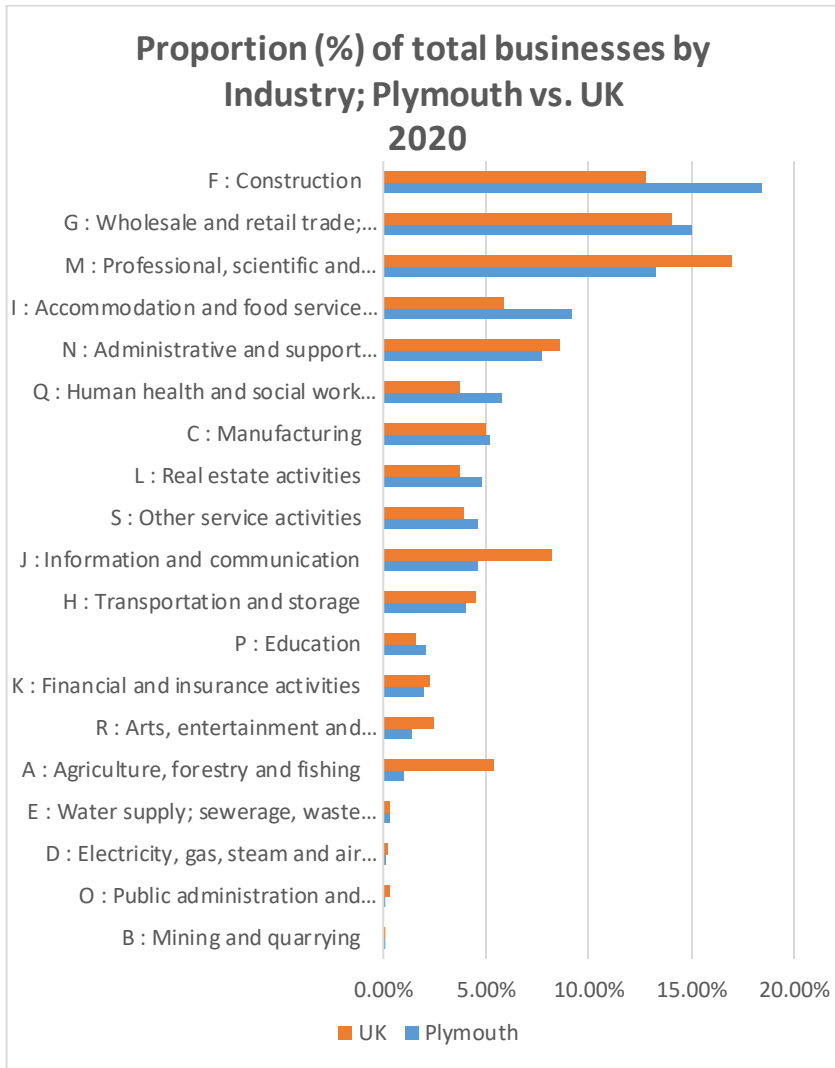


4.3. Public sector dependency has reduced over the last few years. In 2019, only 23.1% of the UK’s employment was in the public sector. Looking at FTE employment by industry, the ‘public administration and defence activities’ sector has contracted considerably while some of the other largest employing sectors in Plymouth such as ‘human health and social work’ and ‘manufacturing’, have grown.

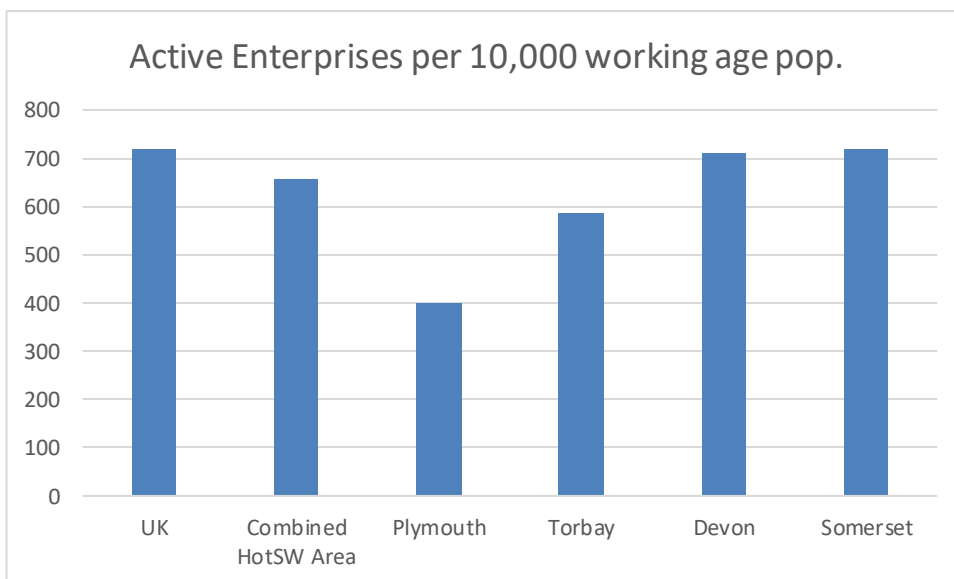


5. Business Demographics

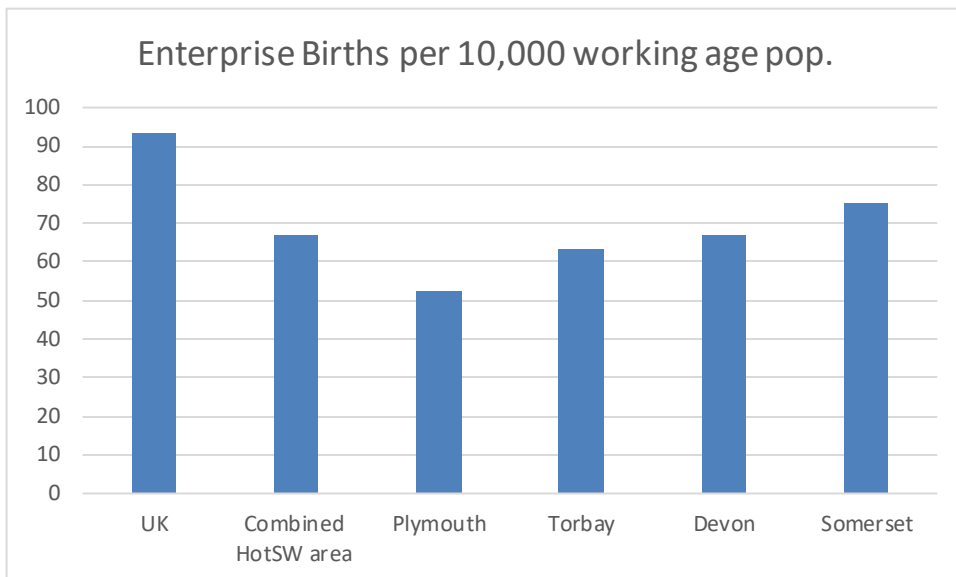
5.1. Plymouth has a relative high proportion of businesses in the ‘construction’ and ‘wholesale and retail trade’ sectors. For both of these sectors, alongside the ‘accommodation and food services’ sector, Plymouth has a greater proportion of businesses than the UK average.



