Plymouth's Strategic Investment Framework for Urban Enterprise

27th May 2008

European Regional Development Fund
Investing in your Future

South West England

SOUTH WEST ERDF COMPETITIVENESS AND EMPLOYMENT PROGRAMME

European Regional Development Fund:
Investing in your Future

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The Strategic Investment Framework has been developed on behalf of the SIF Forum by

and

informing policy and decision makers

Socio-economic Research and Intelligence Observatory

INTRODUCTION

Pre-amble

1.1 The Strategic Investment Framework (SIF) for Plymouth outlines the strategy and vision for tackling the low levels of enterprise in Plymouth, with a particular focus on its most deprived areas. Within this context it also set out the role to be played by the delivery of the South West Competitiveness Programme's Urban Enterprise Priority, the aim of which is to find new approaches to addressing the problems in the region's most deprived neighbourhoods through enterprise creation and testing new ideas to stimulate enterprise amongst people from all backgrounds in these neighbourhoods. While the focus of this framework is by necessity on the Urban Enterprise strand, this fits within the wider context of the Competitiveness Programme and the other two funding strands which will benefit the Plymouth economy. The emphasis of this SIF is to ensure that Plymouth's deprived communities can benefit from the positive impact of wider Competitiveness funding, through the development of an enterprising and entrepreneurial culture and help to start and grow small businesses.

1.2 This SIF has been produced under the guidance provided by the SWRDA and the Plymouth Strategic Investment Framework Forum, reporting to the Wealthy Theme Group of the Plymouth 2020 LSP. It has been supported by considerable stakeholder consultation, including Task and Finish Groups and workshops. It builds on the work undertaken to develop a LEGI bid and the Sustainable Community and Economic strategies and the activities developed to support these strategies. The Strategy has also looked outside the area, to cities in other regions which share some of Plymouth's characteristics to learn from best practice there.

1.3 The SIF is also based on a thorough and in depth analysis of a range of indicators and evidence. This evidence base, which has been developed by the Socio-economic Research & Intelligence Observatory (SERIO) at the University of Plymouth will be a valuable resource to guide a range of economic development and regeneration activity.

Exciting development but key challenges

1.4 Plymouth is going through an exciting period of development, with investments in the city centre, Derriford, Tamar Science Park and growth in the University. The prospects for developing a knowledge economy are good, with established and growing specialisms in key knowledge based sectors as well as the infrastructure above. The city is seen as an attractive place to live and work, with an outstanding natural waterfront setting.

1.5 Despite these positive features, the city still lags behind on core economic statistics such as GVA, economic activity and business start-ups. The evidence shows that business density levels are almost half the national average and there are below average levels of business start-ups and self-employment. Deprivation is still an issue in many parts of Plymouth, despite significant investment in some of the most deprived areas of the city over many years. In these areas, employment and income levels are low. The evidence base suggests that these issues are cultural and stem from a lack of aspiration and problems of inter-generational worklessness. The dominance of large employers for a significant part of Pymouth's history is believed to have influenced the limited enterprise culture of Plymouth (an issue common to many industrial cities).

1.6 The challenges for Plymouth are therefore:

- Overcoming the low aspirational culture which stifles success and participation.
- Improving productivity across the business base;
- Increasing participation in the labour market
- Providing the right environment for SMEs to flourish, without having to leave Plymouth.

The objectives for the SIF are:

- Stimulation of a culture of enterprise and entrepreneurialism in Plymouth's deprived communities;
- Increasing the number of businesses starting-up and surviving in Plymouth's deprived communities; and
- Supporting the growth and development of local businesses;

These objectives are consistent with those put forward in the Economic Strategy, which includes aspirations to have a competitive, balanced and diversified economy with well connected and inclusive communities.

