

# UK SHARED PROSPERITY FUND INVESTMENT PLAN

Challenges and opportunities



Our Investment Plan for Plymouth has identified the following challenges and opportunities for each of the three investment themes. A further breakdown of the proposed allocation can be found in Appendix A.

The UK Shared Prosperity Fund is split amongst three Investment Priorities. The *Communities and Place* and *Supporting Local Business* priorities can be funded for all three years of the programme (2022 – 2025), the final Investment Priority, *People and Skills* can only be funded in the final year (2024/25).

## Communities and Place investment priority

Plymouth has allocated a total budget of £1,070,001 over the three year funding period (2022- 2025) for this investment priority.

### Challenges

Plymouth faces relevant challenges for the communities and place investment priority that could be addressed through the UK Shared Prosperity Fund. As shown in the Indices of Multiple Deprivation (IMD) 2019, almost 18% of Plymouth's population, over 46,000 individuals, live in the 10% most deprived wards in England. This includes over 3,600 individuals who live in the 1% most deprived wards in England. Plymouth faces a significant challenge in tackling economic deprivation amongst many of its communities. Consequently, key Plymouth strategies such as *Delivering Economic Growth 2020-25* identified inclusive growth as a flagship priority for the city. The inclusive growth flagship has a focus on addressing inequality, tackling economic deprivation, regenerating physical assets and addressing dereliction to create resilient communities.

Some of the specific challenges for Plymouth include city centre shop vacancies, areas of dereliction, building and high-street regeneration, perceived feelings of safety within Plymouth, the climate emergency and Plymouth's port and harbour.

#### City Centre Shop Vacancies

Plymouth City Centre has a retail floor space of over 1.5m square feet, this makes it the largest retail centre in the South West by floor space, even larger than Bristol City Centre (Experian GOAD). Given this, alongside the major impacts of the Covid-19 pandemic, Plymouth's City Centre has seen growing number of shop vacancies. This provides a major challenge to the city in occupying the available space and providing a great experience for shoppers and visitors to the area. It can also lead to areas of the City Centre, particularly shop fronts, looking run-down and not being appealing for visitors. We will look to address these challenges directly for the city and experience of every visitor.

#### Regeneration and dereliction

In addition to considerable vacancies in the shops around the city centre, many areas across Plymouth are also in need of regeneration which is evident in wards of Stonehouse where there are considerable numbers of derelict buildings. These areas of dereliction are in need of regeneration which will allow

these previously unoccupied locations to provide value for the local community and for Plymouth's economy as well as improve the experience of those working or visiting the areas.

Plymouth faces a challenge in how to develop and improve its port operations alongside maintaining the natural infrastructure that the ports benefit greatly from. Plymouth's ports need improvements and developments in order to continue to provide their current ability to offer freight capacity and movement as well as continue to utilise the natural infrastructure that they currently benefit from. Improvements to port infrastructure will enable the ports to continue provide large scale freight movement and continued level at which the port operates on. For example, areas of Plymouth's port are currently unable to cater for larger cargo ships due to insufficient docking bays as a result, freight operations may look elsewhere to unload or tranship. Ongoing investment will drive forward the port's ability to continue providing their services within cruise, Roll on-Roll off vessels and ferries, and cargo/freight whilst also delivering on Government initiatives such as Net Zero. Net zero ambitions might see ports needing to adopt more sustainable methods of freight operation and developments to the port infrastructure will enable them to do so.

### Building Resilient Communities

The feeling of safety is linked fundamentally to the wellbeing of individuals and communities. The Community and Place investment priority has clear objectives that look to strengthen social fabric, foster a sense of local pride and build resilient, healthy and safe neighbourhoods. The feeling of safety amongst citizens and communities is a clear priority within The Plymouth Plan and the recent major incidents in communities in Plymouth have further highlighted the need for these programmes.

In addition to improving the perception of safety amongst Plymouth communities, to create resilience, we will look to address the challenges of derelict or under-utilised community assets. Through supporting community organisations and community assets directly, we are able to support improving resilience broadly and to create more connected communities.