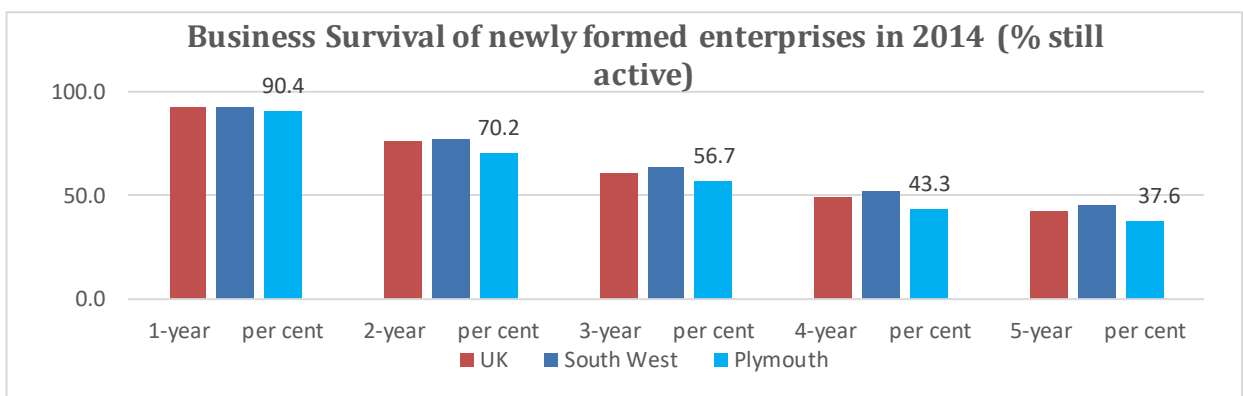
5.2. Annual growth in the number of enterprises has been relatively sluggish when compared with the UK. Plymouth has a very low business stock compared with both the surrounding local authorities and the UK. This is accompanied by a low business start-up rate in Plymouth.



5.3. In addition, the start-up rate for Plymouth is low, lower than in the UK and HotSW LEP area.



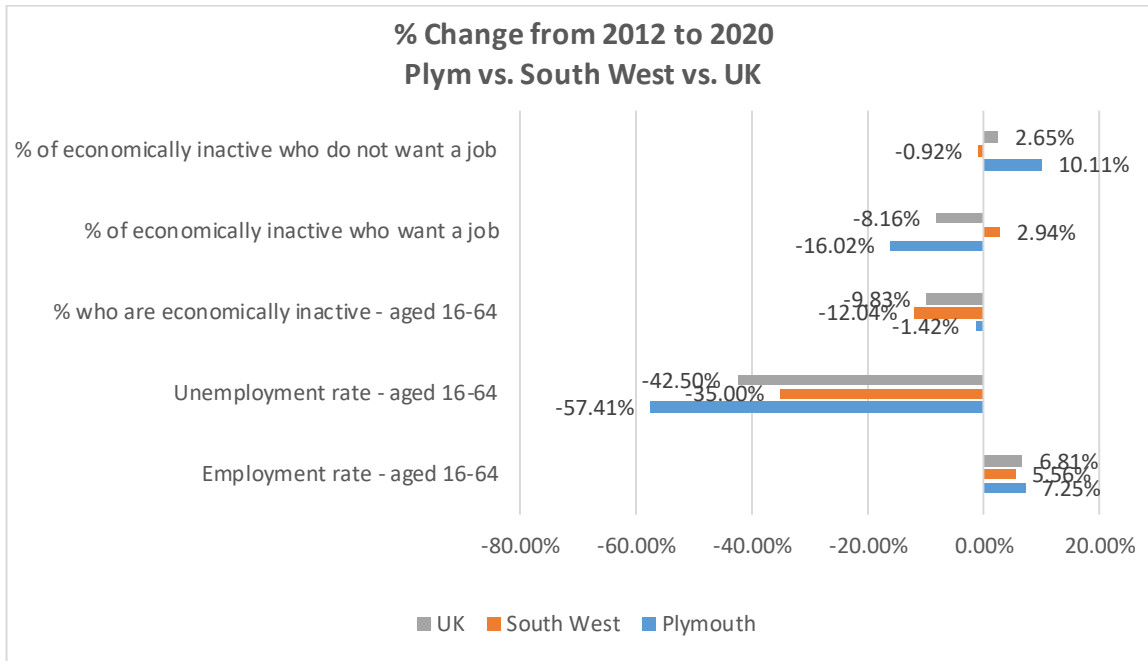
5.4. Business survival rates in Plymouth are lower than those of the South West and UK.



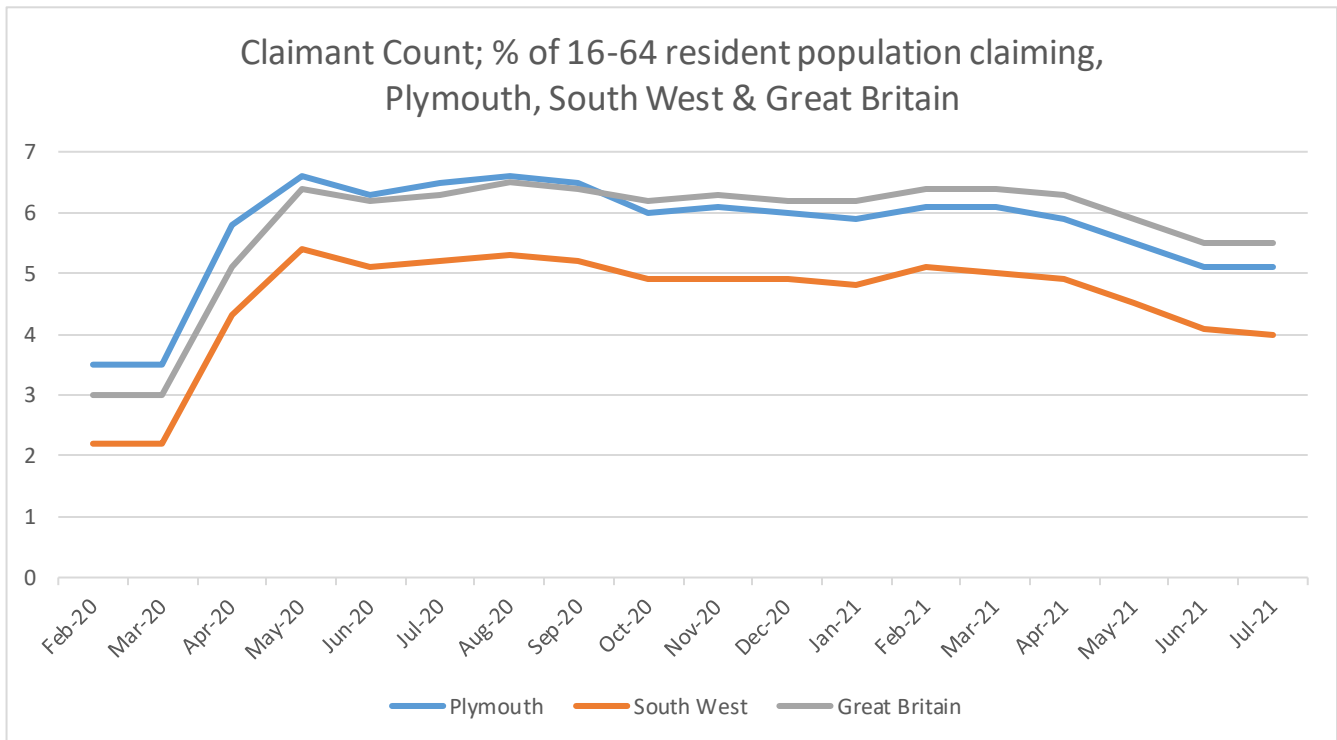
5.5. To sum it up, Plymouth is facing some challenges regarding its business demographics. Not only do we have more sluggish business growth on average, we also see less businesses being started in Plymouth than in the SW or UK and the business survival rate is lower.