2 CONTEXT AND RATIONALE

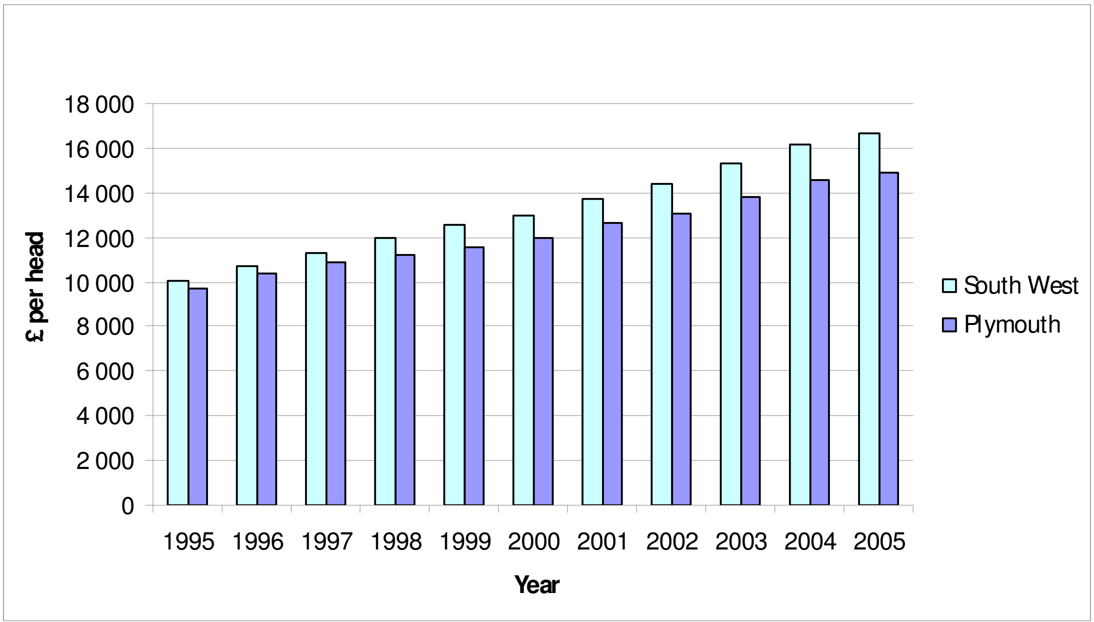
This chapter provides the context within which the SIF has been developed and provides a clear rationale for the objectives and activities proposed.. It covers:

- Key socio-economic statistics and performance;
- An analysis of the causes of under-performance;
- A SWOT analysis;
- An overview of current and previous initiatives on which the SIF will build.

Productivity

The **performance of the Plymouth economy is below the national and regional average**. Plymouth's productivity rate, measured by Gross Value Added per head, was £14,937 in 2005. The regional productivity rate was £16,688 and the English average was £18, 267 per head (Office for National Statistics, 2007). Figure 1 below shows there has been a 53% growth in GVA since 1995, this has not matched the growth shown in the rest of the SW (66%).

Figure 1: GVA per head at current prices 1995-2005.



Source: http://www.statistics.gov.uk/statbase/Product.asp?vlnk=14650 (downloaded 4/1/08)

A number of factors will influence this:

- Structure of the economy;
- Business growth and development;

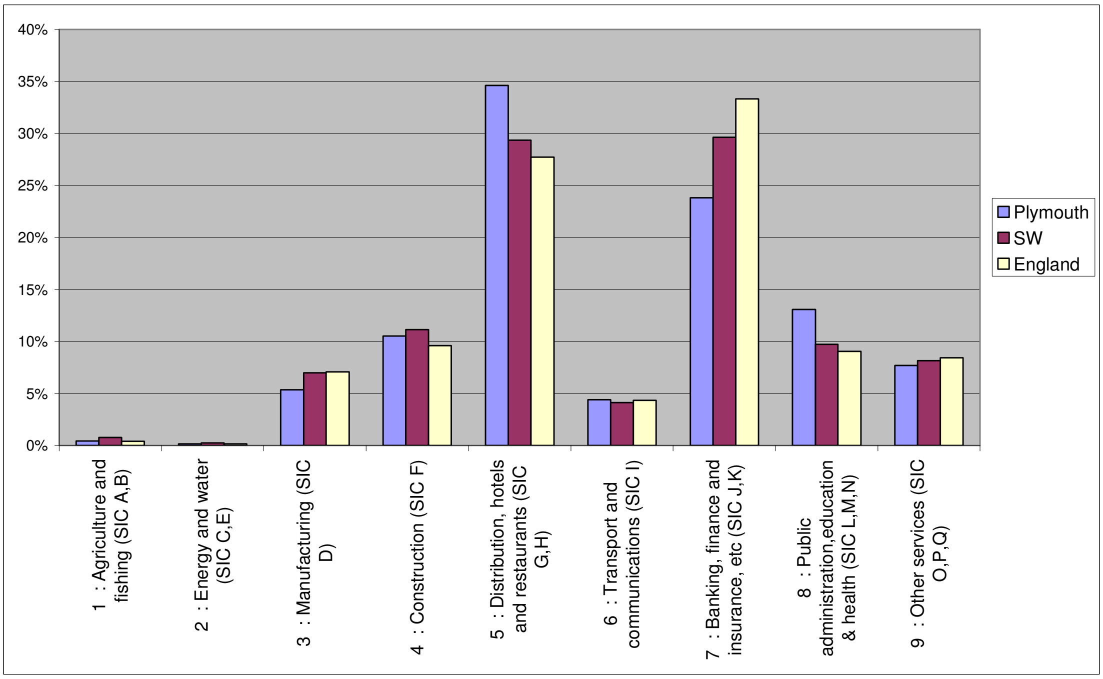
- Economic activity rates; and
- Skills and learning;

