

	Agenda Item	3
Meeting	Wealthy Theme Group	
LSP Visionary Goal and Priority Objective	A wealthy city which creates and shares prosperity	
Responsible Officer	David Draffan: WTG Co-ordinator	
Title	LES Action Plan – Business report	
Purpose of Item	To provide members information for discussion and decision on renewing the LES Action Plan for the Business theme	
Recommendations	Wealthy Group members are requested to: <ul style="list-style-type: none"> •1 Note the contents of the report •2 Decide on key issues to be discussed 	
Date	13 December 2010	

Local Economic Strategy - Business Theme report

1.0 Introduction

- 1.1 At a meeting of the Wealthy Theme Group (WTG) on the 11th October 2010, it was agreed to carry out a review of the Business theme to ensure that the associated objectives and measures contained within the Action Plan of the Local Economic Strategy (LES) are relevant and 'fit for purpose'. Simon Chamberlain was nominated as the sponsor of the review and was supported by Stephen James and Jeffery Kenyon in undertaking interviews with the key business support organisations operating in the City. Simon Chamberlain has agreed the recommendations contained within this report.

2.0 Review Process

- 2.1 The Local Economic Strategy was adopted in October 2006 and its Action Plan amended in August 2009. The current Business theme objectives as detailed in the Action Plan are listed below.

1. Business
1.1 Mobile and Expanding Investment
1.1.1. Develop PPP to address cluster/investor property requirements
1.1.2. Identify and improve availability of business incentives
1.1.3. Establish a clear brand and marketing strategy
1.2. Entrepreneurship
1.2.1. Establish enterprising programme for young people
1.2.2. Promote Urban Enterprise Enterprise Coaching strand
1.3. Growing SMEs
1.3.1. Promote Business to Business mentoring through strands of Urban Enterprise and other providers.
1.4. Priority Sectors
1.4.1. Ensure Priority Sectors are correct ones and develop

- 2.2 The current objectives were therefore used as the basis for the review along with a list of interview questions that were approved by the Wealthy Theme Group at the October meeting.
- 2.3 In total 17 organisations and individuals were interviewed on a one-to-one basis ranging from the Chamber of Commerce, Business Link, Outset Plymouth and the community development trusts (see Appendix 1). The interviews were an invaluable exercise to discuss the current Business theme objectives in light of the changing economic climate and the policy

agenda of the coalition government, and gather information on how the business support arena operates.

- 2.4 The recommendations contained within this report are therefore a direct result of the issues disseminated from the interview process and the identification of a number of key issues which were prevalent throughout. While as many organisations as possible have been contacted as part of the review, it is recognised that this is an ongoing process and other relevant organisations will be encouraged to further discuss the Business theme issues as necessary.

3.0 Economic Intelligence

- 3.1 In terms of recent analysis, Ekosgen¹ was commissioned to carry out a review of Plymouth's economy and produced their findings in March 2010. It highlighted that the city's GVA performance is below the regional and national averages due to the sectoral mix of the economy; particularly the high dependence on the public sector, and poor productivity levels.

- 3.2 Measures to bridge the GVA gap, which the report equated to £1bn of unrealised economic potential, would need to include increasing the number of new-starts and new employment opportunities, securing high-value added sector growth, improving the productivity of existing businesses, driving up skills levels, maintaining and diversifying the industrial base (including exploiting the potential of climate change and low carbon markets and technologies), and strengthening Plymouth as a place to invest, live and work.

- 3.3 The key issues drawn out from the interviews undertaken for this review and the recommendations contained within this report, mirror the measures identified in the Ekosgen study.

4.0 Key Issues

- 4.1 Throughout the range of interviews undertaken for this review, a number of issues were raised which were common to the vast majority of organisations contacted. These key issues are detailed below:

1 Lack of a co-ordinated business support offer – current system disjointed and fragmented

It was recognised that a lot of business support related activity is taking place in the city by various organisations, however a lack of clarity exists in terms of the actual 'offer' provided, how it is accessed and how the provision links together so that new-starts and existing businesses fully benefit from that provision. For example, there was a lack of clarity over

¹ A Strategic Overview of the Development of the Plymouth Economy

the Urban Enterprise programme (see Appendix 2) and how the initiatives within it are supporting the overall delivery of the LES objectives, particularly the need to stimulate growth in the priority sectors.

