

## EXECUTIVE SUMMARY

Plymouth's economy has bounced back strongly since the recession of 2008/9, with output growth exceeding the national average for three consecutive years<sup>1</sup>. Confidence is high and many of the city's businesses are gearing up for growth. Investment among the city's indigenous businesses continues to be the main source of wealth generation.

With key strategic projects including South Yard and Mayflower 400 on the horizon, however, there is a real opportunity to sell the city's assets as Britain's Ocean City on the international stage, to drive investment from further afield.

This report sets out the city's progress on efforts to support both indigenous and inward investment.

## CONTEXT

Investment enables businesses to produce more and higher quality output (goods and services), generating wealth and job creation. Equally, inward investment – in the shape of new businesses locating in the city – supports growth by bringing in new jobs, skills and ideas. The Local Economic Strategy (LES) Review 2013-14 recommends that the city should seek to foster investment and employment growth among its indigenous businesses, while at the same time, position itself to attract investment from further afield.

Through its 'Business Growth & Investment' flagship, the LES calls for a proactive and co-ordinated approach to securing new inward investment, working with partners to sell our strengths as Britain's Ocean City, where Plymouth's quality of life, low carbon/marine credentials, social enterprise strengths and extensive talent pool, represent significant hooks for new investment.

At the same time, there is a clear rationale to focus the majority of our resources on supporting businesses already in the city to invest and grow. In 2013, 75% of all Foreign Direct Investment (FDI) nationally was additional investment secured by businesses already in the UK (the figure was 100% for the Heart of the South West area).

## PROGRESS UPDATE

### INWARD INVESTMENT ACTIVITY

#### *Marketing and Events*

The way businesses research potential locations before committing to invest has changed considerably – web and social media are now the starting points. Over the last twelve months, Plymouth City Council's Enterprise and Inward Investment (EII) team has developed an extensive suite of marketing products to help sell the city's strengths and assets to prospective investors.

- These products have been brought together on a new website **Invest Plymouth** (launched in October 2014) which is designed to be the 'first port of call' for businesses looking to invest in the city. It hosts a new investment video (see Key Resources below) which showcases the city's key economic strengths; it's most significant businesses and ambassadors. The video has received positive feedback from the private sector and has already been viewed on over 2,300 occasions.

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<sup>1</sup> ONS (2014) Regional Gross Value Added

- The **Book of Wonder** has proved a valuable asset to the city's inward investment toolkit, drawing positive feedback from both indigenous businesses and potential investors. It presents 100 quirky facts to sell the city's most distinctive assets.
- In direct response to demand from businesses, a **Relocation Guide** has been developed – a virtual 'one stop shop' for all services available to inward investors.
- Reflecting its status as one of the city's key investment opportunities, a new **Transforming Plymouth's South Yard** marketing brochure has been published to help drum up demand among both expanding indigenous marine businesses as well as those from outside the city.
- Efforts have been made to raise the city's presence through social media. A new **Business Newsletter** has been created and the number of subscribers has been increasing steadily and now stands at 1,620 representing a 95% increase in 17 months. This is a useful inward investment tool, notifying businesses of funding and other opportunities that may help them grow and invest in the city. The newsletter is also shared with 1,400 Twitter followers to **@InvestPlymouth** and **LinkedIn** connections.

With this 'collateral' in place, the team has proactively promoted Plymouth as a place to invest – both through attendance at key national trade shows and through major events hosted in the city:

- Attending the **All Energy** show in Aberdeen to promote the Plymouth marine offer to the industry. Plymouth exhibited on a shared stand with other members of the South West Marine Energy Park. As a result of this and attendance at **UK Wave and Tidal**, a number of investment leads were generated.
- A number of positive investment leads were nurtured through the **La Solitaire du Figaro** and **Japan 400** hospitality event hosted by Plymouth City Council. The team was able to invite and nurture several potential leads.
- Officers attended the **Farnborough Airshow** in collaboration with Plymouth companies Hymec Aerospace, Barden Corporation and UTC Aerospace. At the show, almost 60 contacts were made including a combination of potential inward investors (a couple of very warm leads) and local businesses with some potential to grow / attract inward investment via their supply chain. Local businesses invited to exhibit at the show all reported commercial successes and all have asked for further information on the LEP, business support and growth products.
- The EII team hosted an event with key business players and potential leads at the **British Fireworks Championships**. A range of businesses were in attendance (60 guests) and a number of warm leads were picked up.
- Plymouth exhibited at the prestigious **MIPIM UK**, held at Olympia in London. This was the first time the event had been held outside of France where the annual property exhibition is traditionally held and only featured UK companies and destinations. The team received over 100 enquiries from investors, developers, agents, hotel developers and business service providers. The city will be exhibiting again later in 2015.

