

## PLYMOUTH CITY DEAL NEGOTIATING DOCUMENT – DRAFTV4

### Plymouth City Deal Executive Summary

Our long term economic vision is that **Plymouth and the Peninsula will be a world leader in the marine sector and associated sub**. Across the Heart of South West and Cornwall and Isles of Scilly we are already in the process of delivering this vision through: our on-going development of our marine knowledge base; the support we provide to our marine and advanced manufacturing businesses; and by our promotion of the areas access to deep water – which is crucial for the marine sector.

Building on this work the Plymouth City Deal provides a unique opportunity to further support our long term economic vision and to tackle critical infrastructure, skills and business growth barriers that could put further growth in the marine sector at risk. **Delivery of the Plymouth City Deal will deliver the following impacts over the coming 15 years:**

- **£268m uplift in GVA**
- **Generate 6,000 jobs**
- **Generate a further 2,500 indirect jobs**
- **Create 86, 0000 sq m of workspace**
- **Support over 800 young people into sustainable employment**
- **Attract 100 new businesses to the Peninsula**

### Our opportunity and challenge

The Heart of the South West (HotSW) and Cornwall and Isles of Scilly (C&IoS) Local Economic Partnership, has a population of 2.2m population, provides 1.1m jobs and contributes over £33bn of GVA to the national economy. The area's economy has a number of strengths. These include: advanced manufacturing and research and development. However our most significant area of strength and comparative advantage is our marine sector which is the fastest growing sector within the South West.

The strength of these sectors in Plymouth and the Peninsula can be seen in the number of global companies that are already located within the area. These include: [Babcock Marine](#), [Princess Yachts](#), [Pipex](#), [Augusta Westland](#) and [Kawasaki](#). These are complemented by over 700 marine sector companies across the peninsula, which employ over 25,000 employees.

This concentration of companies is augmented by world leading marine research expertise at University of Exeter and University of Plymouth and innovation facilities that are located within the Plymouth City Deal area. These facilities are the product of over £100 million of investment and include: the [South West Marine Energy Park](#) and its associated testing facilities at FaB Test in Falmouth and Wave Hub in Hayle; testing and academic expertise facilities at [Plymouth University](#), [Exeter University](#) and [Plymouth Marine Laboratory](#).

We will ensure that in combination these sector and spatially focussed initiatives will act as a further stimulus for growth across the wider economy throughout the City Deal area

Despite these strengths growth in this critical sector is being held back for a variety of factors. These include:

- **Lack of suitable employment sites for the marine sector:** Plymouth and the Peninsula have a limited number of sites that have both: access to deep water to enable testing and commercialisation of marine sector R&D; and close proximity to major marine

sector employers such as those listed above and key marine assets (Devonport Dockyard and Naval Base), which would facilitate the relocation of international supply chain companies to the UK.

- **Lack of effective business, trade and export support:** The majority of marine sector businesses, many with high-growth potential, are SMEs. They currently face a complex set of business and export support schemes which has led to low take-up of national schemes and/or specific business support schemes that do not meet the needs of this sector.
- **Labour market and skills challenges:** Marine and precision engineering companies have an aging workforce, emerging skills gaps and difficulty in recruiting relevant skills. The area has also has a wider challenge with youth unemployment with 3,910 16-18 year old people not in education, employment or training and 8,410 people under 24 currently unemployed.

These factors not only put further growth in our marine sector at risk they also limit the ability of the marine sector to contribute to a key underlying macro- economic weakness of low levels of productivity. Currently Plymouth and the Peninsula has the **lowest levels of productivity** (as measured by per capita GVA) of any LEPs in Southern England. The proposals within the City Deal therefore will not only maximise growth in our key sector it will also make a wider contribution to underlying macroeconomic weaknesses within our economy.

### Our response

To address these issues and seize these opportunities we have developed a coherent and transformative set of proposals in our City Deal that will help realise our vision. The key strands of our response are:

- I. **Unlocking the South Yard site at Devonport Naval base** to provide a critical employment, R&D and marine product testing site. South Yard will join other employment, research and innovation sites to create a peninsula-wide **Marine Industries Production Campus (MIPC)**<sup>1</sup>.
  - This site will enable up to **30 supply chain businesses** to support existing marine businesses.
  - Provide waterside access for **leading marine renewable businesses** to trial and build tidal and wave energy devices. These businesses need deep water to allow large ships to load and unload their products.
  - The development of South Yard as a production campus enables us to exploit testing and research facilities at **Plymouth University, PML and Wave Hub and FaB Test** in Cornwall.
  - Unlocking this site will also provide up to **2,000 highly skilled jobs** in South Yard. This increases to over 4,300 jobs when the other marine sites in the South West are included.
  - A £20m expansion of our successful **Growth Accelerator and Investment Network (GAIN)** scheme that provides targeted and tailored business, export and trade support for our marine sector companies and local SMEs. **Business support web portal** that increases uptake of national business support schemes and offers tailored local business support programmes.
  - Development of a more **flexible innovation voucher scheme**

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<sup>1</sup> The MIPC will bring together a series of employment sites, marine sector companies, high education institutions and R&D/product commercialisation facilities that support the growth of our marine sector and attract inward investment from international marine companies.

- A **marine focused Knowledge Transfer Programme (KTP)** programme providing more flexible routes for businesses to access KTP expertise
  - Flexing of national programme such as **Manufacturing Advisory Service and Growth Accelerator** to provide more tailored support for local businesses
  - Delivering a step change in **export readiness** to enable businesses to trade on line
  - **Inward investment**, culminating in a global expo showcasing local and UK excellence alongside the Mayflower 2020 celebrations.
  - The Growth Hub will **support 22,000 businesses** and **create over 1400 jobs**
2. Trialling a new approach to **supporting young people back to work** which will involve
    - a new intensive support programme targeting unemployed young people to gain sustainable employment and reduce their reliance on in work benefit payments
    - Development of an **employer led apprenticeship and skills initiative** that meets the requirements of the growing marine sector by creating a central point for low cost, high quality marine sector training and development.
  3. Establishing an **innovative city deal governance structure** based on joint committee to enable bi-LEP, local authority, public, private and third sector shared ownership of and clear accountability for delivery, outcomes and performance management

**Our key offer and asks** Our 'asks' of government totalling **£25m** are:-

- Withdrawal of the MoD from the 35 ha. South Yard site, part of Devonport dockyard;
- Up to £15m government investment to help unlock South Yard
- Government national business support to flex their standard offer(s) to local businesses;
- £7 million investment (RGF) to redesign business support.
- UKTI and government partners to support the Mayflower 2020 global expo
- £3 development of an innovative engagement and progression employment hub for young people supported by Youth Unemployment Challenge Fund.

**In return significant public and private sector resources totalling £155m**

- £5million from the PCC Growth Fund for direct development at South Yard;
- £15million private sector match for Growth Hub and grant support;
- £5 million EU funding to support the Growth Hub and the Skills initiative
- £5 million from the Heart of the South West LEP for South Yard
- £0.4m HEFCE investment to support hosting and support of GAIN;
- £115m private sector investment in South Yard
- £5.6 million soft landing package to support inward investment
- £4.3 million Employer led skills initiative to enable 'cradle-to-grave' skills support

## PLYMOUTH CITY DEAL NEGOTIATION DOCUMENT V4

### Section I – Local Economic Context

The Heart of the South West (HotSW) and Cornwall and Isles of Scilly (C&IoS) Local Economic Partnership, has a population of 2.2m population, provides 1.1m jobs and contributes over £33bn of GVA to the national economy. The area's economy has a number of strengths. These include: advanced manufacturing and research and development. However our most significant area of strength and comparative advantage is our marine sector which is the fastest growing sector within the South West.

In total the marine sector comprises over 700 companies and 25,000 employees with substantial supply chain, accounting for over 10% of the local economy and 14% of the national marine sector. Prospects for future growth are strong; the sector forecast for GVA growth is 2.7% to 2030, the strongest rate of growth of any sector in the South West. The marine renewables sector is forecast to create a minimum of 5000 jobs across the peninsula over the next ten years<sup>5</sup>.

The strength of these sectors in Plymouth and the Peninsula can be seen in the number of global companies that are already located within the area. These include: [Babcock Marine](#), [Princess Yachts](#), [Pipex](#), [Augusta Westland](#) and [Kawasaki](#). These are complemented by over 700 marine sector companies across the peninsula, which employ over 25,000 employees.

This concentration of companies is augmented by world leading marine research expertise at University of Exeter and University of Plymouth and innovation facilities that are located within the Plymouth City Deal area. These facilities are the product of over £100 million of investment and include: the [South West Marine Energy Park](#) and its associated testing facilities at FaB Test in Falmouth and Wave Hub in Hayle; testing and academic expertise facilities at [Plymouth University](#), [Exeter University](#) and [Plymouth Marine Laboratory \(see Box 1 for more details\)](#).

Despite these strengths growth in this critical sector is being held back for a variety of factors. These include:

- **Lack of suitable employment sites for the marine sector:** Plymouth and the Peninsula have a limited number of sites that have both: access to deep water to enable testing and commercialisation of marine sector R&D; and close proximity to major marine sector employers such as those listed above and key marine assets (Devonport Dockyard and Naval Base), which would facilitate the relocation of international supply chain companies to the UK.
- **Lack of effective business, trade and export support:** The majority of marine sector businesses, many with high-growth potential, are SMEs. They currently face a complex set of business and export support schemes which has led to low take-up of national schemes and/or specific business support schemes that do not meet the needs of this sector.
- **Labour market and skills challenges:** Marine and precision engineering companies have an aging workforce, emerging skills gaps and difficulty in recruiting relevant skills. The area has also has a wider challenge with youth unemployment with 3,910 16-18 year old people not in education, employment or training and 8,410 people under 24 currently unemployed.

These factors not only put further growth in our marine sector at risk they also limit the ability of the marine sector to contribute to a key underlying macro- economic weakness of low levels of productivity. Currently Plymouth and the Peninsula has the **lowest levels of productivity** (as

measured by per capita GVA) of any LEPs in Southern England. The proposals within the City Deal therefore will not only maximise growth in our key sector it will also make a wider contribution to underlying macroeconomic weaknesses within our economy.