### Climate Emergency

As identified in Plymouth's Climate Emergency Plan, the responsibility for addressing this issue is held with everyone from an individual level through to community groups, businesses and public sector organisations. Individuals and communities are challenged to adopt new ways of living and operating that are more environmentally friendly and will require support in doing so. The significance of the climate emergency and the importance of net zero ambitions require that considerable support be invested in their achievement. This is a world-wide challenge and has considerable focus at the national level as well as regionally and locally and must be considered in all of the activities funded by UKSPF.

## **Opportunities**

There are a number of opportunities that could benefit from UK Shared Prosperity Fund:

### Regeneration of public assets and spaces

The challenges in building resilient and better connected communities is fundamentally linked to the provision of and improvements to the community areas of Plymouth. This can include making improvements to green spaces, regenerating and improving spaces where the community might be encouraged to use the space and meet, creating and understanding perceptions of safety within Plymouth and fostering creative and cultural experiences, and how Plymouth's more deprived areas could benefit from these improvements and how the use of arts and culture within the regeneration of

public spaces presents an opportunity. It is evident, from the Plymouth Culture Plan, that many of Plymouth's creative and cultural organisations are working in wards and neighbourhoods across the city with hard-to reach communities and individuals, as stated in the. Plymouth will look to use these interventions in order to support organisations in improving assets through regeneration and therefore provide greater opportunities and better access for the community to come together.

### Capitalising on natural infrastructure and developing Plymouth's Port and Harbour

Various opportunities exist to grow and future proof Plymouth's port and support its net zero ambitions. As stated in the recent South West Freight Strategy, Plymouth is the largest port located within the Peninsula Transport area and with its natural and historic landscape and Plymouth's rich and diverse maritime heritage it provides a fantastic opportunity for port operations. In 2018, Plymouth's port dealt with 2,441,000 tonnes per annum of freight movements of liquid bulk, dry bulk and general cargo. Exploiting Plymouth's recent Freeport status has also the potential to increase freight movements. There is a potential to improve and increase Plymouth's port operations, sustainably and supplemented by net zero ambitions as set out by Government, however Plymouth will need to attract additional investment in order to develop and grow its port operations.

## **Supporting Local Business investment priority**

Plymouth has allocated a total budget of £1,139,536 over the three year funding period (2022- 2025) for this investment priority.

### **Challenges**

Plymouth is a coastal city and the largest urban area south of Bristol, it is home to thriving and established advanced manufacturing, defence and marine industries alongside fast-growing digital and creative sectors. The city has enormous potential, but is also faced with considerable challenges which have been exacerbated by the Covid-19 pandemic. As identified by the Centre for Cities publications, Cities Outlook 2021 and 2022, Plymouth has a need for levelling-up which existed prior to the Covid-19 pandemic.

Some of the key challenges for Plymouth that we have identified include; long-running, low rates of business start-up and scale-up, the lack of a coherent business support offer to enable our businesses to be more enterprising and innovative, to continue to build on the city's visitor offer and continue to raise its profile and reputation and to support businesses in adapting to the challenges of the climate emergency and Net Zero initiatives.

These local challenges have been informed through the considerable evidence base we have developed which includes local, regional and national strategies and publications.

### Low Start-up and business stock

Plymouth has a high proportion of SMEs and specifically, micro businesses. The city has traditionally struggled on measures of start-up and business stock. Plymouth's business start-up rate relative to the city's working age population is only slightly above half the UK average, and the total business population in Plymouth has risen by only 22.8% from 2010 to 2021 this is compared to 33.8% nationally. The city has traditionally also had a relatively high dependency on public sector employment, with private sector growth lagging.

To improve the resilience of Plymouth there is the need to drive high-value private sector growth as well as provide the right support for new entrepreneurs.

The issues around start-up and business stock are long standing and have been present in key economic strategies such as Delivering Economic Growth 2020-25, The Plymouth Plan and the ongoing Plymouth Growth Board Economic Dashboard.