2 Start-ups and Existing businesses require a separate and increased focus

The current Business objectives highlight Entrepreneurship with no reference for the need to support existing businesses. Also, 'entrepreneurship' is open to interpretation and therefore there needs to be clarity in the objectives which can be achieved with a separate focus on 'Start-ups' and on 'Existing Businesses'. This new focus recognises the need for business support provision to be aimed at new-starts and existing businesses, but not for both areas to be treated in isolation as there are clear links that exist between them.

Renewables/low carbon economy should be exploited

This area is seen as having significant potential for business and economic growth in the future; particularly in light of the expertise that exists in the city and government policy developments, and is not currently referenced in the Business objectives. It was recognised that this area needs to be exploited and aligned to the most relevant priority sector.

3 Six sector priorities are important but a smaller number need accelerating to realise their growth potential

There was a consensus that while all the current priority sectors should remain, more impact could be achieved if a focused and targeted approach was taken on a reduced number of sectors to accelerate their growth. The rationale for this re-focus is detailed in section 4 below and includes the views of the organisations and individuals consulted for the review.

4 The knowledge economy needs to be fully exploited through effective links between FE & HE institutions and business

The knowledge economy was identified as a key area missing from the current Business objectives. It was expressed that the knowledge assets (intellectual, physical etc.) held by the further and higher education institutions need to be utilised effectively to help drive business growth. To understand the extent of these assets, a full audit is required so that all delivery organisations are aware of this valuable resource, and the benefits to the business community can be clearly marketed and promoted. This audit will also be useful to ensure that the assets are meeting the objectives of the LES.

5 Need for improved marketing and branding to promote the area

nationally and internationally

It was recognised that the city needed to better market and brand itself as a location for inward investment, but also as a location with the right conditions to encourage business starts and growth. Before this can be achieved however, the actual message or 'offer' of the city needs to be defined.

6 Need for recognised co-ordinating body to ensure delivery

There is a commitment from all the organisations contacted as part of the review to work together to deliver the LES Business objectives. However, this must be effectively co-ordinated by a single body charged with driving forward the agenda fully supported by all the key delivery organisations. It is imperative that strategy leads to activity on the ground.

5.0 Sector Focus

- 5.1 This section covers in more detail the Priority Sectors and proposals to accelerate activity. During the interviews, questions were asked about the priority sectors and their merits and each of the sector co-ordinators were interviewed for their views. A synopsis of each of the LES priority sectors is provided in Appendix 3 and provides a brief overview of their importance to the local economy, their growth potential and current status in terms of activity to develop them has been taken into account.
- 5.2 Through open discussions it was generally felt that the Priority Sectors do have a place in the development of the city as they provide a focus for activity, however given reduced resources and the need to accelerate sector growth, prioritisation between them was also sensible. There were also some issues raised as to whether the sectors remain key four years on from the production of the LES and in light of changing economic circumstances. Discussions were held with sector co-ordinators about this with the key messages outlined below:
- 1 The Standard Industrial Classification (SIC) codes used to track the sectors should potentially be re-examined so that they better reflect the changed circumstances. This was particularly true of Advanced Engineering which could also include manufacturing more clearly;
 - 2 Renewables and digital technologies were suggested as 'new sectors' that could be included. Discussions have taken place in the past about whether these are included within the current definitions;
 - 3 Business support exists but there is confusion over who is doing what. As well as this, some sectors are less 'business savvy' than others and require help to capitalise on ideas and brokering;
 - 4 The sectors do continue to have merit and are relevant but it was widely recognised that there could be some prioritisation needed between them;
 - 5 Business Services was widely acknowledged as necessary but not a key

sector as it follows other businesses. The banking, property and solicitor elements were seen as being key to retain in Plymouth in order to provide such services locally;

- 6 Co-ordinated marketing of Plymouth would be beneficial not only to tourism but also to businesses in Plymouth by raising the profile and encouraging business to consider Plymouth; and
- 7 Digital infrastructure provision is crucial for all business and would provide an anchor for footloose industries to locate in Plymouth.

5.3 Taking these main points on board, while Business Services is a large sector, it is felt that it is market driven and mechanisms to grow the sector are difficult to implement since its growth will to a large extent will follow the overall growth of the city's economy. The Medical and Healthcare sector is a key player in the local economy however it is largely public sector driven and policy changes announced by government for example, can have a much more significant impact than more localised activity. Tourism and Leisure is benefiting from Destination Plymouth which is co-ordinating all related activity and becoming the key strategic driver for the sector in the city and will benefit all business in the city. The Creative Industries sector is small but becoming more strategic through the work of the sector leads and the development of networks, however the provision of incubator space is a key determinant for growth which is being led by the private sector.