To address these issues and seize these opportunities we have developed a coherent and transformative set of proposals in our City Deal that will help realise our vision. The key strands of our response are:

**Unlocking the South Yard site at Devonport Naval base** to provide a critical employment, R&D and marine product testing site. South Yard will join other employment, research and innovation sites to create a peninsula-wide **Marine Industries Production Campus (MIPC)**<sup>2</sup>.

- This site will enable up to **30 supply chain businesses** to support existing marine businesses.
- Provide waterside access for **leading marine renewable businesses** to trial and build tidal and wave energy devices. These businesses need deep water to allow large ships to load and unload their products.
- The development of South Yard as a production campus enables us to exploit testing and research facilities at **Plymouth University, PML and Wave Hub and FaB Test** in Cornwall.
- Unlocking this site will also provide up to **2,000 highly skilled jobs** in South Yard. This increases to over 4,300 jobs when the other marine sites in the South West are included.

A £20m expansion of our successful **Growth Accelerator and Investment Network (GAIN)** scheme that provides targeted and tailored business, export and trade support for our marine sector companies and local SMEs. **Business support web portal** that increases uptake of national business support schemes and offers tailored local business support programmes.

- Development of a more **flexible innovation voucher scheme**
- A **marine focused Knowledge Transfer Programme (KTP) programme** providing more flexible routes for businesses to access KTP expertise
- Flexing of national programme such as **Manufacturing Advisory Service and Growth Accelerator** to provide more tailored support for local businesses
- Delivering a step change in **export readiness** to enable businesses to trade on line
- **Inward investment**, culminating in a global expo showcasing local and UK excellence alongside the Mayflower 2020 celebrations.
- The Growth Hub will **support 22,000 businesses** and **create over 1400 jobs**

Trialling a new approach to **supporting young people back to work** which will involve

- a new intensive support programme targeting unemployed young people to gain sustainable employment and reduce their reliance on in work benefit payments
- Development of an **employer led apprenticeship and skills initiative** that meets the requirements of the growing marine sector by creating a central point for low cost, high quality marine sector training and development.

To ensure that in combination these sector and spatially focussed initiatives will act as a further stimulus for growth across the wider economy throughout the City Deal area.

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<sup>2</sup> The MIPC will bring together a series of employment sites, marine sector companies, high education institutions and R&D/product commercialisation facilities that support the growth of our marine sector and attract inward investment from international marine companies.

By focusing on these areas the City Deal will create genuine additionality to the economy. Specifically, **in the period up to 2025 our City Deal will deliver:**

- **£268m uplift in GVA (based on South Yard and Growth Hub only)**
- **Generate 6,000 jobs**
- **Generate a further 2,500 indirect jobs**
- **Create 86, 0000 sq m of workspace**
- **Support over 800 young people into sustainable employment**
- **Attract 100 new businesses to peninsula**

### **Box 1 Our Marine Assets**

The City Deal area has a unique range of marine knowledge and physical assets, the result of over £100 million investment. These include;

- **Plymouth University** has state of the art model testing facilities including wave tanks enabling the testing of devices in controlled water conditions ;
- Plymouth Marine Laboratories
- **Exeter University** runs the **FaB Test facility in Falmouth** enabling wave energy device developers to test components, concepts or full scale devices in a moderate wave climate;
- **Wave Hub** a unique grid-connected offshore facility for the large scale testing of technologies

**.Princess Yachts International (PYI)** a global leader in luxury yacht manufacturing occupy part of the South Yard site including a 300,000 sq. ft. production hanger with direct deep water access to the sea. The company has secured over £30 million investment (with an additional RGF allocation) increasing employment in Plymouth from 1800 to around 2200 FTEs with high average earnings (c.£35000 pa).PYI believe up to 1000 additional jobs

could be created with the production of three new super yacht models due to commence at South Yard in 2014.

- **Kawasaki** has invested £25m in developing a state of the art production line to make hydraulics supplying leading companies such as Caterpillar and JCB. Over 20% of production supplies the marine sector.
- **Babcock** are one the UK's leading defence contractors and a ftse 100 company with over 4000 employees in the South West.
- **Pipex** are a cutting edge composites company manufacturing components for marine and nuclear industries. The potential application of composites for marine companies is considerable (e.g. 50 year seawater design life, high strength, low weight).
- At the peninsula level, the **South West Marine Energy Park (SWMEP)** provides a focus for industry and investment in order to generate jobs and business opportunities as well as secure low carbon energy. SWMEP's national designation recognises the superb physical assets and resources in the South West as well as the high concentration of research facilities and industrial excellence

With a range of partners from the private sector and education, the city has already established a **University Technical College (UTC)** specialising in marine engineering and advanced manufacturing; this will complement the UK's first marine academy also based in Plymouth. South Devon College is also on the path to achieving UTC status. This is testament to the close collaboration of our academic institutions responding to employer demand.

The next section of this document sets out clearly how we intend to take decisive action. It is important to stress that our proposals are built on the firm foundation of collaborative work

across a complex area, involving a wide range of public and private sector partners, stimulated by the City Deal process. We have established robust arrangements which bring together partners from across both LEPs in order to develop our City Deal

## Section 2 – City Deal Policy Proposals

**Overcoming physical constraints to growth through the assembly of public (especially MOD) land, which will support the continued growth of the marine, maritime and advanced manufacturing sectors is a pressing requirement.** Our City Deal seeks to address this issue head-on, whilst also undertaking complementary actions around SME and business support and skills, labour market. This coherent programme of action will:

- 1) **Maximise the economic impact of our marine and maritime assets**
  - To establish a peninsula-wide **Marine Industries Production Campus (MIPC)**, including an 'anchor' flagship development at South Yard, Plymouth. This will incorporate **30 supply chain businesses** to support existing marine businesses and provide waterside access for **leading marine renewable businesses** such as Tocado, TGL and SeaRoc to trial and build tidal and wave energy devices. These businesses need deep water to allow large ships to load and unload their products.
  - Creating a network of **five** strategic marine sites (Falmouth, Hayle, Brixham, Noss and Appledore) across the City Deal area, linked to existing physical assets and opportunities, to act as catalysts for wider clusters and collaborative networks.
  - Support supply chain development opportunities for marine businesses which are not dependent on immediately adjacent deep water access, by ensuring a pipeline of available employment sites throughout the City Deal area including opportunities which are in relatively close proximity to South Yard such as Langage, employment allocations in Tavistock and Okehampton
- 2) Provide effective **support to our SMEs** to enable them to grow through the creation of a **business growth hub**.
  - Development of a seamless business support platform and network (building on the Growth Acceleration and Investment Network (GAIN)) - a robust innovation 'eco-system' to drive productivity growth;
  - Co-design and local flexing of national programmes to meet local needs; and
  - A programme of "export readiness" and inward investment support.
- 3) Ensure people have the **right skills** to access employment in growing sectors by aligning SME skills demands to local provision;
- 4) trialling a new approach to supporting **unemployed young people back into work** reducing their reliance on in work benefit payments

**Flagship proposal: Maximising the impact of maritime and maritime assets by unlocking critical employment sites**

~~Providing a suitable employment site for our growing marine, maritime sector that has deep water access and is in close proximity to our key economic assets (Devonport Dockyard and Naval Base~~

and our principle marine and advanced manufacturing businesses) is critical to the development of the marine sector in the South West. Our flagship proposal therefore seeks to tackle this challenge by unlocking the South Yard site currently part of Devonport Dockyard in Plymouth.

With South Yard as a principal hub, the Plymouth City Deal is developing the concept of a Marine Industries Production Campus (MIPC). This would comprise a distributed network of premier peninsula marine industries and services sites including Falmouth, Hayle, Appledore and other appropriate South Devon ports. However, within MIPC, the complementary roles of Plymouth and Falmouth as the only two ports with deep water are crucial along with strong linkages to marine testing and R&D at Plymouth University, PML, Fab test and Wave Hub.

**One of the most significant barriers** which puts the continued expansion of this sector at risk is **the availability of suitable marine sector employment sites that have both:**

- **access to deep water to enable testing and commercialisation of marine sector R&D;** and
- **close proximity to major marine sector employers** such as those listed above and key marine assets (Devonport Dockyard and Naval Base), which would facilitate the relocation of international supply chain companies to the UK.

Despite the location Plymouth and other coastal towns within the peninsula have few viable sites available with deep water access due to the availability of viable sites and with—. For example, within Plymouth the naval dockyard comprises 260ha along 6km of Plymouth's prime waterside locations. This represents over a third of all waterfront access. Other potential locations [ Millbay in Plymouth and Torbay ] already provide a range of other water based activities e.g. leisure and tourism, which are also crucial sectors to the local economy.

### **Proposal**

In order to tackle this economic barrier our proposal is to work with the Ministry of Defence (MOD), Defence Infrastructure Organisation (DIO) and Homes and Communities Agency (HCA) **to secure the release and re-development of the South Yard site at Devonport Naval Base.** Occupying a plot of 35ha adjacent to Plymouth's city centre the site comprises a number of jetties and slip ways with deep water access. Princess Yachts International (PYI) acquired 7 ha of South Yard from the MOD in 2010 to build a new super yacht production facility. This demonstrates the potential of the site.

Ultimately the release and re-development of South Yard into an employment and innovation site for the marine sector, over the medium long term, will act as an important addition to Plymouth and the peninsula's **economic aim of creating a Marine Industries Production Campus (MIPC).** The campus will be developed as an distributive model linking South Yard to existing marine facilities. These include Falmouth, Hayle, Appledore and other appropriate north and south Devon ports. However, within MIPC, the complementary roles of Plymouth and Falmouth as the only two ports with deep water are crucial along with strong linkages to marine testing and R&D at Plymouth and Exeter Universities and Plymouth Marine Laboratories (PML) and Fab test and Wave Hub Falmouth and nearby Hayle on the north Cornwall Coast.

The MIPC at and address current gaps in our marine offer by fulfilling the following functions:

- **Significantly enhancing the availability of R&D and testing facilities** for our growing marine sector companies and enabling more of the world leading marine research undertaken by local universities to be commercialised by UK companies. South Yard will provide **deep water testing and validation facilities** meeting the demands of emerging commercial



technologies in wave and tidal vessels and devices. Orkney-based company European Marine Energy Centre (EMEC) has already expressed an interest in expanding its operations and undertaking new investment in deep water testing in Plymouth. Their expectation is that this will be matched by industry developments of wave and tidal over the next 5-10 years that will be lost to the peninsula and potentially the UK if such facilities as those proposed at South Yard are not available.