We have also been informed by the latest mapping of enquiries received by the Heart of the South West (HotSW) Growth Hub, this finds the most enquiries (22.6%) related to starting a business, the second-most (19.2%) were on business growth and the third and fourth (11.2% and 10.2% respectively) were on finance advice for both establishing a business and starting-up. Of these enquiries, almost a quarter (22.7%) came from pre/start-up businesses and across a wide variety of sectors including wholesale & retail, accommodation and food, manufacturing, professional and technical and service businesses.

### Developing an innovative business economy

In addition to providing support to drive higher rates of business start-up and scale-up generally, it is also vital that the business support provision provides the opportunity for firm-level productivity improvements through 'growth' behaviours such as exporting and innovating.

Plymouth has struggled with long-standing poor business survival rates with only 35.4% of new businesses surviving for 5 years, compared with 39.6% for the UK as a whole. Providing a coherent and accessible business support provision which includes opportunities for ambitious 'scale-up' businesses to be supported may provide the avenue needed to address this low survival rate.

The productivity of Plymouth's economy was 85.9% of the UKs in 2019, the latest data available, this is measured using the Gross Value Added (GVA) per hour worked. This measure of productivity for Plymouth has seen significant improvement in recent years, climbing from 83.9% back in 2016. However, a sizable gap still exists and innovation-focused support is needed to allow the productivity of Plymouth businesses to align with the national average.

### Plymouths Visitor Economy

Plymouth is Britain's Ocean City, famous for its waterfront, unique and diverse marine life, culture and experiences. Tourism in Plymouth has seen consistent growth in visitor numbers and spend over the last decade but the impact of the Covid-19 pandemic has been dramatic and this sector needs support to continue to raise its profile and reputation and continue the upward momentum present in the City pre-pandemic.

### Climate Emergency

The challenge that businesses will face looking to the future will be adapting to climate change and being able to continue to deliver their business whilst also delivering on net zero requirements from Government. For example, decarbonising buildings and developing plans and feasibility studies in order to carry out the clean growth and net zero initiatives as set out by Government.

As identified in Plymouth's Climate Emergency Plan, the responsibility for addressing this issue is held with everyone from an individual level through to community groups, businesses and public sector organisations. Businesses will need to be supported to meet the new green Government accreditations, for instance, the 'Green Tourism' accreditation will be vital for visitor and tourism businesses to achieve. Alongside this, businesses that have been hardest-hit during the Covid-19 pandemic will need support to develop new business models and ensure that green, inclusive and sustainability is considered in their recovery.

## **Opportunities**

There are a number of opportunities that Plymouth has to offer which fall under the Supporting Local Business investment priority that could be benefited by the UK Shared Prosperity Fund. These include, furthering Plymouth's diverse and high value sectors, encouraging innovation and increasing Plymouth's tourist economy:

#### Capitalising on diverse and high-value sectors

Plymouth benefits from a diverse and rich Maritime backdrop, with key organisations operating out of Plymouth such as Babcock and Princess Yachts that benefit from Plymouth's natural landscape to provide marine technologies. Plymouth also benefits from young and growing creative industries, digital technology sectors and health and life science sectors. These sectors provide highly productive and highly-valued jobs for those that live and work in Plymouth.

There exists a brilliant opportunity to capitalise on the growth of these sectors and ensure that they continue to grow and create new high-value jobs for the city. These sectors will also provide a great opportunity to further encourage inward investment in to the city and new opportunities for businesses to work within the city.

#### Encouraging Innovation and Innovative practices

Plymouth has considerable numbers of Higher Educational Institutes (HEI) as well as growing highly innovative and productive sectors. There exists a considerable opportunity for encouraging innovation in these sectors as well as to develop and share innovative practices across the economy. Fostering this kind of innovation will look to address some of the challenges outlined around business start-up, survival and the productivity of Plymouth. The specific opportunities around HEIs also exist in providing knowledge to develop practices and in sharing across all sectors of the economy.