### **Account Management**

Bringing new investment to fruition (both inward and indigenous) requires effective account management. The degree of this account management varies from business to business, with some requiring only light-touch 'sign-posting' and others demanding a more intensive 'hand holding' service. The EII team has dedicated account managers to offer a range of services including property and funding advice. The team also facilitates access to the Council's planning services, assists with relocation, recruitment, skills, networking, supply-chains and knowledge.

Information about commercial premises is a valuable public good and something that businesses request frequently. Through its commercial property register, the EII team is able to provide this information for free and has supported a number of businesses in finding the right location.

### ***Coordination and Partnerships***

A total of £275,000 was secured through the Peninsular and City Deal, to fund a new Inward Investment co-ordination role (including marketing budget) was set up to assist businesses interested in relocating to Devon, Plymouth, Somerset and Torbay. Pivotal to the role is linking up Heart of the South West (HotSW) LEP, City Deal partners, national government and UKTI activity, to ensure a coherent and joined up approach in communicating the right inward investment messages and support available.

A new **Invest in Heart of the South West** portal has been set up, structured around the four key sector opportunities: Nuclear Energy, Marine Industries, Aerospace and Advanced Engineering and Agri-tech. The portal links direct to Invest Plymouth, providing an additional route to potential investors.

With City Deal support, **Soft Landing** and **Investor Growth** funding programmes have been established. The former is aimed at reimbursing businesses the costs of marketing visits to the area with a notional cap of £5,000 per company; the latter can be used to support both capital and revenue investment made by growing FDI and relocating businesses. For the latter, £150,000 funding has been allocated to seven companies across the region, which will stimulate over 100 new jobs and significant private investment.

Plymouth companies have benefitted from both funding packages. Plymouth City Council is working closely with Plymouth University's MARIC (Marine Innovation Centre) team to help market the South Yard opportunity to potential investors – a number of US-based marine businesses will be visiting the city in April 2015.

## **SUPPORTING INDIGENOUS INVESTMENT**

### ***Business Relationship Programme***

The EII team manages a Business Relationship Programme (BRP) targeting a range of businesses across the city. The programme aims to develop close working relationships with the local business community to gain first-hand knowledge of the issues it faces, and provide advice and support. The programme strengthens the team's role as a main point of contact for companies wishing to connect with different Council services, as well as other stakeholders in the city who can provide business support.

Over the last 12 months, the programme has supported 77 businesses visits. The programme has revealed a continued improvement in business confidence, reflecting more favourable trading conditions. Investment was a common theme, with some businesses having recently invested in new capital equipment while others were seeking funding opportunities for future investment plans.

Businesses looking to invest are often unaware of the public funding opportunities available to them. Through the programme, officers have worked with businesses to identify the most appropriate sources of funding and the steps required to access it. Recent Regional Growth Fund (RGF) successes for the city were made possible by advice and guidance offered to local businesses through the programme (see below).

### ***Targeted investment programmes***

A new **Social Enterprise Investment Fund (SEIF)** of £500,000 was launched by Plymouth City Council to help social enterprises invest and grow locally. Evidence suggests there is a clear market failure in the support available to help fledgling social enterprises grow and prosper – access to finance through conventional investment channels remains a significant issue. The SEIF is aimed at bridging this gap and taking businesses to the next rung of the ladder.

The funding comes from the Council's 'Building for Jobs' Investment Fund – one of the Council's 19 Plan for Jobs projects aimed at unlocking stalled developments, creating new jobs and leveraging

additional public and private sector finance. Funding allocated through Round 1 and 2 have the potential to create over 60 new jobs.