- Allowing our major marine companies in the area to relocate international supply chain companies to the UK—bringing further benefits to the local and national economy. This includes major employers such as (but not exclusively) **Princess Yachts International (PYI)** and **Babcock Marine**. PYI is investing £30 million in South Yard increasing employment in Plymouth from 1,800 to around 2,200 FTEs with high average earnings (£35000 pa). The company see the next phase of South Yard rationalisation as an opportunity to help relocate significant elements of the supply chain to South Yard which are currently located overseas. This will help to enhance production and reduce overhead costs. Similarly Babcock Marine currently occupy part of South Yard. Opportunities to locate additional or supply chain activities will improve both Babcock's competitiveness; therefore reducing their costs to the MOD.

Once developed we believe this site would deliver:

- 2,000 highly skilled jobs;
- 25,000 sq m<sup>2</sup> of new employment space;
- 60,000 sq m<sup>2</sup> of workspace refurbished;
- 30 new marine and advanced engineering businesses
- 90 new homes

Securing agreement to progress the South Yard site, in partnership with the MOD, DIO and HCA, also compliments our business growth proposals contained within the Plymouth City Deal. This includes the expansion of our GAIN programme that will roll out business support, trade and export support programmes to our marine sector and SMEs more widely.

### **Delivering the proposal—scope of City Deal agreement**

We fully recognise that unlocking the South Yard site is both a complex and long term goal, with decisions on this site linked to wider MOD and DIO programmes that are seeking to dispose of MOD land assets across the country. However we believe the City Deal presents a once-in-generation opportunity for local partners and the Government to establish a formal joint working model that will: **take a series of practical steps** in 2013/14 and 2014/15 to bring this proposal forward; and secure significant local funding to support the delivery of this proposal—whilst ensuring positive economic outcomes and good value for money for the Government. Through the Plymouth City Deal we want to secure the following:

- A commitment from the Government to work with Plymouth City Council and the Heart of South West Local Enterprise Partnership (LEP) throughout 2014/15 to **develop a “whole-site” strategy for South Yard** that defines, in more detail, the potential employment and housing uses for the site.
- Agreement by the MOD and DIO to allow the HCA and Plymouth City Council to **undertake, in 2014/15, the necessary preparatory analysis and survey work needed** to secure the potential release of South Yard.

- ~~An agreement between local partners and the Government to the **transfer and phased release of the South Yard site by the MOD to the HCA**. The specific timescale for this transfer and phased release will be determined jointly in 2014/15 and would be subject to the findings of the above analysis and survey work.~~
- ~~Agreement to a **financial model that will fund the provision of enabling infrastructure, land remediation and other preparatory works on the South Yard site**, subject to a final decision being taken by the Government to release the South Yard site.~~

### **Delivering the proposal – analysis and preparatory work**

~~The City Deal mechanism provides a significant opportunity to advance the development of the South Yard proposal and secure both financial and non-financial commitments that are needed to underpin any future development on this site.~~

~~At the outset we would seek to formalise joint working on the South Yard proposal through the formation of a South Yard Project Board. This project board would comprise representatives from MOD, DIO, HCA, Government Property Unit, Plymouth City Council, English Heritage and the Heart of South West Local Enterprise Partnership and would be tasked with developing detailed proposals for the future use of South Yard. In support of this in 2014/15 this board would commission and oversee preparatory work necessary to advance the release of the South Yard site. This work includes: the procurement of RICS “Red Book” valuation to support the transfer of South Yard; site investigations; site survey work; and site master planning – including agreement of what a phased release of South Yard could look like.~~

~~Subject to the completion of the survey and analysis work set out above and satisfactory findings, the Board will recommend to Government the transfer of agreed areas within South Yard to the HCA. This would exclude the MOD enclaves that will remain in long term ownership due to ongoing military operational needs. The HCA will oversee the delivery of preparatory works for South Yard – reporting back to the South Yard Property Board at agreed intervals. Areas within South Yard that are needed for military use in the short-medium term, but will not be needed indefinitely, will be leased back by the HCA to the MOD either at: zero cost with the MOD paying for ongoing maintenance of buildings; or at a low annual cost which will cover the ongoing maintenance of buildings over the life of the lease.~~

~~Once preparatory works have been completed the HCA, taking full regard for ongoing military constraints, will sell sites to private sector developers for a mix of employment and housing uses. This proposal expects the overwhelming majority of sites will be for marine-based companies and could be subject to the same security and access requirements as existing companies on the site. Employment sites are likely to comprise a mix of industrial warehouse, workshops, laboratories and office space. A small number of new homes (90) could be delivered in the north east section of South Yard.~~

~~In order to facilitate the development of South Yard we want to put in place a positive regulatory environment which include: developing a ‘single conversation’ with agencies such as English Heritage to ensure a smooth transition of site use and enhance the role of the South Yard Project Board. We also want to make South Yard an attractive investment proposition and propose to implement an LDO and assemble a ‘soft landing package’ to support inward investment including Business Rate relief.~~

### **Delivering the proposal – financial model**

In addition to agreeing the establishment of the above Project Board and key work programme for 2014/15 we also wish to agree, through the Plymouth City Deal, a financial model that will secure sufficient funding to prepare the South Yard site for private sector investment. Plymouth City Council and the Heart of South West Local Enterprise Partnership fully recognise that local investment is needed to support any City Deal proposal. Therefore as part of our proposed financial model both the council and the LEP are willing to make a significant capital investment to underpin the delivery of the South Yard proposal.

Based on initial estimates [using x and y sources] we believe £25 million is needed to undertake the required enabling work, land remediation work and development of the first employment site on South Yard (£20m enabling/remediation and £5m building of employment site). With regard to the enabling and land remediation works our proposed funding model would see 25% of this being secured from local investment (£5m from Heart of South West LEP), 25% (£5m) from a future HCA PLIF funding round or PLIF under spend—which will be fully recoverable and 50% (£10m) from either Government capital under spend or land value secured from wider public sector property asset disposal. 100% (£5m) of the cost of developing the first employment site would be provided by Plymouth City Council.

Given that South Yard is an acknowledged liability on MOD finances<sup>3</sup>, we propose that it is transferred to the HCA without charge. However, recognising both that the MOD is pursuing a challenging asset disposal target and is bound by current HMT rules on public land disposal we believe the MOD should share in any future land value uplift (once the cost of any public sector loan finance has been repaid) secured by South Yard. We strongly believe this meets two key financial tests for the MOD and DIO: securing a financial return for the disposal of a site; and the ability in the short-medium term to free the MOD from an ongoing financial liability.

As stated above our financial model assumes £10m is secured either from Department under spend and provided as a grant or through the disposal of public sector land within the Plymouth and peninsula area. If £10m cannot be secured through under spend then we would look to establish a Public Sector Land and Property Board, similar to the Property Board agreed in the Bristol City Deal in 2012. This Board would comprise the DIO, Government Property Unit, Plymouth City Council, Heart of South West LEP and other relevant partners (to be determined) and would assemble a portfolio of sites (including both local and central government sites) that could be re-developed for housing. Funding to develop these sites would be secured using PLIF (or any future round of loan based finance made available). Land value uplift secured from these sites would be used (a) repay PLIF and (b) fund the ongoing development of South Yard.

Given that any release of land on the South Yard would be undertaken in phases the additional time it would take to identify and dispose of public sector land to secure this funding would not delay any re-development of South Yard. In addition, discussions with HCA local and national colleagues on the use of PLIF have been positive. HCA officials are submitting a PLIF expression of interest in September 2013 to signal the opportunity of using this funding as part of a possible future South Yard proposal in 2014/15—subject to future rounds of PLIF or current PLIF under spends being made available.

Once preparatory works and enabling infrastructure has been provided we estimate that this will unlock £115m of private sector investment—an almost 5:1 leverage. A summary of costs and income streams that underpin this model is set out in the three tables below.

<sup>3</sup> Currently only half the site currently available for income producing use and development. In addition much of the site consists of historic listed buildings and docks that are expensive to put and to keep in good repair. Further the site has obsolete infrastructure and services.

**Table 1: South Yard Site Acquisition – Costs and Income Streams**

Proposed costs	£	Proposed income	£
South Yard acquisition	£0	No income stream needed but MOD to share in a percentage of land value uplift from the re-developed South Yard site	*
<b>Total cost</b>	<b>£0</b>	<b>Total income</b>	<b>*</b>

**Table 2: South Yard Preparatory Work – Costs and Income Streams**

Proposed costs	£	Proposed income	£
Preparatory works (Site investigations surveys; master planning; planning demolition; site clearance; remediation; utilities/services/ roads; public realm; repairs to buildings and docks; holding costs; and professional fees)	20m	Heart of South West LEP investment	5m
		HCA (PLIF or other form of loan finance recoverable from sale of service sites and premises)	5m
		Department under spend or funds secured from public sector land disposal (overseen by the Public Sector Land and Property Board)	10m
<b>Total costs</b>	<b>£20m</b>	<b>Total income</b>	<b>£20m</b>

**Table 3: South Yard Site Development – Costs and Income Streams**

Proposed costs	£	Proposed income	£
Direct development (over lifetime of development)	120m	Plymouth City Council	£5m
		Private sector	£115m
<b>Total cost</b>	<b>£120m</b>	<b>Total income</b>	<b>£120m</b>

**Asks and offers**

We believe this proposal both recognises: the inherent complexity facing the potential release of South Yard, including wider MOD land release programmes; recognises the need to secure good value for money for any land disposal; and recognises the challenges around agreeing a robust financial model. **Using the City Deal process our asks and offers therefore set out clear tangible steps to move this long term proposal forward in 2014/15**, whilst also providing sufficient scope for the MOD, DIO and HCA to play an active role in shaping this proposal as it develops over the next 12-18 months.