Structure of the Economy

The Local Economic Strategy identifies that there is **a lack of businesses and jobs within high technology sectors** which draw in high levels of investment, meaning that wealth creation in Plymouth is currently constrained by the relative under-representation of employment in high-tech, knowledge rich industries.

Figure 2 below shows that in 2006, the Annual Business Inquiry identified **that the largest proportion, of workplaces (just over 34%) in Plymouth are within the distribution, hotels and restaurants sector**, this is above the national and regional average. Likewise, Plymouth has a higher share of workplaces in public administration, education and health, than the regional and national averages. Conversely, Plymouth has a smaller share of workplaces within banking, finance and insurance.

Figure 2: Workplaces by broad industrial group. Annual Business Enquiry 2006.



78% of all workplaces employ between 1 and 10 employees, lower than the national and regional average of 85%. Conversely, there are a slightly higher proportion of employers employing between 11 and 49 employees (16% compared to 12% regionally and nationally.

These structural issues are compounded by issues of peripherality as **Plymouth is generally perceived to be remote from the UK's main economic centres**, and difficult to get to (City

Growth Strategy, 2004). This is supported by the draft Regional Spatial Strategy (South West Regional Assembly, 2006, p115), which states that "a significant part of the region is relatively remote and is dependent at present on a single high quality road link – the M4/M5. This can compromise economic activity in the western part of the peninsula as reliable journey times to the far west can be prejudiced by congestion or accidents on the M4/M5 corridor."

However, whilst the Plymouth's economic structure does not currently include a high proportion of workplaces within knowledge intensive industries, there are currently considerable efforts to stimulate investment in these sectors as follows:

Marine sector development centred on activities of the University, Plymouth Marine Laboratory, the Marine Biological Association, the Sir Alister Hardy Foundation for Ocean Science, National Marine Aquarium and the Diving Disease Research Centre. Increasing collaboration has enabled partners to explore bigger opportunities. In addition there are **plans to develop a Plymouth Marine Science Park**. Furthermore the **Peninsula Research Institute for Marine Renewable Energy (Primare)**, a joint venture between the universities of Exeter and Plymouth, will work alongside the new £28m wave hub project off the Cornish coast and marine energy developers. This will create an internationally significant research base aimed at putting the region at the forefront of wave energy development.

There **is strong and developing expertise in medical science**, due to the presence of Derriford Hospital (one of the largest in the UK), the University and Plymouth College of Medicine and Dentistry, which includes the first new Dental School in the UK for over 40 years, and a growing cluster of firms centred on Tamar Science Park.

Tamar Science Park and other developments and sites across the city have provided Plymouth with high quality business and services hubs. The central task will be to translate this into readily available opportunities for further growth and development.

The **City Development Company (CDC),** a partnership including Plymouth City Council, the South West RDA, English Partnerships, the Local Strategic Partnership and the private sector, has been set up to spearhead Plymouth's ambitions for economic growth. The company, only the second to be established nationally, seeks to regenerate the whole city but will focus on the Waterfront regeneration areas and the Northern and Eastern Corridor opportunity areas. Plymouth's Innovation and Enterprise (PI&E) Hub, which is being developed by a working group overseen by the Local Strategic Partnership's Wealthy Theme Group, has a mission to create a visible, dynamic and interactive innovation and enterprise framework that is embraced city-wide; in order to support and enable a sustainable knowledge based economy.

Productivity

Plymouth's economy is under-performing relative to the rest of the region and national averages. It's economic structure shows a reliance on hotels and distribution and public sector employers, with an under provision in knowledge based sectors such as finance and insurance.

It lacks a critical mass of micro businesses reflecting the poor start-up rates discussed later. Peripherality is seen as a critical issue influencing investment decisions and more widely culture and aspirations of the workforce.

