

BUDGET SCRUTINY

Top three challenges for delivering within Portfolio budget for 2026/27

Councillor Tudor Evans OBE (Leader of the Council)



1. CHALLENGE 1 – ECONOMIC GROWTH

The Economic Development and wider Council budgets are predicated on continuing to secure economic growth in the medium to long term. Growth will see new investment, job creation and underpin wage growth for all our communities. A more prosperous city delivering inclusive growth will enable residents to have good homes and better jobs, reducing those who are not economically active. It is well understood that people with access to work and quality homes, in general, are much better able to support themselves and their families, making healthy choices. In this way the long-term demand for Council social services can be reduced. Our main risks to securing this long-term economic growth, beyond global headwinds, are linked to skills, housing and maximising the opportunities for defence-led growth.

1.a. MITIGATIONS FOR CHALLENGE 1 – ECONOMIC GROWTH

The Council has adopted a new economic strategy with 5 pillars: Productive Growth and High Value Jobs, Inclusive Growth, Sustainable Growth, Civic Pride and Regeneration and Skills. Our current forecasts show a £9b investment pipeline across the City Centre, Derriford and Devonport and a 25,000 jobs pipeline by 2025. The Economic Development team remain very focused on enabling economic growth focusing on major interventions including New Towns, Civic Centre, City of Culture, National Marine Park, Foulston Park and Derriford City Centre. In 2025 the department secured £225m of grant income to support our ambitions and is delivering/enabling £395 of capital investment. This ambitious agenda, which is jointly led by the Plymouth Growth Board and private sector, will create significant opportunities for the city to realise its potential and transform outcomes for residents in the decade ahead.

2. CHALLENGE 2 – REGIONAL ECONOMIC POLICY

Plymouth has benefitted from large scale investment from central government and government bodies over the past decade. This has underpinned our economic growth by supporting delivery of critical interventions such as the Box, Oceansgate, Freeport and Plymouth Science Park. There are significant national changes underway to the Economic Development landscape that will change the way funding is allocated to local government and how Local Governments' voice is heard. This includes devolution, local government reorganisation and the end of government support for pan regional partnerships such as the Great South West. In order for Plymouth to deliver its economic strategy, it must continue to benefit from government growth, investment, skills and regeneration funding. It must also have a strong voice to ensure that Plymouth and the far Southwest's economic development opportunities and funding requirements are fully recognised. If this does not continue then the City's growth ambitions may need to be scaled back.

2.a. MITIGATIONS FOR CHALLENGE 2 - REGIONAL ECONOMIC POLICY

Plymouth City Council has been extremely successful in articulating the economic opportunity for the city and the region of Defence led growth and the associated £4.5bn investment in HMNB Devonport. This has led to the city being named as the UK's national Centre for Marine Autonomy, signing a new MOU with Homes England to build 10,000 homes in the City Centre, named in the shortlist for a New Town designation, receiving £33.5m of Homes England grants for the Civic Centre and Bath Street and

to receive one of only 4 Defence deals with a share of £250m. Our LGR proposal, if agreed, will secure Plymouth as an ongoing authority with an exciting new opportunity for growth.

3. CHALLENGE 3 – INCOME GENERATION AND CAPITAL GRANTS

Economic Development is a largely non-statutory service and is under pressure, like all other non-statutory services, from the growth in the big 4 demand led services. This is a national issue and has led to many economic development departments being hollowed out or removed all together across the country. This leads to a reduction in ambition, stagnation and ultimately no long-term solution to a city where deprivation is in many cases, behind the rising cost of social care services. The Economic Development team cannot expect any increase in Council funding and must therefore exploit new and more diversified income streams to ensure that this critical function can continue to drive the strategic outcomes of the Council.

3.a. MITIGATIONS FOR CHALLENGE 3 - INCOME GENERATION AND CAPITAL GRANTS

The Economic Development department will generate £31.5m income in 2025 and have a similar target in 2026. This has been a huge strength from the Council with the ED department driving income from £9m in 2016 to £21m in 2020 and over £31m today. This has been driven by innovation and creativity within the department across a diverse property portfolio, Property Regeneration Fund and large-scale grant funding in every area of the business. This allows staff to be capitalised and funded by grants reducing core costs. The net cost of the ED team to the Council is zero, with the department making a £1.5m surplus after covering all its costs. The department is continuing to look at other innovative methods of income generation and accessing grants.