6. Economic Activity

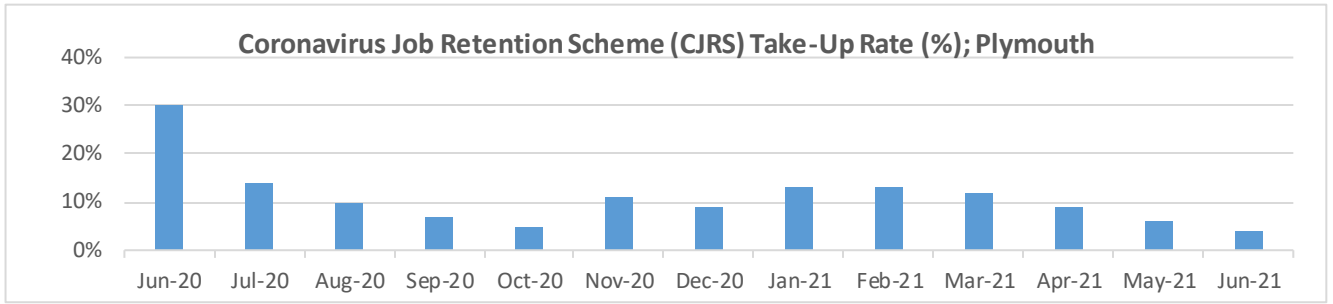
6.1. The unemployment rate in Plymouth has fallen considerably since 2012, a greater decrease than both the South West and UK. It is worth noting, that this decrease is only proportional to the initial level of unemployed individuals. In line with this, the employment rate has also risen substantially in Plymouth over the same period.



6.2. The claimant count, which provides more recent data on unemployment than other data sets, monitors the number of individuals who are claiming out-of-work benefits. We have seen a considerable increase in the claimant count during the first national lockdown, which peaked in August 2020 and has reduced since then. It is noteworthy, that overall the claimant count rate in Plymouth has remained lower than the rate for Great Britain.

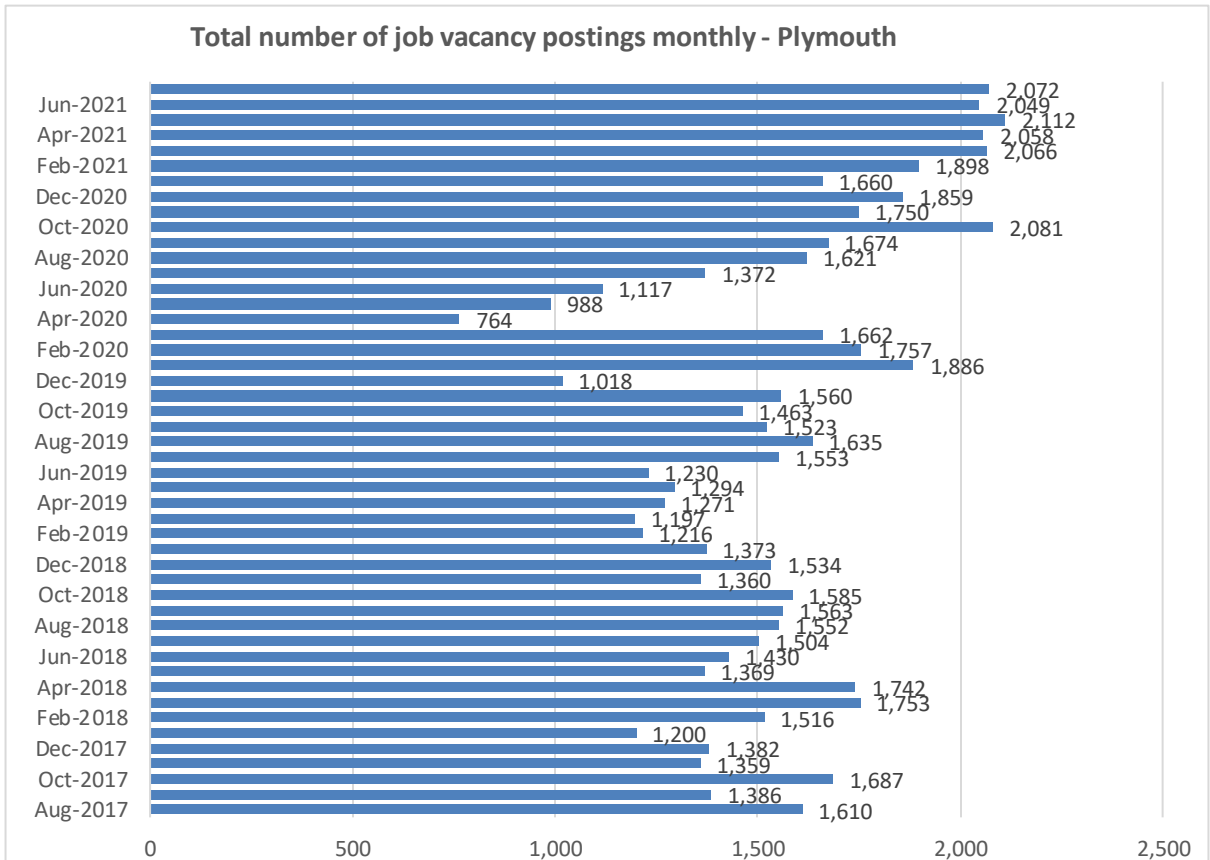


6.3. After the initial high take-up of Furlough, we have seen these numbers reduce in Plymouth. As of June 2021, 4700 individuals remain on Furlough (a total rate of 4%). So far, this has not lead to increased numbers on the claimant count. However, a risk does remain that as the Furlough period comes to an end we will see increases in the claimant count.