Our offer to Government	Our asks of Government
Establishment of a South Yard Project Board which will formalise joint working between local partners (Plymouth City Council and Heart of South West LEP) and central Government (MOD, DIO, HCA and	MOD, DIO, HCA and Government Property Unit involvement in the South Yard Project Board  HCA to submit a PLIF expression of interest

<p>Government Property Unit) to take forward the potential release of South Yard. Provision of £10m of capital investment (LEP and Plymouth City Council) to fund South Yard preparatory works and initial site development.</p> <p>In 2014/15 work with the HCA to undertake: "Red Book" valuation to support the potential transfer of South Yard; site survey work; and master planning.</p> <p>If Government department under spend cannot be found to support the South Yard financial package, Plymouth City Council will, in 2014/15, establish the Public Sector Land and Property Board which will identify public sector land/property that could be disposed of and used to fund the redevelopment of South Yard.</p> <p>Supporting secretariat, master planning, appraisal, procurement and deliver management processes of the project board; and subsequent participation in any SPV with the HCA as required.</p> <p>Completing and developing the demand work started by Arup, and supporting negotiations with PYI and other private sector investors/developers/operators who are potential MIPC participants</p> <p>Development of an LDO for South Yard</p> <p>Creation of a 'soft landing package' for South Yard to stimulate inward investment including business rate relieve</p>	<p>in 2013/14 to highlight the strategic importance of the South Yard proposal.</p> <p>Subject to final agreement being reached, transfer agreed South Yard sites to the HCA in 2014/15, with those sites needed in the short-medium term by the military being leased back to the MOD.</p> <p>Subject to final agreement being reached on the disposal of South Yard, HCA to submit a £5m capital request to PLIF or future rounds of PLIF type funding. This would be repaid from sites and premises disposal receipts.</p> <p>£10m of capital funding secured to support South Yard preparatory works. This would be secured either through Department under spend. Alternatively if capital under spend is unavailable this funding would be secured through the disposal of public sector land, via the Public Sector Land and Property Board.</p> <p>MOD, DIO, HCA and Government Property Unit involvement in the Public Sector Land and Property Board.</p> <p>Agreement to the 'single conversation' with government regulatory agencies (including English Heritage and possibly Crown Estates) regarding future planning and development status of the South Yard site and the marine catchment it is designed to service</p>
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The Heart of the South West and Cornwall and Isles of Scilly economies have a series of sectoral strengths. These include: advanced manufacturing and research and development. However the peninsula's most significant area of strength and comparative advantage is the marine sector which is the fastest growing sector within the South Wes with a rate of 2.7% to 2030, the strongest rate of growth of any sector in the South West.

The strength of these sectors in Plymouth and the peninsula can be seen in the number of global companies that are already located within the area. These include: Babcock Marine, Princess Yachts, Pipex, Augusta Westland and Kawasaki. These are complemented by over 700 marine sector companies across the peninsula, which employ over 25,000 employees. This concentration of companies is augmented by world leading marine research expertise and innovation facilities that are located within the Plymouth City Deal area. These include: the South West Marine Energy Park and associated testing facilities at FaB Test in Falmouth and Wave Hub in Hayle; testing

facilities and academic expertise at Plymouth University, Exeter University and Plymouth Marine Laboratory.

Despite these strengths a number of **barriers** currently exist which put the continued expansion of this sector at risk. **One of the most significant is the availability of suitable marine sector employment sites that have both:**

- **adjacent/ access to deep water to enable testing and commercialisation of marine sector R&D;** and
- **close proximity to major marine sector employers** such as those listed above and key marine assets (Devonport Dockyard and Naval Base), which would facilitate the relocation of international supply chain companies to the UK.

Despite the location Plymouth and other coastal towns within the peninsula have few viable sites available with deep water access. For example, within Plymouth the naval dockyard comprises 260ha along 6km of Plymouth's prime waterside locations. This represents over a third of all waterfront access. Other potential locations [ Millbay in Plymouth and Torbay ] already provide a range of other water based activities e.g. leisure and tourism, which are also crucial sectors to the local economy.

## **Proposal**

In order to tackle this economic barrier our proposal is to work with the Ministry of Defence (MOD), Defence Infrastructure Organisation (DIO) and Homes and Communities Agency (HCA) **to secure the release and re-development of the South Yard site at Devonport Naval Base.** Occupying a plot of 35ha adjacent to Plymouth's city centre the site comprises a number of jetties and slip ways with deep water access. Phase 1 of the redevelopment has already commenced with Princess Yachts International (PYI) acquiring 7 ha of South Yard from the MOD in 2010 to build a new super yacht production facility. This demonstrates the potential of the site.

Ultimately the release and re-development of South Yard into an employment and innovation site for the marine sector, over the medium-long term, will act as an important addition to Plymouth and the peninsula's economic aim for marine industries across the peninsula and for the UK as a whole. The creation of a **Marine Industries Production Campus (MIPC)** will be developed as an distributive model linking South Yard to existing marine facilities. These include Falmouth, Hayle, Appledore and other appropriate north and south Devon ports. However, within MIPC, the complementary roles of Plymouth and Falmouth as the only two ports with deep water are crucial along with strong linkages to marine testing and R&D at Plymouth and Exeter Universities and Plymouth Marine Laboratories (PML) and Fab test and Wave Hub Falmouth and nearby Hayle on the north Cornwall Coast.

The MIPC will address current gaps in our marine offer by fulfilling the following functions:

- Significantly enhancing the availability of R&D and testing facilities for our growing marine sector companies and enabling more of the world-leading marine research undertaken by local universities to be commercialised by UK companies. South Yard will provide **deep water testing and validation facilities** meeting the demands of emerging commercial technologies in wave and tidal vessels and devices. Orkney based company European Marine Energy Centre (EMEC) has already expressed an interest in expanding its operations and undertaking new investment in deep water testing in Plymouth. Their expectation is that this will be matched by industry developments of wave and tidal over

the next 5-10 years that will be lost to the peninsula and potentially the UK if such facilities as those proposed at South Yard are not available.

- Allowing our major marine companies in the area to relocate international supply chain companies to the UK – bringing further benefits to the local and national economy. This includes major employers such as (but not exclusively) **Princess Yachts International (PYI)** and **Babcock Marine**. PYI is investing £30 million in South Yard increasing employment in Plymouth from 1,800 to around 2,350 FTEs with high average earnings (£35000 pa). The company see the next phase of South Yard rationalisation as an opportunity to help relocate significant elements of their supply chain to South Yard which are currently located overseas creating a focus for marine supply chain businesses providing capacity for business growth and expansion. This will help to enhance production and reduce overhead costs. Similarly Babcock Marine currently occupy part of South Yard. Opportunities to locate additional or supply chain activities will improve both Babcock's competitiveness; therefore reducing their costs to the MOD.

Once developed we believe this site would deliver:

- 2,000 highly skilled jobs;
- 25,000 sq m<sup>2</sup> of new employment space;
- 60,000 sq m<sup>2</sup> of workspace refurbished;
- 30 new marine and advanced engineering businesses
- 90 new homes

Securing agreement to progress the South Yard site, in partnership with the MOD, DIO and HCA, also compliments our business growth proposals contained within the Plymouth City Deal. This includes the expansion of our GAIN programme that will roll out business support, trade and export support programmes to our marine sector and SMEs more widely. In addition, any development works will create significant construction jobs. Furthermore, as the development takes shape the opportunity to create apprenticeships will increase.

### **Delivering the proposal – scope of City Deal agreement**

We fully recognise that unlocking the South Yard site is both a complex and long term goal, with decisions on this site linked to wider MOD and DIO programmes that are seeking to dispose of MOD land assets across the country. However we believe the City Deal presents a once-in-generation opportunity for local partners and the Government to establish a formal joint working model that will: **take a series of practical steps** in 2013/14 and 2014/15 to bring this proposal forward; and secure significant local funding to support the delivery of this proposal – whilst ensuring positive economic outcomes and good value for money for the Government. Through the Plymouth City Deal we want to secure the following:

- A commitment from the Government to work with Plymouth City Council and the Heart of South West Local Enterprise Partnership (LEP) throughout 2014/15 to **develop a “whole-site” strategy for South Yard** that defines, in more detail, the potential employment and housing uses for the site.
- Agreement by the MOD and DIO to allow the HCA and Plymouth City Council to **undertake, in 2014/15, the necessary preparatory analysis and survey work needed** to secure the potential release of South Yard.



- An agreement between local partners and the Government to the **transfer and phased release of the South Yard site by the MOD to the HCA**. The specific timescale for this transfer and phased release will be determined jointly in 2014/15 and would be subject to the findings of the above analysis and survey work.
- Agreement to a **financial model that will fund the provision of enabling infrastructure, land remediation and other preparatory works on the South Yard site**, subject to a final decision being taken by the Government to release the South Yard site.

### **Delivering the proposal – analysis and preparatory work**

The City Deal mechanism provides a significant opportunity to advance the development of the South Yard proposal and secure both financial and non-financial commitments that are needed to underpin any future development on this site.

At the outset we would seek to formalise joint working on the South Yard proposal through the formation of a South Yard Project Board. This project board would comprise representatives from MOD, DIO, HCA, Government Property Unit, Plymouth City Council, English Heritage and the Heart of South West Local Enterprise Partnership and would be tasked with developing detailed proposals for the future use of South Yard. In support of this in 2014/15 this board would commission and oversee preparatory work necessary to advance the release of the South Yard site. This work includes: the procurement of RICS “Red Book” valuation to support the transfer of South Yard; site investigations; site survey work; and site master planning – including agreement of what a phased release of South Yard could look like. Agreement to how constraints associated with various listings within the Yard can be minimised and overcome. On the back of an already adapted Area Action Plan for Devonport we will be able to fast track an SPD/Master plan to provide developers with certainty regarding future plans.

Subject to the completion of the survey and analysis work set out above and satisfactory findings, the Board will recommend to Government the transfer of agreed areas within South Yard to the HCA. This would exclude the MOD enclaves that will remain in long term ownership due to ongoing military operational needs. The HCA will oversee the delivery of preparatory works for South Yard – reporting back to the South Yard Property Board at agreed intervals. Areas within South Yard that are needed for military use in the short-medium term, but will not be needed indefinitely, will be leased back by the HCA to the MOD either at: zero cost with the MOD paying for ongoing maintenance of buildings; or at a low annual cost which will cover the ongoing maintenance of buildings over the life of the lease. Jointly agreed arrangements between the HCA, MOD, DIO would be developed to ensure that MOD enclaves required for military operational needs would be developed.

Once preparatory works have been completed the HCA, taking full regard for ongoing military constraints, will sell sites to private sector developers for a mix of employment and housing uses. This proposal expects the overwhelming majority of sites will be for marine based companies and could be subject to the same security and access requirements as existing companies on the site. Employment sites are likely to comprise a mix of industrial warehouse, workshops, laboratories and office space. A small number of new homes (90) could be delivered in the north east section of South Yard.