In addition, both the **School for Start-ups** and **Urban Enterprise** are delivering significant business start-up outputs for Plymouth – this new investment is significant, given the city's historically low levels of enterprise. Since its inception, the Urban Enterprise programme has helped create 250 new businesses.

## INVESTMENT SUCCESSES

The EII team is currently directly account managing an extensive pipeline of investment enquires. There have been a number of notable successes over the last twelve months, reflecting renewed business confidence and appetite for capital investment locally. This is particularly prominent among Plymouth's manufacturing sector, giving grounds for optimism in terms of achieving a 'rebalancing' of local economic activity. Due to commercial sensitivities, the details of many of these have been excluded from this report.

Plymouth was very successful in securing successful RGF projects, plus one national project (YKTO) looking to specifically operate in the area. Successful businesses include Hymec Aerospace, Plessey Semiconductors, City College Plymouth and Plymouth University/SW Manufacturing Advisory Service (MAS). All the four successful HotSW applications had bespoke letter of support and evidence base support from the Council. The £10m University of Plymouth/MAS application includes £150,000 per year to support ongoing LEP Inward Investment activity.

In addition, a high value manufacturing foreign-owned enterprise has recently secured a grant from the City Deal Investor Growth programme to support new capital investment. This will create a number of new job and apprenticeship opportunities in a strategically significant sector. There have also been notable local successes through the City Deal funded GAIN Growth Fund.

**Case Study 1:** Recent investment by local company **Applied Automation**, shows the positive impact that the suite of interventions described in this report can have. The opportunity was identified as part of the Business Relationship Programme and effectively account managed through hospitality events, ultimately leading to a reward of £67,500 through the Plymouth and Peninsula City Deal. The investment will allow the company to move to a larger, more efficient workspace to develop its innovative automation equipment and industrial control systems. It will also be able to accommodate a growing workforce (with 15 new highly skilled jobs in the pipeline) and exploit new export opportunities.

<http://www.westernmorningnews.co.uk/Leading-Plymouth-manufacturer-expand-thanks-70K/story-25942590-detail/story.html>

**Case Study 2:** Plymouth City Council sold a five acre plot of land at Plymouth International Medical and Technology Park to company **HellermannTyton**, securing existing jobs and the company's future in Plymouth. HellermannTyton is one of the leading suppliers of products for fastening, fixing and protecting cables, and has been operating a manufacturing site from their current location at Plymouth's Medical and Technology Park since 2009. The company currently employs employ around 120 people in Plymouth.

<http://www.plymouthherald.co.uk/Council-sells-land-firm/story-25753752-detail/story.html>

### **Heart of the South West LEP**

Heart of the South West LEP secured £130.3m from the Government's **Local Growth Fund** – £49.2m for 2015/16 and £42.8m for 2016/17 to 2021.

Specifically, Plymouth secured:

*Transport - Funding*

- £8.3m investment for a package of transport improvements along the Plymouth Northern Corridor.
- £5.5M to invest in the Plymouth Eastern Corridor.
- £2m investment in A38 Deep Lane Sherford Access.

*Business - Funding*

- £5.4m investment in Science, Technology, Engineering, Maths and Marine skills in the City of Plymouth.
- £3m investment in Plymouth Science Park – Phase 5.
- £400k funding (revenue) in 15/16 to the LEP for growth hub business support coordination.

Through **Growth Deal 2**, the HotSW LEP secured an expansion to its Growth Deal which will see an extra £65.2m invested in the area between 2016 and 2021. Over the lifetime of its Deal (2015-2021) the LEP estimates that up to 22,000 new jobs could be created and 11,000 new homes built, with the potential to generate £260m public and private investment.

Specifically, Plymouth secured:

*Transport – Funding*

- £22.5m towards the Forder Valley link road project, which is designed to open up the north of the city.

*Business - Funding*

- An additional £1.7m for the LEP Growth Hub business support.
- £1.5m towards the Marine Industries Production Campus at South Yard, to enable direct development to start.
- £5m for an Unlocking Growth Fund to invest in projects across the area that will boost employment at key sites.