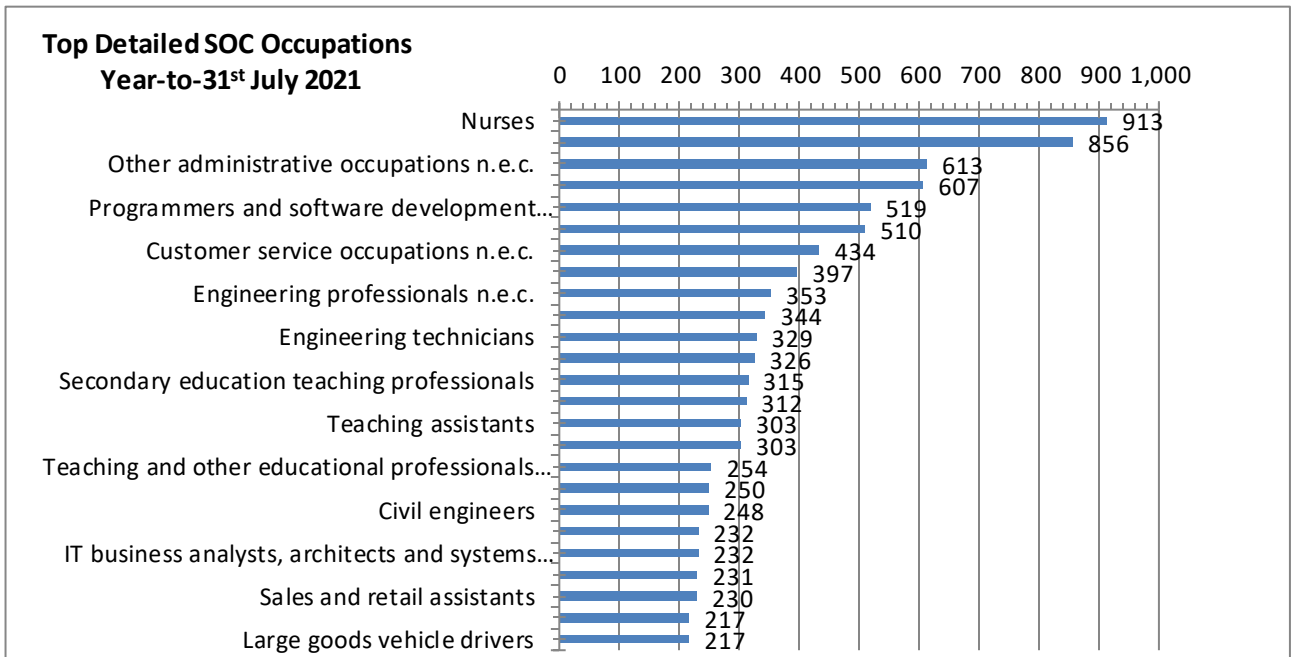


7. Employment Demand

7.1. During the first half of 2021, Plymouth has seen exceptionally high levels of job vacancy postings when compared to previous years. For example, there was an 85% increase in job postings between June 2020 and June 2021. During the pandemic, ca. 500+ vacancies were advertised per week during peak of pandemic this has risen to 1,000+ vacancies now in Plymouth and 10 mile travel to work area. One possible explanation could that 55 to 58 years old in the city are retiring early.

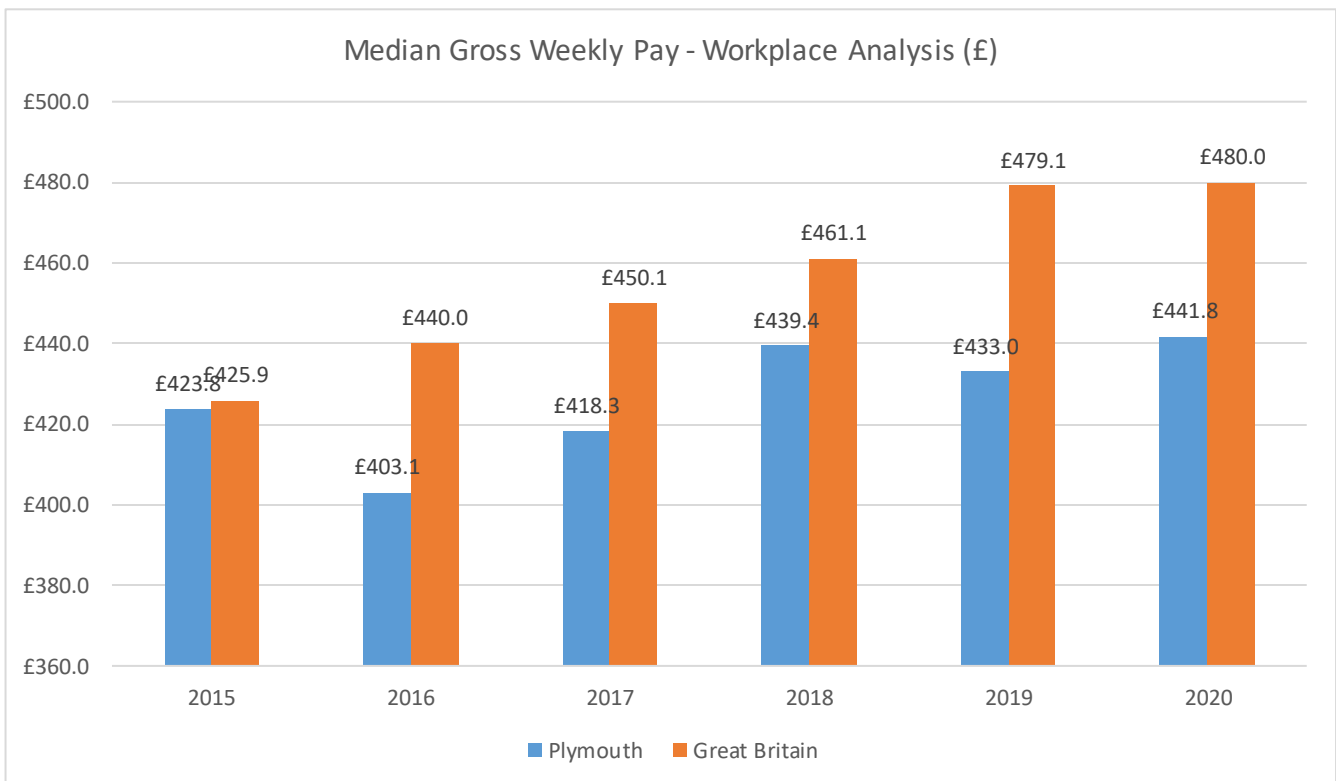


7.2. Nurses were the most demanded occupation as at July 31st, while sales and drivers were the least demanded. Occupations such as customer services, engineering technicians and teachers were of average demand. Demand for large goods vehicle drivers seems low when compared to other vacancies in Plymouth; this might be due to Plymouth not being home to a large number of distribution companies.