### **Delivering the proposal – financial model**

In addition to agreeing the establishment of the above Project Board and key work programme for 2014/15 we also wish to agree, through the Plymouth City Deal, a financial model that will secure



sufficient funding to prepare the South Yard site for private sector investment. Plymouth City Council and the Heart of South West Local Enterprise Partnership fully recognise that local investment is needed to support any City Deal proposal. Therefore as part of our proposed financial model, both the council and the LEP are willing to make a significant capital investment to underpin the delivery of the South Yard proposal.

Based on initial estimates<sup>4</sup> we believe £25 million is needed to undertake the required enabling work, land remediation work and development of the first employment site on South Yard (£20m enabling/remediation and £5m building of employment site). With regard to the enabling and land remediation works our proposed funding model would see 25% of this being secured from local investment (£5m from Heart of South West LEP), 25% (£5m) from a future HCA PLIF funding round or PLIF under spend – which will be fully recoverable and 50% (£10m) from either Government capital under spend or land value secured from wider public sector property asset disposal. 100% (£5m) of the cost of developing the first employment site would be provided by Plymouth City Council.

Given that South Yard is an acknowledged liability on MOD finances<sup>5</sup>, we propose that it is transferred to the HCA without charge. However, recognising both that the MOD is pursuing a challenging asset disposal target and is bound by current HMT rules on public land disposal we believe the MOD should share in any future land value uplift (once the cost of any public sector loan finance has been repaid) secured by South Yard. We strongly believe this meets two key financial tests for the MOD and DIO: securing a financial return for the disposal of a site; and the ability in the short-medium term to free the MOD from an ongoing financial liability.

As stated above our financial model assumes £10m is secured either from Department under spend and provided as a grant or through the disposal of public sector land by the HCA within the Plymouth and peninsula area. If £10m cannot be secured through under spend then we would look to establish a Public Sector Land and Property Board, similar to the Property Board agreed in the Bristol City Deal in 2012. This Board would comprise the HCA, the DIO, Government Property Unit, Plymouth City Council, Heart of South West LEP and other relevant partners (to be determined) and its task would be to oversee and co-ordinate the strategic release and disposal of surplus public sector land and property across the two LEP areas, through the HCA, to optimise opportunities for economic development and new housing; and to assemble a portfolio of sites (including both local and central government sites) vested in the HCA that could generate sufficient receipts to meet the additional £10m required, together with any additional costs incurred by the HCA in bringing the sites forward for disposal and redevelopment.

Given that any release of land on the South Yard would be undertaken in phases the additional time it would take to identify and dispose of public sector land to secure this funding would not delay any re-development of South Yard. In addition, discussions with HCA local and national colleagues on the use of PLIF have been positive. HCA officials are submitting a PLIF expression of interest in September 2013 to signal the opportunity of using this funding as part of a possible future South Yard proposal in 2014/15 – subject to future rounds of PLIF or current PLIF under spends being made available.

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<sup>4</sup> Our estimates are based on work carried out for SWRDA by Bailey Partnership in 2007 and by Halcrow in 2008

<sup>5</sup> Only half the site is currently available for income producing use and development. In addition much of the site consists of historic listed buildings and docks that are expensive to put and to keep in good repair. Further the site has obsolete infrastructure and services.

Once preparatory works and enabling infrastructure has been provided we estimate that this will unlock £115m<sup>6</sup> of private sector investment – an almost 5:1 leverage. A summary of costs and income streams that underpin this model is set out in the three tables below.

**Table 1: South Yard Site Acquisition – Costs and Income Streams**

<u>Proposed costs</u>	<u>£</u>	<u>Proposed income</u>	<u>£</u>
<u>South Yard acquisition</u>	<u>£0</u>	<u>No income stream needed but MOD to share in a percentage of land value uplift from the re-developed South Yard site</u>	<u>*</u>
<b><u>Total cost</u></b>	<b><u>£0</u></b>	<b><u>Total income</u></b>	<b><u>*</u></b>

**Table 2: South Yard Preparatory Work – Costs and Income Streams**

<u>Proposed costs</u>	<u>£</u>	<u>Proposed income</u>	<u>£</u>
<u>Preparatory works</u> <u>(Site investigations surveys; master planning; planning demolition; site clearance; remediation; utilities/services/ roads; public realm; repairs to buildings and docks; holding costs; and professional fees</u>	<u>20m</u>	<u>Heart of South West LEP investment</u>	<u>5m</u>
		<u>HCA (PLIF or other form of loan finance recoverable from sale of service sites and premises</u>	<u>5m</u>
		<u>Department under spend or funds secured from public sector land disposal (overseen by the Public Sector Land and Property Board)</u>	<u>10m</u>
<b><u>Total costs</u></b>	<b><u>£20m</u></b>	<b><u>Total income</u></b>	<b><u>£20m</u></b>

**Table 3: South Yard Site Development – Costs and Income Streams**

<u>Proposed costs</u>	<u>£</u>	<u>Proposed income</u>	<u>£</u>
<u>Direct development</u> <u>(over lifetime of development)</u>	<u>125m</u>	<u>Plymouth City Council</u>	<u>£5m</u>
		<u>Private sector</u>	<u>£120m</u>
<b><u>Total cost</u></b>	<b><u>£125m</u></b>	<b><u>Total income</u></b>	<b><u>£125m</u></b>

### **Asks and offers**

We believe this proposal both recognises: the inherent complexity facing the potential release of South Yard, including wider MOD land release programmes; recognises the need to secure good value for money for any land disposal; and recognises the challenges around agreeing a robust financial model. **Using the City Deal process our asks and offers therefore set out clear tangible steps to move this long term proposal forward in 2014/15**, whilst also providing sufficient scope for the MOD, DIO and HCA to play an active role in shaping this proposal as it develops over the next 12-18 months.

<sup>6</sup> The rationale for the private sector investment leverage is derived from Princess Yachts' £30m investment in their 7ha plot of South Yard, which comprises approximately 20% of the total site area, so by scaling up, we come pro rata to a figure of £120m.

<u>Our offer to Government</u>	<u>Our asks of Government</u>
<p><u>Establishment of a South Yard Project Board which will formalise joint working between local partners (Plymouth City Council and Heart of South West LEP) and central Government (MOD, DIO, HCA and Government Property Unit) to take forward the potential release of South Yard.</u></p> <p><u>Provision of £10m of capital investment (LEP and Plymouth City Council) to fund South Yard preparatory works and initial site development.</u></p> <p><u>In 2014/15 work with the HCA to undertake: “Red Book” valuation to support the potential transfer of South Yard; site survey work; and master planning.</u></p> <p><u>If Government department under spend cannot be found to support the South Yard financial package, Plymouth City Council will, in 2014/15, establish the Public Sector Land and Property Board which will identify public sector land/property that could be disposed of and used to fund the redevelopment of South Yard.</u></p> <p><u>Supporting secretariat, master-planning, appraisal, procurement and deliver management processes of the project board; and subsequent participation in any SPV with the HCA as required.</u></p> <p><u>Completing and developing the demand work started by Arup, and supporting negotiations with PYI and other private sector investors/developers/operators who are potential MIPC participants.</u></p> <p><u>On the back of an already adapted Area Action Plan for Devonport we will be able to fast track an SPD/Master plan to provide developers with certainty regarding future plans.</u></p>	<p><u>MOD, DIO, HCA and Government Property Unit involvement in the South Yard Project Board</u></p> <p><u>HCA to submit a PLIF expression of interest in 2013/14 to highlight the strategic importance of the South Yard proposal.</u></p> <p><u>Subject to final agreement being reached, transfer agreed South Yard sites to the HCA in 2014/15, with those sites needed in the short-medium term by the military being leased back to the MOD.</u></p> <p><u>Subject to final agreement being reached on the disposal of South Yard, HCA to submit a £5m capital request to PLIF or future rounds of PLIF-type funding. This would be repaid from sites and premises disposal receipts.</u></p> <p><u>£10m of capital funding secured to support South Yard preparatory works. This would be secured either through Department under spend. Alternatively if capital under spend is unavailable this funding would be secured through the disposal of public sector land, via the Public Sector Land and Property Board.</u></p> <p><u>MOD, DIO, HCA and Government Property Unit involvement in the Public Sector Land and Property Board.</u></p>

Plymouth's proposition in relation to this element of our bespoke offer is focused on the scaling up, and embedding of GAIN – the Growth Acceleration and Investment Network<sup>7</sup> - creating a business led model to achieve the following:

This expanded and enhanced business growth and support service would seek to achieve the following outcomes:

- A more co-ordinated and client-centric approach to business support services that allows more flexibility in provision;
- Significantly increased business take up of national programmes, especially in relation to R&D (for instance we aim to see the take up of R&D tax credits rise to the level of the best performing regions outside London);
- Measurably increased growth and productivity in those businesses that are not currently defined as “high growth”<sup>8</sup> but have the potential to be so in the future (creating the high growth businesses of tomorrow);
- Increased take up of support, and increased growth and productivity in the marine sector, through focused demand stimulation and a bespoke programme of support where it adds value;
- Create a culture of co-operation and flexibility in business support providers that are not driven by time related outputs (such as “business assists”);
- Increased productivity through raising the proportion of our businesses that export, and
- A substantial increase in both the number of businesses who are interested in the area and the number which actually land here, generating significant numbers of new jobs.
- Increase the number of businesses trading outside the LEP area, improving the pipeline for UKTI core service by 30%.
- Doubling the number of FDI businesses which invest in the area through improved marketing and promotion, targeting marine businesses<sup>9</sup>

This central proposition will further develop the Growth and Investment Network (GAIN) to create a seamless knowledge based network to support innovation and enterprise across the City Deal area, using the physical sites outlined above as touchpoints, and ensuring that great business ideas receive the support and investment they need to blossom here. GAIN does not seek to replicate or replace existing services, products or networks but rather add value to, and augment, them, providing a neutral platform that coordinates all business support activity, no matter who is delivering it. This includes local business support offers provided by Local Authorities and other local partners (such as those delivered under the Rural Growth Network) as well as national schemes. GAIN is also sector blind. All businesses benefit from the coordination, networking and joining up of business support provision. **However, it is our intention to ensure we provide a significantly improved offer to the marine sector, as part of our expansion of GAIN – given the area's specialism, and the significant opportunities in this sector.** By networking the networks GAIN will add value to and increase the uptake of, local and national schemes, ensuring growing enterprises (as well as entrepreneurs) have a point of contact and referral across the whole City Deal geography.