5.4 It is therefore proposed that over the next 12 months the two remaining sectors should be the subject of accelerated action to realise their growth potential. The scope of the remaining sectors should also be expanded to increase their reach as detailed below:

- 1 Marine and Renewables – the explicit inclusion of renewables will allow this sector to focus on this growth area and will work to the strengths already in the city. Due to the importance and increasing potential of the low carbon economy and its direct link to the city's natural assets and sectoral expertise, renewables has been added to the marine sector priority to fully represent the extent of its potential
- 2 Advanced Manufacturing – the refocus of this sector to include a broader base of industries in the manufacturing sector will better reflect the working of the group. It will not mean that engineering will no longer be a focus, more that the sector has been broadened. High value-added manufacturing would therefore encompass a better and larger range of the sector which is of more importance to the local economy

5.5 While it is proposed that these two sectors are identified for focused activity, all the other remaining sectors remain priorities and activity will continue towards their growth and development. Work that is on-going,

such as the Digital Plymouth and Destination Plymouth initiatives, will ultimately benefit all businesses in the city. Also, a number of the sectors are well supported by other long standing sector specific organisations so work will not cease as a result of this focus.

5.6 It must also be recognised that the private sector has a pivotal and fundamental role to play not only in the development of the two sectors identified above, but also in the development and growth of all the priority sectors within the Business theme. The delivery of the Business theme objectives cannot be realised without an effective partnership between the private and public sectors.

6.0 Recommendations

6.1 Based on the information gathered through the interviews and the priority sector review, it is proposed that Members of the Wealthy Theme Group endorse the revised Business objectives of the Local Economic Strategy, and the measures identified within them, as detailed below:

Business
1.0 Start-Ups
1.1 - Devise and implement a co-ordinated and seamless offer for new start businesses through a partnership of all delivery organisations led by the Peninsula Growth Acceleration Investment Network (PGAIN).
1.2 - Review the Urban Enterprise programme to ensure it is fully aligned and adding value to the delivery of LES objectives.
2.0 Existing Businesses
2.1 - Establish a business aftercare programme; starting with the largest 50 companies, to develop effective relationships, secure market intelligence, and provide support to assist their growth and development.
3.0 Knowledge Transfer
3.1 – Ensure PGAIN co-ordinates all key organisations in the city to promote their knowledge assets directly to business to stimulate growth
3.2 – Co-ordinate activity through Digital Plymouth to lead to next generation broadband for the city.
4.0 Priority Sectors
4.1 - Commission Plymouth Chamber of Commerce to produce action plans for the growth of all priority sectors (including details on how they will be co-ordinated), but with a specific focus on measures to accelerate the growth of the Marine and Renewables and Advanced Manufacturing sectors over the following 12 months.
4.2 - Secure existing and new sources of finance to drive the growth of these sectors, with a focus on the Marine and Renewables and Advanced Manufacturing sectors over the following 12 months.
5.0 Marketing and Promotion

5.1 – Commission the Head of City Marketing to clearly define the city’s offer in achieving the Business objectives and use the Positively Plymouth initiative to support it.

- 6.2 To ensure effective delivery of the revised objectives, the details of the individuals assigned to specific tasks and the outputs and milestones to be achieved will be worked up and co-ordinated by the City Council in partnership with the various leads as confirmed by the Wealthy Theme Group. It is also proposed that quarterly monitoring reports are distributed to the Business theme sponsor and the Wealthy Theme Group to update on progress against set milestones/outputs. This will be co-ordinated by PCC and all sector leads and individuals responsible for the delivery of the recommendations will be required to provide the necessary information.
- 6.3 It is also proposed that a SIC code review is undertaken for all the priority sectors to provide a full definition of each sector and provide clarity in terms of the activities within them.