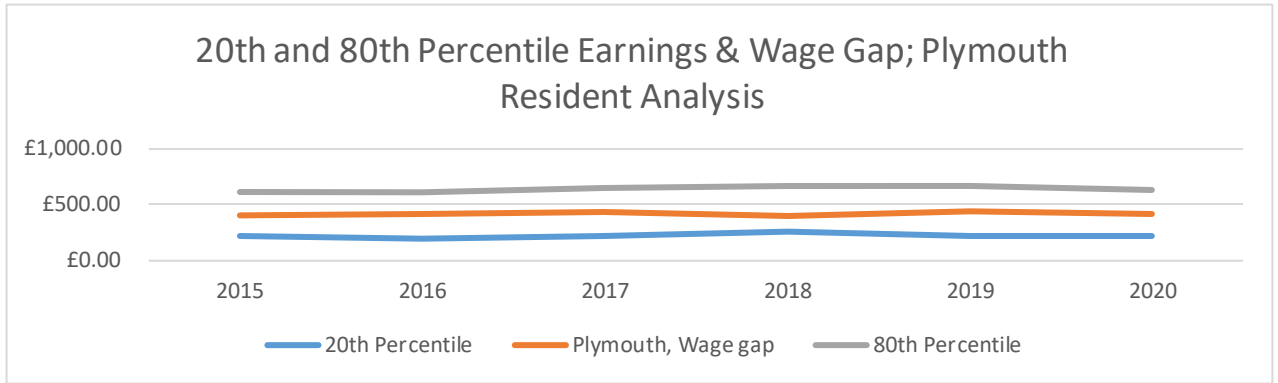
8. Earnings

8.1. The workplace analysis highlights some issues. Plymouth’s median gross weekly pay has been consistently lower than the UK average since 2015. In addition, the data seems to suggest that the gap has widened.



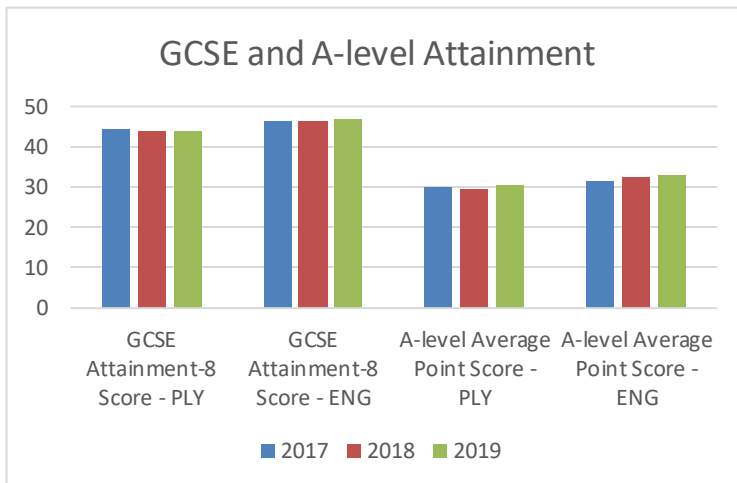
8.2. Wage inequality can be an indicator for inequality. It can be identified by comparing 20th percentile (lowest paid 20% of all workers) with 80th percentile (higher paid than 80% of all workers) earnings. It is noteworthy that in 2020 the 20th percentile saw a drop of 2.95%, while the 80th percentile saw a drop of 5.6%. While overall, Plymouth lags behind the UK in pay, the gap between the 20th and 80th percentile is lower than in the South West and UK. This is mostly due to differences in the 80th

percentile.

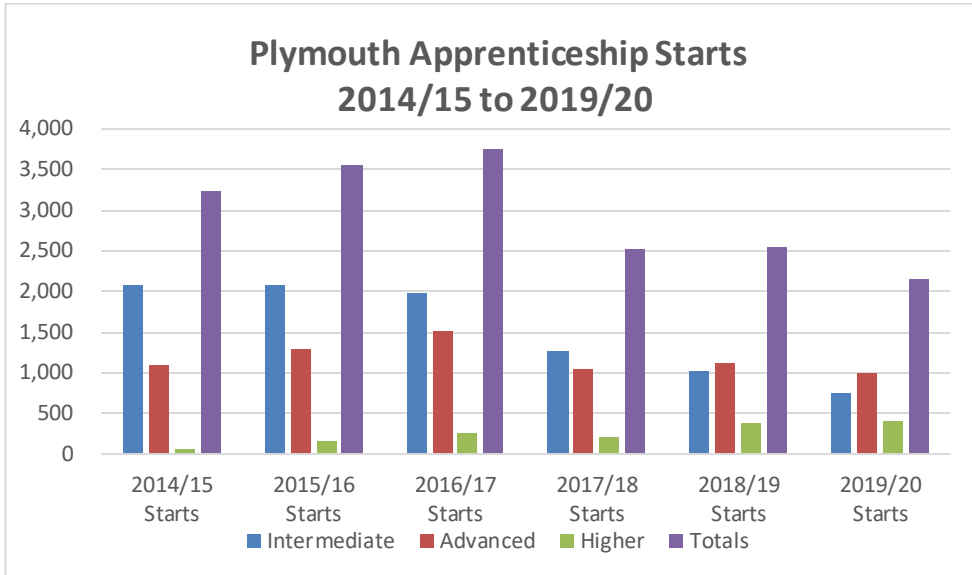


9. Skills

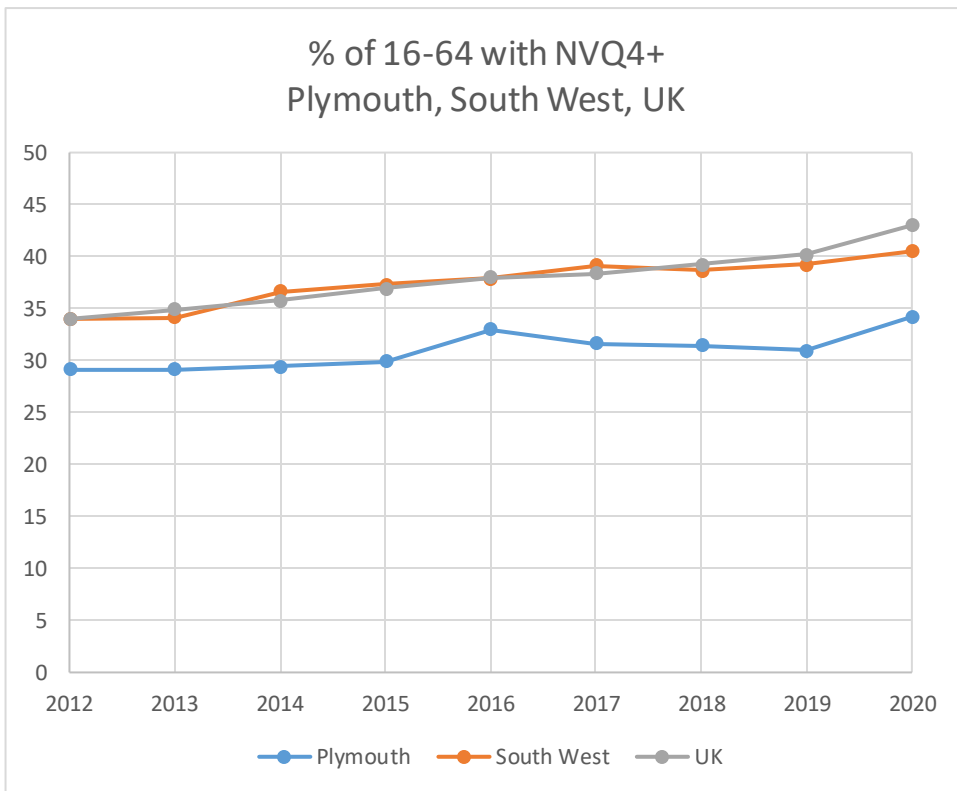
9.1. From the most recent available data, Plymouth’s GCSE and A-level attainment is slightly below the average for England. We can also see that GCSE attainment-8 has dropped from 2017 to 2019, while nationally there was some improvement.