### Why is this needed?

Uptake of some business support services is low in the peninsula and lack of awareness of what is available is an issue for many businesses. The current business services landscape lacks clarity and coherence and therefore many businesses struggle to find the support that is most appropriate for them. This acts as a significant constraint on business growth and productivity.

This particularly relates to the failure to commercialise knowledge by turning it into a successful business proposition. There is no shortage of expertise and knowledge (much of it within our HEIs)

<sup>7</sup> For an overview of GAIN see Appendix A

<sup>8</sup> The definition applied for the Growth Accelerator is 20% growth year on year for 3 years

<sup>9</sup> UKTI 2011-12 base line data for FDI businesses.

but much of this knowledge is untapped, when it could be driving significant growth in the economy.

Direct feedback from businesses received during consultation events held as part of the City Deal development process has also showed that there is frustration that they do not know where to go for support or are not aware of what is on offer.

Levels of uptake of some programmes in our area is also low, with the main reason for this being a lack of awareness of the support available (a good example being that only 4% of the value of R&D tax credits claimed in 2008-9 were for SW based businesses (see <http://www.hmrc.gov.uk/research/report107.pdf>)

Our export and inward invest record is very poor. This is partly down to the poor coordination of local and national provision. In terms of inward investment leading local businesses have indicated that there is significant demand to locate to the South West from other global markets but businesses need help in securing these investments. The peninsula (Cornwall, IoS, Devon, Somerset, Torbay and Plymouth) only generated 195 new jobs in 2011/12. This is only 0.35% of the national successful landings (source: national inward investment pipeline).

Many of our smaller SME's and micro's are reluctant to export due to the perceived complexities of doing so. Less than half (41%) of respondents reported selling goods or services beyond their ~~what?~~ 33% of respondents cited general IT skills as requiring improvement. Of the non-hardware related reasons businesses gave for restricted ICT uptake primary reasons given were: cost, not enough skilled staff, insufficient ROI, and lack of knowledge of benefits. Despite having the tenth best coverage of Superfast Broadband in the UK actual take up in Plymouth is well below average levels.

### **Our proposition**

To be successful and sustainable, GAIN will need to be scaled up and draw on government support through the following key strands:

#### **Flexing provision and filling the gaps**

Central to our proposed expansion of GAIN is more effective targeting of national programmes, by flexing their delivery locally, and looking to address gaps in provision where they exist. We will work with BIS, TSB and businesses in our area to co-design local provision of national programmes and to fill local gaps. Our City Deal area has an extensive geography, covering two LEPS, and linking together the various Innovation assets across this geography is central to our Growth Hub proposition. These physical assets will be underpinned by a more bespoke and locally flexed range of business support services that will really drive business growth and productivity. The physical spokes of the Growth Hub will act as conduits for this support, ensuring there is a local touch point for businesses seeking support across the City Deal area.

We want more flexibility in how Business support providers can work together to provide client-centric solutions. While the commitment is there from providers to make this happen, contractual output requirements can hinder this (in particular ERDF requirements that have a time related definition for a business assist). To enable closer provider engagement and referral, there needs to be much more flexibility in output definitions.

We want to work with local businesses, BIS, TSB and providers on the following:

#### **Co-designing Growth Accelerator type support to fill the gap that currently exists for those businesses that don't meet the GA criteria**

This will involve development and procurement of a support package for SMEs that do not meet the current GA criteria, but who would benefit from the sort of support GA delivers. This would

be locally co-designed with businesses to ensure it meets local needs, using the marine sector as a pilot for the approach.

### **Flexing of MAS to deliver a marine focused offer locally**

As above, this will involve working with marine sector businesses and MAS to assess need and co-design support that is relevant and appropriate for the sector. This will complement the MAS Offshore wind specialist advisor for the South West in driving demand for MAS support and offering a specific marine focused service.

### **Development of a more flexible innovation voucher scheme**

Voucher schemes for business support have always been popular with businesses as it gives them greater control over the support they get. The Growth Voucher scheme is therefore welcome. However its scope is likely to be tightly focused and there is local demand for a much more flexible scheme, both in terms of what the voucher can be used for, and the size of voucher offered. We wish to develop a larger innovation focused voucher scheme, building on the successful schemes that are currently running in both Cornwall and the HoTSW areas, but using the intelligence gathered to flex the scheme and increase its impact.

### **Development of a locally focused Accelerator Programme based around our physical innovation assets**

We propose to include as part of the Growth Hub an accelerator programme to support the incubation of technology and other knowledge intensive start-up businesses<sup>10</sup>. These programmes emerged from the USA, driven by investors and successful tech entrepreneurs, and their success led to the establishment of a small number of UK versions such as [Seedcamp London](#).

Successful start-ups would benefit from an investment into the business in return for an equity stake, six months rent free accommodation in a workspace centre (with a further six months at half price), and a bespoke package of mentoring and support, including opportunities to be coached in preparing pitches for investors and at the end of the accelerator an exclusive pitch to a group of investors.

### **A marine focused KTP programme**

This would involve working with BIS and TSB to develop a locally focused marine focused proposition that would increase the uptake of KTP Programmes. We are asking for three flexibilities in particular

- To soften the financial eligibility constraints for the marine sector to increase the number of companies that will be able to apply;
- To reduce the cost to the business (which is currently prohibitive for smaller businesses) through a local subsidy;
- Work to develop a collaborative KTP offer (for instance where two companies could “share “ a KTP to address a particular supply chain issue).

### **Marine network development**

A key barrier to the co-design and targeting of business support with the marine sector is the lack of a coordinated network of marine sector businesses across the City Deal area. A number of local networks do exist, the most well established being the Cornwall Marine Network, which has around 100 members. However in the rest of the City Deal area, there is no coherent network through which to engage business, and support providers. A key part of our offer, therefore, and an essential underpinning of our aim to drive growth of the marine sector, is to establish a business

<sup>10</sup> This section draws heavily on Nesta’s report “Startup Factories” which examines the growth and success of these programmes in the US and Europe <http://www.nesta.org.uk/library/documents/StartupFactoriesv18.pdf>

led network across the whole City Deal geography (with the potential to link to the West of England and Dorset LEPs over which the South West Marine Energy Park (SWMEP) designation stretches). This would also be a key component of our work to build on the South West Marine Energy Park status.

<b>Our offer to Government</b>	<b>Our asks of Government</b>
<p><b>Growth accelerator</b> Input of local businesses (time) to co-design of Growth Accelerator type support for wider SME base / marine sector.</p>	<p><b>Growth accelerator</b> BIS to work with local businesses in co-designing Growth Accelerator type support for wider SME base.</p>
<p><b>Local accelerator programme</b> Subject to further discussions with operators, provide a total of £180,000 per year (tbc – 10 awards per year) for 3 years to fund an Innovation Centre rent subsidy for Start Up Accelerator Programme “winners”.</p>	<p><b>Local accelerator programme</b> Utilise RGF Round 4 funding to provide pump prime funding of two accelerator programmes (primarily costs of setting up revolving equity fund).</p>
<p><b>Flexing MAS</b> Input of businesses to the design and creation of a marine MAS platform (along lines of SC2I for aerospace). Heart of South West / Cornwall &amp; IOS LEPs to provide EU (ERDF) to subsidise any additional local MAS offer, as defined by co-design process</p>	<p><b>Flexing MAS</b> MAS to work with marine sector businesses to assess the nature of demand, and co-design a programme of support. Dependent upon the nature of this support and the extent to which it requires new resource over and above MAS core resource, the intention will be to include this in the forthcoming Local Growth Deals.</p>
<p><b>Innovation voucher</b> Provide £1 million amount of private sector match funding (tbc) to expand the innovation voucher scheme locally.</p>	<p><b>Innovation voucher</b> Use £500,000 of RGF Round 4 funding to expand the innovation voucher scheme.</p>
<p><b>KTP</b> Heart of South West and Cornwall &amp; IOS LEPs to provide EU (ERDF) to subsidise marine KTPs and reduce match funding requirement from businesses Greater alignment between the offers to the marine sector from the HEIs in the City Deal area, through creating a seamless progression route for renewables testing and deployment (wave tank – Fabtest – Wave Hub) and in the wider offer to businesses working in partnership with the South West Marine Energy Park.</p>	<p><b>KTP</b> Flexibilities in KTP eligibility requirements for the marine sector and development of collaborative KTPs</p>

### **Access to finance – the GAIN investment market place**

The second aspect of our GAIN programme seeks to tackle a key barrier to innovation within businesses and subsequent commercialisation of these ideas. This issue is access to finance. Key causes of this problem are: a more risk averse culture in the banks; lack of “investor readiness”; and importantly a lack of awareness of what finance may be available and what is most appropriate for their need.

While there is finance available through a number of routes, there is a lack of coherence in terms of what is available. This is on both sides: from businesses not knowing what finance opportunities are available and unable to access what is there; and from investors who are unaware of the range of investment opportunities in the City Deal area and do not have the full picture of which businesses want investment.

To tackle this weakness in access to finance we will work with key partners across the City Deal geography, including the South West Investment Group (SWIG), financial intermediaries and business networks to create an “Investment Escalator” model and network – a platform that provides a coherent range of financial solutions to business need, from pre-incubation to re-capitalisation. This will build on the work of the Devon Finance & Investment Partnership which aims to bring together agencies and organisations that provide finance or act as intermediaries including banks, and raise awareness of finance available with businesses and business advisors.

Our offer to Government	Our asks of Government
Creation of a City Deal area Finance and Investment Network to include private and public sectors.	No specific asks of Government for this element of the GAIN programme. City Deal has given the impetus to develop solutions that cross the political and geographic boundaries of the area.
Establishment of a GAIN Crowd-Funding platform, a bespoke GAIN crowd-funding web presence with a mixture of different crowd funding models: donation; reward; loan and equity on one website.	
Local law firm to develop an “access to finance” information platform. This is equivalent to £10,000 of in-kind support.	
Potential contribution (amount tbc) from local investment funds, including SWIG “legacy” funds (subject to cross LEP discussion) to establish a new innovation funding/investor readiness platform	

### First stage exporting support (web-fuelled)

Businesses in Devon Cornwall and Somerset do not export as much as the rest of the UK. Many SME’s start exporting digitally, 25% of pay-pal transactions are now international. To increase the number of SME’s trading internationally we will get more businesses trading online and encourage growth through online international trade. Our urban areas (Plymouth, Torbay, Exeter and Yeovil) do not have any businesses support to get them trading on-line. The imminent roll out of superfast broadband in rural areas of the HOTSW LEP provides significant opportunities for SME’s and micro businesses in rural locations across the City Deal area

A business support package which helps businesses trade internationally online and act as a sales funnel for UKTI.