#### Continuing to grow Plymouth's visitor economy

Plymouth has unique natural infrastructure and a developed visitor economy that already attracts over £5m visitors per year (latest data from 2018). However, there is considerable opportunity in further developing Plymouth as a destination and in truly capitalising on all that makes the city unique.

### **People and Skills investment priority**

The People and Skills investment priority is **only available in the final year (2024/25)** of the UKSPF programme. Plymouth has allocated a total budget of £921,875 for this period (2024/25) for this investment priority.

#### **Challenges**

As a city in the 20% most deprived local authority areas in England (Source: IMD) and one of the few in the South in need of 'levelling up' (Source: Centre for Cities), there are a significant number of people faced by deprivation who are at risk of being or becoming disengaged in Plymouth.

Plymouth has a clear focus on the skills and employment needs of the city and this is reflected within local and regional strategies. Locally, The Plymouth Plan, Delivering Economic Growth 2020-25 and Skills 4 Plymouth plans all provide a clear focus on creating conditions for economic growth, learning & talent development as well as ensuring the right skills are present to close the skills gaps and address skills shortages in the city. At the regional level, the Local Skills Report and Local Skills Improvement Plan both make reference to every individual and business needing access to the skills they need to thrive.

Relevant to the People and Skills investment priority, we will look to address the challenges of high levels of economic inactivity and the issues of long-term sick, skills shortages, skills shortages for the climate emergency and future-proofing for potential skills shortages. This will complement our investments through Multiply.

### High levels of economic inactivity and Skills shortages

Economically, Plymouth has traditionally struggled to raise its competitiveness and productivity (Plymouth's GVA per hour worked stands at 85.9 per cent of the UK average). This is in part due to our skills gap with lower educational attainment at Key Stage 4, higher than average NEETs among our young people and the migration of skilled workers. This is also exasperated by the difficulties within recruitment and the disparity within recruitment processes.

Addressing the challenges of economic inactivity in Plymouth will also require that we consider the reasons for this status, and specifically the considerable numbers of long-term sick within the city. Over 35% of all those economically inactive in Plymouth are due to long-term sick, this is far above the level for Great Britain at only 24.6%. In addition to this, of those economically inactive in Plymouth, over 22.4% want a job, this is in comparison to only 18.6% for Great Britain as a whole.

The current economic climate provides an even more challenging set of conditions in which to attract and retain skilled workers but Plymouth has traditionally struggled with this. This skills shortage presents a real issue for businesses looking to locate in Plymouth as well as those looking to scale-up in the city.

### Climate Emergency

As we move into the future, increasingly, practices and businesses will have to adopt more forward thinking, new technologies and business models. It is therefore imperative that Plymouth should include skill uptake centred on clean growth and net zero and will look to use the Fund to support skills needs embracing net zero ambitions. Plymouth

## **Opportunities**

### Funding local skills needs

As new, high-value sectors continue to develop within Plymouth, for example as part of the Freeport development, there is a significant opportunity to develop the adequate skills for the new jobs that will be created. Ensuring that the technical and vocational qualifications that will be needed are in place will provide higher-value jobs for residents and workers within the city as well as encouraging further inward investment from businesses and relocation of new employers.

### Improving digital inclusion

Digital skills provide a foundation for access employment opportunities, this trend has only been encouraged through the Covid-19 pandemic and the introduction of further remote working. The Plymouth Plan makes direct reference to the importance of digital skills alongside the digital infrastructure in the future of Plymouths economy. This is vitally important for both businesses and those individuals that choose to live and work in the city.

### Supporting Green Skills

Encouraging and supporting the take up of green skills across Plymouth acts to both future-proof and drive higher salaries and greater opportunities for its citizens. This support will look to both raise awareness of the value and importance of these skills whilst also demonstrating the use for potential employers and businesses. Given the relevance of these skills in the future of the economy, the new innovative practices being taught will further encourage innovation amongst the business community across Plymouth.