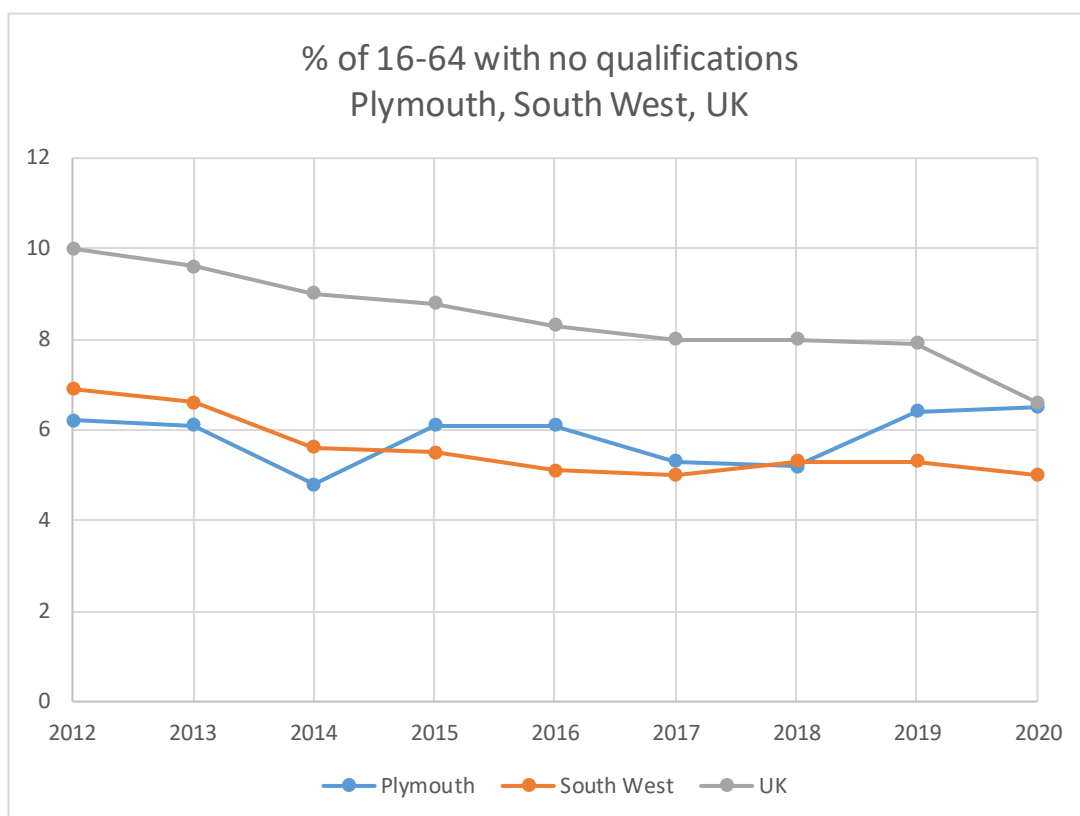
9.2. Numbers of apprenticeship starts have dropped in 2019/20 in all three levels when compared to the year 2018/19- a 47% drop in total.



9.3. Plymouth has a lower percentage of individuals with a degree or above than the south West and the UK. 31.4% of residents in Plymouth are NVQ4+ qualified (39.2% UK) in 2019, while GCSE attainment score is 43.7% (46.7% UK) in 2019.



9.4. While Plymouth and the South West used to be below the national average for percentages of individuals with no qualifications, this number has risen in recent years in Plymouth whilst it has gone down nationally. Plymouth has the same percentage of 16-64 with no qualifications as the UK in 2020.



10. Sectors

The below table gives an overview over the key sectors' performance in Plymouth, including their relative performance to the sectors nationally. Growth can be seen in key sectors in terms of enterprises count and GVA in 2019-20 compared to 2011, especially in the Marine, Manufacturing, Creative industries, Health and Digital Technology sectors.

	FTE Jobs (2019)	% of area total	% ch. 2011-19	Real GVA (£m, 2019)	% of area total	% ch. 2011-19	Real GVA per FTE (2019)
Business Services	16,213	15.20%	15.43%	£723	12.40%	13.90%	£70,800
Health & Social Care Services	15,914	14.90%	8.90%	£604	10.30%	18.26%	£37,930
Manufacturing	15,588	14.60%	22.57%	£987	16.90%	21.78%	£63,280
Marine	13,197	12.40%	38.26%	£714	12.20%	44.31%	£54,080
Tourist Industries	8,652	8.10%	17.32%	£254	4.40%	-11.03%	£29,360
Defence	6,002	5.60%	-31.06%	£407	7.00%	-26.27%	£67,730
Advanced Manufacturing & Engineering	3,421	3.20%	5.49%	£297	5.10%	11.77%	£86,880
Creative Industries	3,064	2.90%	24.25%	£130	2.30%	33.40%	£44,050
Information & Communication	1,983	1.90%	-1.93%	£121	2.10%	16.54%	£61,150
Digital Technologies	1,342	1.30%	28.30%	£78	1.30%	24.04%	£58,040
Environmental Industries	1,249	1.20%	-8.88%	£198	3.40%	14.83%	£158,890
Health & Life Sciences	991	0.90%	26.08%	£82	1.40%	25.73%	£82,330

11. Summary and Conclusions

Plymouth's economy (GVA) has grown over the last decade. The city has seen particular growth in high value sectors, such as marine, health & life sciences and advanced manufacturing. In terms of unemployment, after an initial jump in the claimant count in March/April 20, it has slowly decreased and the Plymouth claimant count is now below UK average. Yet, while Plymouth's growth rate exceeds national trends, it has not yet closed the gap in productivity. In addition, it is performing poorly in terms of business density, start-up and survival rates when comparing ourselves to the South West and UK averages.