The project will be split into two stages:

**Stage 1 – awareness events** – trading on line, targeted at people trading on line for the first time

**Stage 2 Raise awareness about online overseas markets**- helping businesses access new markets overseas through their online presence and raising awareness for growth vouchers

**Stage 3 – Growth Vouchers** - Vouchers will fund 50% of implementation costs to make changes in eth business which secure new markets. We will focus on web translation, international search engine optimisation, eBay for exports, video conferencing, cloud applications, remote



working and web security. The project would run as a 3 year pilot and will aligned with current DCMS and UKTI programmes, with a view to expanding the model using ERDF funding post 2015.

The proposed project could simultaneously act as a pilot for the e-commerce strand of the BIS Information Economy Strategy.

**Enhancing Foreign Direct Investment Support**

Devon, Cornwall and Somerset do not get as many FDI businesses landing in the area as other regions. In 2011/12 we received 13 successful enquires (six in HotSW LEP and seven in Cornwall). This is only 1.17% of the national figure. Ernst Young UK attractiveness survey 2013 identified that the SW performed the worse in 2012 in terms of projects into the SW and UK market share it saw a net loss of 40% change on 2011. The USA represents 39% of all investments into the UK in 2012 making it the biggest source of FDI project by a wide margin. This combined with the upcoming 2020 celebrations means this is a key market. The area is currently not well promoted in UKTI literature; in the UKTI app only Hayle is currently mentioned, though this is being addressed

Use the City Deal as a catalyst to improve the co-ordination between the local inward investment offers and UKTI. This will require the development of a customer journey for FDI businesses which is best in class. We need to substantially increase both, the number of businesses who are interested in the area and then improve the number which actually land here. **The aim to increase the number of successful landings to 100 businesses locating in the area generating at least 1000 new jobs**

We need to develop a clear offer positioning on our strengths around Marine, Marine Energy and Marine advanced engineering as key sectors for the area.

**Development of a series of inward investment events, which raise the profile of the area.** These should piggy back with high profile events which will entice people down. e.g. targeting Japanese firms around the Clove (replica of square rig ship, which was first trade mission to Japan 400 years ago) in September 2014, corporate inward investment events linked to Rugby World Cup in Exeter 2014, end of the fast-net in 2015.

**Development of a co-ordinated tool kit** which can be used by the City Deal area to promote the area to the key sectors working with UKTI – the LEP needs to have key information (availability of premises, business support, access to skilled workforce, public and private sector ambassadors to sell the area)

**Develop a soft landing package working with the LEP’s, this may include next stage EU funding (note there is a growth voucher bid submitted by SWIG which could form part of a soft landing package, this needs to be explored with Andrew Lightfoot, could include GBI type activity)**

**Use businesses in the area to act as ambassadors,** through their networks and supply chains, which extend beyond UKTI’s, standard networks of Embassies. Develop a team of local ambassadors from the public and private sector to “sell” the area to potential businesses.

<b>Our Offer to Government</b>	<b>Our Ask of Government</b>
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Our Offer to Government	Our Ask of Government
<p><b>Exports</b> Provide premises for events 36 events @ £500 = £18,000 UKTI to support events through attendance at events and joint marketing = day rate of £250 per day @12 events = £3,000</p> <p>Private sector match funding for business support at 50% (using ERDF co-financing model). Chamber of Commerce promotion/awareness of events in kind contribution of £5,000 Pro bono work from local ICT network = providing ambassadors</p> <p><b>Enhancing Foreign Direct Investment Support</b> Dedicated Local Authority Inward Investment resources to produce a co-ordinated offer focused on Marine, Marine Energy and Marine Advanced Engineering. Assume each LA (Plymouth , Devon, Cornwall, Somerset and Torbay allocate £20k per year for 2 years in time/cash to inward investment) = £200K – note need approval from each LA this is okay can we all area to call it invest in Hot SW/ Cornwall, Plymouth</p> <p>Private ambassadors 50 days @£750 per day = £37,500 to jointly promote the peninsula to potential inward investors, targeting marine businesses and their supply chain.</p> <p>40K contribution from Plymouth Chamber of Commerce</p> <p>Sponsorship for events 25K (Clove, Rugby World Cup, Fireworks)</p>	<p><b>Stage 1 - awareness events</b> in Plymouth Torbay Exeter Taunton and Yeovil and Truro – 24 why selling on line is good for your business – Cost £2,000 per event = £48,000 funding assumes 15 businesses per event = 360 businesses assisted</p> <p><b>Stage 2 Raise awareness about online overseas markets</b> 12 events – online trading targeting international markets, legal implications delivered in partnership with UKTI Cost £2000 per event = £24,000assume 15 businesses per event = 180 businesses</p> <p><b>Stage 3 – Growth Vouchers</b> – financial assistance to help businesses implement change, assume can fund capital and revenue. Assume 40 businesses @ 20K per business = <b>£800K</b> <i>The proposed project could simultaneously act as a pilot for the e-commerce strand of the BIS Information Economy Strategy.</i></p> <p><b>Enhancing Foreign Direct Investment Support</b> A dedicated partnership manager @45K for 2 years = 90K based in Plymouth Chamber to promote the peninsula and help FDI businesses in the area. = 90K salary costs funded from RGF plus overhead at 20K per year</p> <p>Support from UKTI to raise the visibility of our offer making sure it presses the right buttons so it appears on searches both nationally and internationally. Help from UKTI on best practice dissemination from other areas on how we can improve the offer.</p> <p>Commitment from UKTI to support for 4 -5 investment briefing tours per year for the area Commitment for support from UKTI to support for Marine Energy Businesses to attend National conference in Belfast plus 3 others Commitment from UKTI to support a trade mission to METs in Netherlands and Boat show in 2 other areas Commitment from UKTI to support, inward investment events – Clove, Plymouth 2020, Rugby World Cup, Fastnet</p>

## Scaling up GAIN

In order to support the increased use of GAIN as Plymouth and the Peninsula's key business growth and support mechanism we will use the City Deal to support the expansion of GAIN. This

investment in the GAIN infrastructure will enable the expanded programmes (set out above) to be implemented effectively. In order to do this we have set out the following asks and offers.

<b>Our offer to Government</b>	<b>Our asks of Government</b>
A £170,000 HEFCE investment in development of the GAIN portal and associated activity	Provide £230,000 until March 2015 from Plymouth's RGF Round 4 funding for four posts -GAIN Director, Gain Network Manager, Web Editor and CRM / Admin
Incorporation of the Rural Growth Network information and diagnostic service (operating in Devon/Somerset) into the GAIN portal	Provide £165,000 until March 2015 to fund a business information hub from Plymouth's RGF Round 4 fund. This will be an additional resource to provide advice and guidance to businesses on the support suitable for their needs, building demand for both national and local provision across the whole City Deal geography (3 posts)
Provide a total of £165,000 per annum (made up of ERDF, HEFCE HEIF and PU funds) until mid 2015) to fund three (existing) posts in the Marine Innovation Centre (currently constrained by ERDF to work in the Competitiveness area).	That national business support providers join a providers network to ensure effective cross referral across the whole City Deal geography etc
Provision of £60,000 p/a over 3 years from Plymouth University for GAIN project manager to support the development of partnership initiatives and to act as contract manager.	
Provision of local match of c£50,000 per annum for 3 years establish a marine innovation specialist advisor to extend the reach of marine innovation activities across the whole City Deal geography (with a focus on Cornwall & the Isles of Scilly). This dedicated member of staff will target the marine sector specifically providing advice on business and R&D support to increase the uptake of national business support programmes	
Provision of £50,000 per annum for 3 years from the private sector to support the operation of GAIN	

While establishment of GAIN as a Growth Hub needs some pump priming investment, the longer term aim is to establish GAIN as a company (either limited by guarantee or shares) which partners would buy into. This entity could generate income (through licensing, consultancy, project management and sponsorship etc) which would mean that GAIN will become self- sustaining over time.

	2013-14	2014-15	2015-16	2016-17	2017-18	Total
<b>Ask of Government</b>						
<b>Offer to Government</b>						
<b>Businesses assisted</b>						
<b>Growth in GVA</b>						

## Skills

### Narrative needs revising

#### Addressing the Youth Unemployment and Under-employment Challenge

Around X,000 young people are currently unemployed across the Plymouth, Devon, Somerset, Torbay, Cornwall and Isles of Scilly LA areas with a combined unemployment rate of X. Of these, X per cent are long term unemployed and been out of work for six months or more. Those young people that are able to find work often get trapped in dead-end jobs or cycle in and out of work with limited career prospects [stat to support]. This limits our young people's aspirations and represents wasted economic potential.

#### Insert table: Capturing NEETs and youth unemployment comparisons local area Vs national average

Tackling youth unemployment, and particularly long-term youth unemployment, is both a national and local priority, yet research suggests we are failing our young people who feel underwhelmed and isolated from today's job opportunities and part of a "failed generation"[insert ref]. Moreover, we have compounded the problem by creating a confusing and fragmented support system that is inflexible, suffers from extensive duplication and offers poor value for money.

#### Insert diagram on different youth schemes

Evidence also suggests that our interventions could make a greater impact, such as via preventative measures where fast-tracking tends to be a last resort rather than based on a set of objective risk indicators. Interventions for most young unemployed people target outputs, such as off benefit rates or qualifications, rather than outcomes, such as sustained employment or career and wage progression. Targeting off-flow rates seems a particularly short-sighted success measure when I in X young people cycle back onto benefits within X months because of poor job matching [insert ref – DWP longitudinal analysis] which results in further costs as the previous process is repeated. Despite this, we remained tied to a system of support that fails to align employment and skills investments to young people or prioritise success measures that better relate to medium or long-term career aspirations of young people, such as sustained work, higher skills and increased earnings.