Simon Chamberlain – Sponsor

Stephen James & Jeffery Kenyon – Economic Development Co-ordinators

APPENDIX 1

People contacted as part of review:

Dawn Bebe –	Culture Board
Carolyn Bruce-Spencer –	Medical and Healthcare Sector lead
Carl Budden –	South West Regional Development Agency
Simon Chamberlain –	WTG sponsor
Cindy Dagleish –	Creative Industry Sector lead
Peter Flukes –	Wolseley Trust
Steve Gerry –	Advanced Engineering Sector lead
Nigel Halford –	Tamar Science Park
Simon Hall –	Outset Plymouth
Emma Hewitt –	University of Plymouth
David Parlby –	Plymouth Chamber of Commerce and Industry
Roger Pipe –	Millfield Trust
George Skinner –	Marine Industry Sector lead
Peter Stacey –	Business Link
Karen Stockdale –	Creative Industries Sector lead
Richard Thomas –	Federation of Small Businesses
Dennis Venn –	Business Services Sector lead

APPENDIX 2

URBAN ENTERPRISE

Vision: To unlock the potential of Plymouth's disadvantaged groups and deprived communities through enabling business growth and the development of an aspirational, enterprising and entrepreneurial culture amongst residents

Urban Enterprise in Plymouth is part of a European Regional Development Fund (Competitiveness) programme worth £43m over five years (split between Plymouth, Torbay and Bristol). The value of the Plymouth programme is potentially £14m (£7M ERDF, £7M match) over 5 years, subject to finding the required match funding.

Activities being delivered are:

Enterprise Coaching (delivered by Working Links)

One of the main reasons for low rates of enterprise is that many people are simply not aware that it is an option. This strand of activity will raise awareness and then refer potential start-ups on to the following:

Intensive Start-up Support (delivered by YTKO)

Delivered through out-reach activities and referrals, this is intensive advice and support for people who want to explore working for themselves and managing the challenges of running a business. It includes one to one coaching and advice, mentoring, after care and refresher sessions to take the business from start-up to sustainability.

So far these are the only two active strands of the programme and, because of the long term nature of the support available to individuals, outputs will need to be viewed over the length of the programme rather than the short term. The outputs for the whole of the programme, by strand, are shown overleaf.

Enterprise Coaching and Intensive Start Up Support are contracted for 3 years but there is the potential to extend for a further 2 years if matched funding is available

Social Enterprise Support (being commissioned through Business Link)

Plymouth has a number of long established and very successful social enterprises. This strand is designed to support the growth of these social enterprises and encourage the development of new businesses with social aims

Understanding Finance for Business and Access to Finance (being commissioned separately). Access to Finance will be run by SWIG (South West Investment Group) with a local fund manager (YTKO and GWE Business West have been selected to submit full business plans)

This strand provides support to start up and existing SME's for development of a comprehensive business plan which can be used to obtain funding and the

responsibilities that go with that to manage the debt. A micro loan facility will also be available.

Enterprise Infrastructure (to be commissioned)

This strand will provide managed workspace (from virtual offices and hot desks to managed office/light industrial space) situated within the deprived areas to provide local facilities. The locations and levels of workspace demand were identified through a Site Options Analysis undertaken by Ekosgen in May 2009. The study identified the areas with highest need as Devonport (particularly Keyham area but also to benefit Ham), St Budeaux, Honicknowle and Efford/Lipson. The type of space needed was found to be desk space rental (hot desking) and virtual provision forming a central part of any investment, mixed with larger, flexible units on the same site to allow for growth.¹

Improving Your Resource Efficiency (under consideration)

Taking sustainability as its core, this strand will begin to introduce the business and environmental gains that can be made through efficient use of scarce resources

APPENDIX 3

SECTOR	Advanced Engineering	Business Services	Creative Industries	Health and Medical	Marine Industries	Tourism and Leisure
Baseline employment level (2003)	4,200	11,500	3,400	12,500	6,500	4,800
Current employment level (2008)	2,700	11,400	3,400	13,700	7,300	5,400
Forecasted employment levels at 2026*	+900 (5,300)	+12,500 (24,000)	+3,200 (6,600)	+5,800 (18,300)	+1,500 (8,000)	+7,000 (10,200)
Current Activities	Anticipating writing a strategy for the sector	Maintaining sector support	Work continues on creating dedicated space.	Sector Co-ordinator has recently ceased Regular newsletter provided.	UoP constructing Wave Tank and incubator space.	Now working through Destination Plymouth
Growth Potential	Wider manufacturing focus will aid GVA. Potential for spin offs from other businesses. High potential for growth.	Follows market so fluctuates. More about maintaining services in Plymouth.	Parts of sector will always be small. Digital media has potential for growth but infrastructure needed.	Determined by public sector and spend.	Renewables/low carbon offers lots of potential. Facilities in Plymouth are also improving.	Destination Plymouth provides for step-change in sector and support businesses in general.

* based on 42,500 jobs split 75% in priority sectors and 25% in non priority (work of Mike Leece 27 July 2009 WTG)