## **FUTURE PRIORITIES**

### ***South Yard***

Creating a successful marine industries cluster at South Yard will be a key strategic focus over the coming years. Following a recent market demand study by Regen SW, a targeted marketing campaign will commence to help secure new business growth and investment at the site as ownership is transferred from the MOD. The concept of creating a business environment to support technology and service development from innovation to commercial deployment fits well with the physical attributes of the South Yard site.

The approach will focus on both local business expansions and attracting inward investment. The investment strategy will be necessarily collaborative, drawing in the knowledge and strengths of local partners such as Plymouth University/MARIC to effectively account manage a South Yard business pipeline.

A number of warm investment leads have already been generated – a pipeline of some 40 companies showing an interest in locating at South Yard is being worked through, to test interest and firm up physical requirements.

The city has applied to government to create an Enterprise Zone at South Yard which will further incentivise new investment to the site. It is likely that a decision will be made before the Spring budget on March 18th. In addition, the Council and partners are working with Innovate UK to develop the

concept of 'mini-catapult', which could help attract higher value, knowledge based marine businesses to the city.

### **Mayflower 400**

Another key priority will be capitalising on the Mayflower 400 'milestone' to drive forward and accelerate aspects of the city's economy to create a more vibrant and outward-facing business culture. As a city, we will seek to showcase our competitive strengths and build new relationships to create a real economic legacy to inspire enterprise and entrepreneurship beyond 2020. Inward Investment will be supported through three work strands:

- A **Trade and Investment Expo** of national significance to showcase the city's unique economic strengths, develop new business and trade relationships, and foster increased growth and investment.
- A Mayflower 400 themed **Business Exchange Programme** to link Plymouth businesses with their counterparts in the US to generate new and profitable commercial relationships. The programme will play to the city's strengths including a focus on social enterprise, where Plymouth is recognised on the national stage.
- Realising our **marine potential** – the city's Research and Development strengths in marine and renewable energy is significant. The project will use Mayflower 400 to capitalise on the collective strengths of these world class assets and expertise, creating a mutually beneficial transfer of knowledge and subsequent growth.

### **Hotels**

If Plymouth is to become a major UK destination, it must provide outstanding quality facilities and amenities to welcome visitors to the city. This is not only important for attracting visitors and investors but also for the reputation of the city and supporting business growth and investment, which in turn will help to support the city's growth agenda.

Recent research by Colliers International concludes that there is clear and evidenced demand for new hotel supply in the form of a 4 star hotel with high standards, leisure facilities and international brand to benefit from a global distribution system.

Soft market testing elicited positive feedback with the clear messages being:

- That almost all operators would be keen on having a presence in Plymouth;
- A number of developers have expressed an interest in finding out more;
- That if profitable opportunities are presented then they will react positively.

Building on the report's findings, Plymouth City Council's economic development team has promoted opportunities through various channels including MIPIM London and through its Invest Plymouth portal. Over the coming months, the team will continue to work with partners to actively promote the city's offer for new hotel investment.

## KEY RESOURCES

Invest Plymouth: <http://www.visitplymouth.co.uk/invest>

Invest Plymouth video: <https://www.youtube.com/watch?v=HdjwcjDRNyY>

Invest Plymouth – twitter: <https://twitter.com/InvestPlymouth>

Relocation Guide: [http://www.plymouth.gov.uk/plymouth\\_relocation\\_guide.pdf](http://www.plymouth.gov.uk/plymouth_relocation_guide.pdf)

Book of Wonder: [http://www.plymouth.gov.uk/book\\_of\\_wonder.pdf](http://www.plymouth.gov.uk/book_of_wonder.pdf)

South Yard: [http://issuu.com/visitplymouth/docs/south\\_yard\\_brochure\\_lr\\_040315](http://issuu.com/visitplymouth/docs/south_yard_brochure_lr_040315)

Hotel Demand Study: <http://www.plymouth.gov.uk/plymouthhotelmarketstudy.pdf>

Invest in Heart of the South West: <http://investheartsw.com/>