This fragmented and inefficient system is further hampered by the way in which we currently engage employers and businesses. Our offer to business consists of multiple forms across different agencies and providers lacking coherence or structure. Employers continually complain that the current offer is too complex, uncoordinated and inefficient. [insert ref re DWP's E&S research report]. Employers prefer a rationalised structure and a single local conversation, led by one entity that is able to navigate the complexity and "hide the wiring" of the multiple offers in a place. In addition, this has led to weak and fragmented engagement of employers in schools and FE, despite employers demonstrating a strong appetite to participate. This disconnect has contributed to a reduction in young people's understanding of the essential skills that businesses crave and value, such as literacy, numeracy and soft skills. For instance, in Plymouth...insert X. draft Employability report, by Plymouth's Employability Group 2013, ESB analysis from across the area

## The Solution

In order to tackle stubbornly high rates of youth unemployment and to equip our business with a steady flow of young people ready and able to contribute to local growth we will create a **two-tiered** gateway model that focuses on providing a **step change in how we engage business** to drive up the quality and number of opportunities for young people (demand side), alongside a more **integrated and sophisticated** (supply side) support model that provides tailored interventions to our young people drawing on existing initiatives and new schemes that add value to mainstream services.

Through this combined effort our Youth Deal will:

- [Insert headline metrics]
- X jobs...

### Driving up business engagement – the “100,000 Club”

To deliver our vision for local young people we will need our business to provide better and greater opportunities for our young people, from work experience to apprenticeships and jobs. To achieve this we will build on Plymouth City Council’s hugely successful 1,000 Club and roll this out across both LEP geographies to “100,000” businesses. The **“100,000 Club” brokerage model is the demand side of our GATEWAY** and will better target local business and business groups, as well as co-ordinate and develop the existing range of national and local employment and skills opportunities into a **simple, accessible single offer** across the City Deal area under a single brand. Success will be driven by a step change in the number of business engaged and additional opportunities that are levered from this rationalised service offer.

Our Youth Deal will establish how best to **incentivise businesses** to engage with the employability agenda, by making their engagement a condition of accessing public grant funding via the City Deal/LEP. This would be based on a scoring matrix, depending on size of company, with evidenced business support for Gateway activities and support for young people in education and into work. This evidence of employer engagement would be added criteria for businesses seeking public funding.

We have also listened to local businesses who continually complain that the skills system is unable to equip young people with the soft skills and employability that they crave. To tackle this we will create a **local Employability Charter** that will challenge employers to play a greater role in equipping young people for the world of work by working more closely with our educational institutions. Our primary delivery vehicle will be a **web-based Employability matching service** linked to 100,000 Club membership aimed at matching employers and industry experts with schools, colleges and universities. To support his approach we will also devise best practice guidance to develop structured and impactful business and education collaboration as part of our charter, which will include school competitions, project based assignments, work experience and work placement opportunities, open days, job fairs and career seminars. We believe this will build the capacity and quality of employer interventions within educational institutions and help drive up the understanding of the type of skills needed by young people to adapt to new and emerging technologies and working practices.

We will also create an **employability kite mark** for schools, colleges and employers who can demonstrate that their commitment to improving employability across the area. This kite mark will act as a signal to future employers, as well as parents and students when deciding which educational institutions to attend or which firms to work for.

To support the **marine related sector** in particular, we will develop the skills of teaching staff and STEM Ambassadors through a package of bespoke training and learning. We will provide

specialist and technical advice to enhance the opportunities for young people in our schools to progress, via FE & HE, into STEM-related careers within the region. Successful interventions create a platform for creativity, technical knowledge and innovation, as well as the employability skills that today's businesses demand.

### **Equipping young people for the world of work and learning**

Our commitment to driving up the number of opportunities that local employers offer young people needs to be matched by more sophisticated interventions for young people. Currently the supply side offer for young people is congested by a myriad of local and national schemes which many young people and parents struggle to navigate. Our vision is to simplify this landscape for our young people and build on the success of the caseworker/adviser model. We will promote our activity through a **comprehensive marketing communications campaign** that will recognise the importance of peer groups to young people and the ability to reach them through social networking, as well as providing better 'education' to parents and carers.

Our starting point for young people will be the creation of a **single web-based careers portal** to provide Labour market intelligence that links to the National Careers Service website for all of our young people, but offers greater granularity of data on jobs, wages, vacancies and skills required by different sectors and occupations. The web portal will have two tailored entry points, one for young people (and possibly parents) so that they can understand career choices and the jobs available in the local economy, with the other for providers and practitioners so that they can have instant access to courses, provision and how these map to the needs of the local economy.

Our analysis suggests that some of our young people **require more intensive support to make the transition from school to work or to get back into work after a period of unemployment**. We recognise that not every young person will require intensive support and have therefore designed our youth interventions to offer greater support for those in most need, especially those young people reaching long-term youth unemployment, at the same time as ensuring that we complement mainstream provision and only intervene where there are clear gaps. Our approach is based on the principles that underpin the personalised caseworker model that we believe can help young people better understand the options at different stages of their journey to work and learning. It will offer **skills development and employment opportunities** that are linked to robust labour market intelligence and real time business needs, to ensure that our young people are given access to the most appropriate and timely opportunities (this could include **incentivised brokerage** for employers providing opportunities for young people entering the labour market). The engagement of training providers and employers is crucial to the success of this strand, and this will be achieved through working with the Training Provider Networks and a range of business representative organisations.

Our basic model will build on the principles underpinning DWP's interventions that increase with intensity as the duration of a young person is out of work. We will aim to offer a more intensive, **personalised caseworker approach** (with clear advisor discretion) for the majority of young people who are **out of work for X months** linking to existing offers across the employment and skills landscape, including a combination of:

- Intensive job search and IAG;
- Basic employer-led employability skills;
- Work experience, work placements and job trials;
- Employment, apprenticeships and subsidised jobs;
- Post-employment and career progression;

For those young people that we assess as being **at risk of long-term detachment we will fast track those onto the personalised caseworker support from day one**. We will use a series

of indicators to fast-track young people at risk including, spells of NEETS between 16 and 18, low or no qualifications, history of truancy and no formal work experience or work history. For those still **out of work at six months** we will double the intensity of the support we provide. As part of this intervention our **success measures will go beyond those used currently by DWP** to include off-flows and **sustained work and earnings progression**. Once young people are out of work for nine months they will **transition over to the Work Programme**.

For those young people who are unsuccessful in finding work through the Work Programme we will **design a subsidised private sector employment programme** for 25 hours per week over six months in our key local sectors. This will be a jointly funded DWP and City Deal programme.

Our approach will be strengthened by joining together existing **employability / entrepreneurialism / self-employment** activities, awards and funded support, such as National Enterprise Week, New Enterprise Allowance, Youth Enterprise Awards, Enterprise Coaching and business mentoring, Peter Jones Academy (FE Colleges) Programmes, the Big Bang SW (National STEM competition). There is also the opportunity to develop and extend a range of local initiatives, some currently in pilot stage: Community Entrepreneurship Pilot, through the Rural Growth Network (RGN) Devon and Somerset; Plymouth Children's Passport; Focus Five Award (Exeter ESB).

### Progression programme

We recognise that finding young people work is only one of the success measures for our employment and skills system and many young people who find jobs can only find part-time work or cycle back into unemployment quickly. As a result we do not observe sustained success. We want to extend the parameters of employment and skills support to focus on helping to boost earnings and reduce in-work benefit claims in line with the principles of the Universal Credit.

We will work with one of our **two local Work Programme** providers to **pilot progression** as an additional element to the Work Programme support for young people locally. **The pilot would be designed to** increase the productivity and average earnings of young people within the Work Programme. The main deliver vehicle for progression will be **Career Coaches** will provide dedicated support and develop a personalised action plan, which could consist of additional job search (to build up hours), skills training provided by SFA-funded providers etc.

**We would also look to pilot a Getting On programme to support those in low paid work to progress.** We will design and deliver a programme structured around:

- **Engagement** – Engaging those in low paid work through trusted intermediaries like RSL's, trades unions etc;
- **Assessment** – A structured assessment of individual needs with a dedicated Progression Consultant to agree an Action Plan;
- **Support** – An individualised package of support, including referral to other sources of eg skills support where appropriate. This could include whole family support via the ESF Families programme.

### Section 3 - Impact

***Plymouth City Deal will deliver the following impacts***

- ***£268m uplift in GVA (based on South Yard and Growth Hub only)***
- ***Generate 6000 jobs***
- ***Generate a further 2500 indirect jobs***
- ***Create 86,000 sq m of workspace***
- ***Support over 800 young people into sustainable employment***
- ***Attract 100 new businesses to the Peninsula***

## **Section 4 - Governance**

The city deal (uniquely) covers the economic geography of two LEPs – HoSW and C&IoS. The two LEPs' full territory encompasses four unitary council areas – Plymouth, Torbay, Cornwall, and Isles of Scilly, the two county council areas of Devon and Somerset, and potentially the twelve district council areas of the two counties. Necessarily, therefore, governance arrangements across this geography are likely to be complex.

The purpose of the deal is to significantly raise the economic performance of this geography's major city AND the overall profile and reputation of the peninsula economy as a centre of marine industries growth and innovation. The governance arrangements for this deal need to be fit for purpose, complementary to other governance regimes across the peninsula, and flexible enough to be capable of further development during the life of the deal.

City deal partners initial proposals for governance, therefore, is focused on partners involved in the EoI. The local authorities involved in the EOI started with the strong track record of delivery through the 'joint committee' model that exists in the sub-region. Examples of this include the Tamar Bridge and Ferry arrangements, through which Plymouth and Cornwall Councils have jointly managed a key regional transport infrastructure asset, including £60m of capital investment over the last decade and a £15m annual revenue stream. Secondly, the Devon Waste Partnership operates on similar principles with a tripartite partnership of local authorities involved in procuring and operating a £400m waste treatment solution.

Whilst joint committee arrangements can demonstrate a strong track record in delivery, strategic decision making and pooled resources, so far there has been limited scope for private sector involvement other than through indirect contract arrangements. Our governance proposal builds on modifications to local government legislation in the Health and Social Care Act 2012, which allow full representation on Health and Wellbeing Boards other than by Members of local authorities. We propose that the same exemptions should be applied to the Plymouth and Peninsula City Deal, allowing LEP representatives, business investors, Plymouth University and the South West Marine Energy Park to be full members of the modified joint committee. We are currently working with INLOGOV to flesh out this model, with full elaboration to be discussed with partners and government prior to the AMG in October. By October a deliverable model will have been defined and a commitment by partners to its implementation secured.