

ECONOMIC DEVELOPMENT BREXIT UPDATE

Economic Development



BACKGROUND

As a responsible Local Authority and Port Health Authority providing over 300 services and employing 2,400 staff we are considering the risks Brexit poses for both our organisation and the wider city. Our priority is to ensure that we are as well prepared as possible for a No Deal exit and that known risks are mitigated as far as is reasonably possible.

MITIGATING ACTIONS IN PLACE

We have conducted the following actions to minimise the impacts on business in our city:

- Established a local Port liaison group bringing together key players including Brittany Ferries and Associated British Ports (ABP) to plan for potential impacts at the port.
- Held a number of initial Brexit Business Round Tables following the referendum to ensure that we are reflecting business concerns to central government.
- Collaborated with Devon and Plymouth Chamber of Commerce to jointly launch Plymouth Brexit Business Group - a regular, tactical and action orientated group. We have invited representatives from across all our major vulnerable business sectors to each meeting.

Our Fishing Industry Development Manager has also been supporting the fishing industry. Up to date information on requirements has been provided and clinics for fishers have been held to answer any Brexit related questions. Meetings with the Marine Management Organisation (MMO) and Department for Environment, Food and Rural Affairs (DEFRA) have been organised for fishers to participate in and we have provided evidence to support allocation of potential increased fish quota. Work has further been conducted to fill the gap that may arise from lack of EU workers by recruiting from a local base of ex-military and young people.

We have also driven the creation of and continue to contribute to the Brexit Resilience and Opportunities Group at Heart of the South West Local Enterprise Partnership (HotSW LEP) level. We have proposed many actions, including working with the National Farmers' Union (NFU) to provide additional consultancy for the farming and primary food and drink sector along with Environmental Health Officers for funding and additional training and advice.

AREAS OF CONCERN

Plymouth's international exports in goods were valued at £602m in 2017. This represents 11.6% of the city's Gross Value Added (GVA), showing an export propensity above the HotSW average of 4.9% but lower than the South West's (15.9%) and the UK's (18.4%) averages. Plymouth is more dependent upon demand for its goods from EU markets (6.2% of Plymouth's GVA) than non-EU markets (5.4% of Plymouth GVA). In 2017, 486 Plymouth businesses exported goods to the EU (8.6% of all Plymouth businesses). 13.4% of Plymouth's businesses imported goods from EU countries (761 businesses). Regionally, 4.8% of SW businesses exported goods to the EU markets, with the value of collective exports representing 7.2% of the region's GVA.

Leaving the EU will likely reduce the amount of Foreign Direct Investments (FDIs) to the region, which will have a significant impact on Plymouth. The concern is not just about reduced new FDI investment if there is a hard Brexit but also (and more significantly) retaining our existing FDI businesses in the City. A number of Plymouth firms are dependent on larger European supply chains and of the 20 largest employers, which collectively contribute nearly £1 billion to Plymouth's GVA, three quarters have parent companies outside of the UK. Companies have already seen a drop in EU demand following the referendum result, which is likely to have an impact on the firms that contribute so much to the city. Moreover, construction costs are continuing to increase, which makes development more challenging.

The retail sector generally continues to change, with a number of high profile business closures and restructures taking place nationally during 2019. This enforces the need for Plymouth's city centre to adapt and diversify by attracting new uses into the area to maintain its vibrancy.

WHAT HAS BEEN WORKING WELL?

Despite the challenging economic picture across the country, Plymouth has continued to see investment in several major developments over the past year, with others due to complete in 2020 and a pipeline of over £1bn of future development. Additionally, the Foreign Direct Investments brought into the city has generated a further 1,011 jobs in the financial year of 2018/19 with similar forecasts for 2019/20. Beyond this, Plymouth continues to provide high value employment opportunities across the city related to the marine sector, with Oceansgate nearly at full occupancy for both phase 1 and 2.