Economic Development (ED) has supported growth in the city through a variety of projects. The National Marine Park will not only create jobs, but will also increase the attractiveness of the city, bring improvements to the waterfront and support Health and Wellbeing. The city has been successful in bidding to become a Freeport – one of only eight across the country. It will bring up to 9000 jobs, supporting the marine sector and businesses in the city and attract new investment and new businesses to Plymouth. Plymouth's recovery programme consists of six different work streams and covers a plethora of actions, which are described below. In addition, ED has worked with colleagues from across the council to deliver the Government funded business support grants during the pandemic. Over £92m were distributed to 7,440 businesses in the city – in less than 20 months. Next to these initiatives, the council will also be supporting businesses through a series of commissioned support programmes. These programmes will help to start up new businesses, including social enterprises and increase entrepreneurship, support businesses to adopt new digital solutions and enable digital transformation, and support business transition to net zero.

In summary, this report highlights the strength of Plymouth's growth, particularly in high value sectors, but also some of the underlying issues, which are affecting Plymouth's economic performance.

Through the projects outlined here and others, Economic Development is not only working towards addressing some of the strategic issues highlighted in this report but will be supporting the overarching strategic outcomes in the Plymouth Plan.

	What have we done so far?	What are we doing now?
Build 4 Plymouth	<ul style="list-style-type: none"> • Opening of The Box • Restoration of Elizabethan House • Refurbishment of Mayflower Steps • Improvements to city car parks, play parks, Chelson Meadow recycling centre, cycle paths • Works to the Millbay Boulevard • Completion of a new hotel, retail and student accommodation at the former Derry's store. • Completion of the Range Head Office at Derriford • Working with Urban Splash to deliver further developments at Royal William Yard, including the ongoing conversion of Melville • Oceansgate phase 1 and 2 • Brunel Plaza: an £80m redevelopment of the city's railway station and the area around it • Plymouth Science Park's Health Technology Innovation Hub 	<ul style="list-style-type: none"> • In the medium term, we will continue to accelerate work on further public/private sector projects, triggering employment opportunities and delivering growth. • In the longer term, we will ensure our city continues to grow. This will be achieved through reviewing our pipeline of projects and accelerate schemes when possible as well as lobbying Government for funding to aid recovery. • Pipeline of exciting developments: Derriford District Centre, Civic Centre, Fish Quay, Brunel Plaza phase 2, OG p 3 • Plymouth City Council's direct developments: Header Court Phase 2, Header Court Phase 3, Haxter Court, Plymouth International

	supported with £1.03m award from Getting Building Fund.	Medical and Technology Park, Langage, City Business Park
City Centre Renaissance	<ul style="list-style-type: none"> We've assisted businesses to put measures in place to enable COVID secure trading. We've created Shop 4 Plymouth, an online shopping facility for businesses, backed up by a pro-active marketing campaign supported by the Reopening High Street Fund. We're investing in the future of our high street and have been awarded £12m from the Future High Street Fund. This will be used to generate buzz in the city centre through the development of the Civic Centre and Guildhall. Following the opening of the Barcode in October 2019, this £53m leisure development has continued to attract new names to the city, including Brewdog Opening of the 95-bed OYO hotel above the former Woolworths building Repurposing of the former BHS to provide a new B&M and German Doner Kebab stores. Revenue funding secured to prepare plans for a new 6,000m² health and wellbeing hub as part of the redevelopment of Colin Campbell Court. 	<ul style="list-style-type: none"> Intelligence and data gathering COVID secure trading High energy marketing campaign. Vacant units – to explore the options of meanwhile use in these buildings. Public realm and Transforming Cities Fund capital works: to improve the environmental quality in our core streets and open spaces. Sites regeneration programme – funding ready: working with partners to drive forward joint sector infrastructure projects ready for construction. Continue with the redevelopment of Colin Campbell Court and delivery of Future High Street Fund funded projects, including Civic Centre and Guildhall
Spend 4 Plymouth	<ul style="list-style-type: none"> We have already exceeded our local spend target which aimed to increase spend with local supplier by ten per cent over two years. The Council spent around £40 million more with local businesses this last financial year than the previous year. This means we have secured an additional 907 jobs and invested an additional £22.34 million GVA into the Plymouth economy. That is 627 jobs and £14.14 million GVA above the target We have refreshed our Contract Standing Orders to make them more accessible, flexible and local supplier friendly. We have published a guide to support Council officers 'Buy Local' wherever possible (Buy Local Procedural Note) We have embedded social value into our standard procurement processes, which aims to maximise the benefits of our spending for the local economy, society and environment We have committed to publishing our capital projects programme on a quarterly 	<ul style="list-style-type: none"> We have set a target to maintain an increased level of local spend in the coming financial year (54%) We have set a social value target for the first time of 20% for the coming financial year which means more local jobs, more local skills and improving our local environment for future generations. Continue to publish our capital project programme on a quarterly basis with the next publication due September 21. Refine the Plymouth Supplier Directory with the support of the private sector and launch a significant education and support programme. Continue our rolling programme of reviewing our procurement policies and procedures to ensure they are flexible, efficient and local supplier friendly Continue to collaborate with the private sector through Spend4Plymouth roundtable events <ul style="list-style-type: none"> Continue to engage with our local public sector partners

	<p>basis to give the local construction sector visibility of potential opportunities. The first publication was made in September 20 with subsequent publications December 20, March 21 and June 21.</p> <ul style="list-style-type: none"> • We have launched a Plymouth Supplier Directory which, aims to bring local business buyers and suppliers together to increase the opportunity for spend to be kept locally for the benefit of Plymouth. • To date we have hosted eight Spend4Plymouth roundtable events with the private sector to co-design and collaborate on procurement practices • We have embedded Spend4Plymouth into the Resurgam Charter • We have engaged with our local public sector partners to drive a citywide approach to Procurement 	
<p>Recovery Beacons</p>	<p>We are looking to further develop the high-tech marine cluster, which has been designated as a High Potential Opportunity in marine autonomy, future propulsion and cyber ship/smart port developments. Also focussing on clean growth in future construction techniques and capitalising on Plymouth Sound – the UK’s first national marine park.</p> <p>Green:</p> <p>We are developing environmental measures to create a positive impact on the local economy and climate agendas.</p> <ul style="list-style-type: none"> • A carbon neutral city by 2030 • Green deal for jobs • Greener homes (and buildings) <p>Blue:</p> <p>We will showcase Plymouth’s global leading marine technology strengths, featuring:</p> <ul style="list-style-type: none"> • Smart Sound • Freeport Status • National Marine Park • Oceansgate • The largest Naval Base in Western Europe. 	<ul style="list-style-type: none"> • Develop Plymouth and South Devon Freezone • Support Ocean Futures initiative • Create a global Centre of Excellence driving the shift to clean and safe maritime and an increasingly digitally enabled, autonomous maritime sector. • A framework for business clustering and coordinated support for SMEs and micros to create new technology for established end-user needs leading to high-productivity growth. • A highly visible anchor for high productivity regional employment – supporting Levelling Up by leveraging strengths to lead development of technological solutions for emerging opportunities. • Continue to develop Plymouth’s National Marine Park • Support businesses in transitioning to net zero through a dedicated programme of business support. • Implement ‘Green Tourism’ accreditation scheme across visitor sector
<p>Skills 4 Plymouth</p>	<ul style="list-style-type: none"> • Set up Skills Launchpad Plymouth – the city’s one-stop-shop for skills, training, education, careers and jobs • Working in city wide partnership, Skills Launchpad Plymouth aims to help local 	<ul style="list-style-type: none"> • Collating 5 year real time labour market intelligence view direct from employers • Building the foundations for Skills Academies • Developing the Green Strategic Plan

	<p>people in and around the city access independent information, advice and guidance. Launched Youth Hub supporting 16 to 24 years-olds, launched the adult hub for over 25 years old, launched community engagement programme</p> <ul style="list-style-type: none"> • Working in partnership with DWP, Plymouth and Devon Chamber and other key stakeholders we have a localised skills response including a coordinated approach for Kickstarts. • Created an emergency response task force to support businesses in need of support • Delivered significant outreach to primary and secondary schools across the city, hosted high profile high footfall STEM events connecting young people to inspiring industry ambassadors • Establishing sectorial leads for skills • Established NEETs panels across the city to provide additional support to some of the city’s most vulnerable or disadvantage young people, so that they are empowered to achieve better outcomes. 	<ul style="list-style-type: none"> • Commencing gap analysis • Sourcing additional skills funding investment so that local people can train for skills which will improve their employment prospects • Develop the new Education Hub to deliver careers informed curriculum relevant resources and engagement with children and young people in the education system. • Continue with Tourism recruitment campaign launched in July and longer term approach to higher productivity jobs in the sector
<p>Sector Action Plans</p>	<p>Led by external Sector Stakeholders, action plans have been developed for our 11 key economic sector to support recovery and growth. This means plans for retail, defence, health and care, marine, manufacturing, digital, creative industries, tourism and hospitality, construction and built environment, transport and distribution and fishing. These plans provide support to sectors regardless of whether they’re in critical shock, stable or capable of high growth:</p> <p>Retail</p> <p>A sector hit the hardest by the effects of the pandemic, the city sees low footfall and consumer spend. To help the city centre recover from this, the ‘Welcome Back’ campaign was launched to encourage shoppers back into retail places alongside the ‘Buy Local’ campaign which is an effort to protect local retail and jobs as well as drive business survival. Moreover, the Future High Streets Fund (FHS) bid has been successful which will be used to revitalise and reimagine the Civic Centre area. The Box, a new £44 million museum and art gallery opened in September 2020, driving footfall.</p> <p>Defence</p> <p>There is a flurry of activity happening within the Defence sector currently, with the development of the SW Defence Cluster, collaboration with Department of International Trade and the creation of the Marine Autonomy High Potential Opportunity. Skills development and focus to drive renewed energy into reducing the skills gap to assure a diverse and inclusive talent pool that is fit for the future. These activities will raise the profile of Plymouth’s and the regions capabilities in Defence resulting from greater collaboration through awareness of capabilities and investment opportunities that drives innovation.</p> <p>Health and Care</p> <p>A sector that has been under tremendous pressure in the last year as a result of COVID-19. Despite this, the sector has seen some major progress and updates, for example, secured</p>	

funding for Health and Social Care Partnership Coordinator from PCC Commissioning (135K) to help develop a Health and Care Partnership across the city. Additionally, Plymouth is selected as 1 of 6 pilots in the UK for there to be a Health Hub at Colin Campbell Court which will be a space where Primary Care services can be brought together and is an innovative use of space and integration of services. This is in combination with the development of a new Health Technology Innovation Hub, the project is supported with £1.03 million from HotSW LEP's Getting Building Fund.

Marine

Department of International Trade has identified Plymouth as a high value opportunity for Marine Autonomy and we are positioning Plymouth as the national centre for marine autonomy. The Smart Sound 5G connectivity in the sea is underway and should be operational in time for next summer. The development of the Oceans Futures Prospectus which will see the region playing a vital role in the UK's ambition to be a science and innovation key player; bringing the region's R&D institutions and testing facilities working together to create a world-class marine tech centre.

Manufacturing

PCC has secured a £300K new welding centre at City College which will help local young people gain access to jobs in manufacturing. Plymouth Manufacturers' Group (PMG) has signed a partnership bond with the University of Plymouth who are currently investing £50m in the School of Engineering, Computing and Mathematics Building.

Digital

An ever changing, adapting and flowing landscape, the digital sector continues to progress. Planned projects and activities happening within digital comprise of, working with iMayflower on the Immersive Futures Prospectus, cross sector collaboration with Marine events and workshops, Sail GP, Immersive Dome events and Digital Inclusion signposting tool through Our Plymouth.

Creative and Cultural Industries

Plymouth is home to a thriving creative and cultural backdrop. The creation and launch of the Culture Plan by Plymouth Culture with the vision for culture to support a vibrant 'world class' Plymouth that benefits all; creating and supporting hundreds of jobs. The Market Hall has recently opened and is herald as the next big thing in immersive technology nestled in the heart of one of Plymouth's most historic neighbourhoods. Plymouth has a range of activities and creative opportunities to offer including creative delights such as The Hatchling; a highlight event of Mayflower 400, the 1 Big Summer music event in 2022 and finally the recently restored Elizabethan House, which is now open as an immersive attraction to the public.

Tourism and Hospitality

Through coordinated efforts by Destination Plymouth and other key stakeholders, Plymouth has experienced excellent visitor growth up to 2020. A new Ten Year Visitor Plan to 2030 has been launched which highlights key projects including the development and creation of the National Marine Park; new conference facilities at the Civic Centre, Brunel Plaza rail gateway, cruise and ferry terminal development, further Britain's Ocean City marketing and branding activity and leading the way in green tourism.

Plymouth Sound the home of UK's first National Marine Park has been awarded £9.5 million from The National Lottery Heritage Fund. The successful organisation and hosting of Sail GP 2021 highlights the significant economic impact of having a long term planned approach to events as part of the new Visitor Plan

Construction and the Built Environment

A sector which supports significant employment in the city and provides ongoing training and progressive career opportunities. To support this, there has been an effort made to map every public sector construction project and where they can be brought forward, helping the construction pipeline. PCC has secured over £9 million from the Get Britain Building fund, to accelerate the train station concourse, building new workspace at Plymouth International and to support other shovel ready projects.

Transport and Distribution

The action plans for Transport is about improving access to a transport system that encourages sustainable and active travel choices. There are plans for the city to deliver targeted integrated transport measures to help support the sustainable growth of Plymouth alongside achieving the status as one of the leading green cities in Europe by reducing transport related carbon emissions. There are developments that include a National Bus Strategy, of which the UK has never had before. The move to propulsion system based buses will replace the old diesel powered buses; the current Government will support the purchase of 4000 Zero Emission Buses.

Fishing

The fishing sector has struggled under the effects of Brexit. However, recent plans will help to revitalise fishing in Plymouth, including, the plans to redevelop the fish market and quay in Sutton Harbour, which will enable Plymouth to remain one of the three top fishing ports in England. Further activities in this sector consist of Call4Fish, which was an innovative idea to keep fresh fish produce being sold during the pandemic, bought and delivered straight to your door.