There are however, significant plans and growth opportunities that aim to develop key sectors such as marine science, medicine and wider science related disciplines that should create growth in these key knowledge based sectors.

A key challenge for the SIF is to develop linkages between these high level knowledge based opportunities and supporting industries which provide an opportunity for the residents of deprived communities to access employment or start a business.

Business Start-Ups and Entrepreneurship

Levels of **business density are almost half the national average**. In 2007, there were 214 VAT registered businesses per 10,000 of the adult population in Plymouth. In England and the South West, there are 407 and 437 businesses per 10,000 of the adult population respectively (BERR, 2007). However, year on year the business density rate has been improving, with an 18% growth since 1995, compared to only a 10% growth in the wider SW. Given the stagnant start-up rates, this reflects an increasing business survival rate.

The **survival rates of VAT registered businesses are improving**. In 2004, 94% of businesses in Plymouth were still trading one year after VAT registration, higher than the national (92%) and regional (93%) averages and representing an increase of 9% since 1995. However, although three year survival rates in Plymouth were 71% in 2002, an increase of 12% since 1995, they remain below the South West average of 74% (BERR, 2007).

VAT registration statistics show that **levels of entrepreneurship are below the national and regional levels**. In 2006, the average VAT registration rate per 10,000 of the adult population was 39, in Plymouth it was only 23 per 10,000 of the adult population (BERR, 2007). Table 1 below shows the rate in Plymouth has fluctuated a little, but has remained broadly constant at this low level over the longer term, a similar pattern to that experienced in the wider South West and England.

Table 1: Business Start-Ups: Registration rate per 10,000 resident adults 2006

	RESIDENT ADULTS (Age 16+)	94	95	96	97	98	99	00	01	02	03	04	05	06
England	41,089,000	38	37	38	41	41	40	40	38	39	42	40	39	39
SW	4,201,800	38	35	37	41	40	39	39	36	39	41	38	37	37
Plymouth	204,100	23	19	23	23	21	22	20	19	23	24	24	22	23
Barrow-in-Furness	58,000	19	20	15	17	15	15	12	11	12	26	20	18	22

Source: Enterprise Directorate, BERR, 2007

Barrow in Furness has been chosen as a comparator as it has some similarities to Plymouth in terms of being traditionally reliant on a major shipbuilding employer, and its peripherality (although Barrow is smaller, and far more remote from major transport routes then Plymouth). While Plymouth's business registration rate has remained largely unchanged since 1994 (with a dip across the board in 2001) Barrow shows a marked upward trajectory in recent years (with a doubling of the rate since 2001). Research suggests that this reflects increased levels of business support with businesses typically receiving 2 years of support rather than the standard one. Further benchmarking activity will be undertaken with other comparators including Swansea which is of similar size and has similar challenges.

Although VAT registration statistics provide the best official source of business start ups, they do not capture those enterprises falling below the VAT threshold. There are data sources that are informative in this respect:

- The Barclays business start-ups database which focuses on new business accounts and enquiries and picks up significant numbers of businesses that fall below the VAT registration threshold; and
- Self employment statistics.

Neither of these sources capture all businesses below the VAT registration threshold, but they act as a good proxy indicators.

The Barclays dataset shows that Plymouth's performance since 2003 has been consistently below that of other Devon districts, the South West and England and Wales.

The **self employment rate is lower than the regional and national average**. In 2006/07, 6.6% of people of working age were self employed in Plymouth, compared with 10.9% in the South West and 9.5% in England. A breakdown by gender reveals that only 3% of females of working age in Plymouth are self-employed, less than half the regional average of 6.9% (Annual Population Survey, 2007).

Table 2: % of working age population who are self employed

Area	% of working age who are self employed	% of working age males who are self employed	% of working age females who are self employed
England	9.5	13.6	5.2
South West	10.9	14.7	6.9
Plymouth	**6.6**	**9.9**	**3**
Barrow-in-Furness	8.0	8.6	7.4

The VAT statistics, Barclays database and self employment statistics clearly identify that Plymouth has suffered from a low level of business start-ups for a considerable time, resulting in a business density rate half that of the national average. Whilst increasing survival rates are leading to an incremental growth in business density, a step-change is needed in terms of business start-ups to help Plymouth close the gap with the rest of the region.

In order to achieve this step-change it is useful to look beneath the headline figures and understand the nature of the existing start-up environment. VAT registration statistics are not broken down by demographics and thus provide limited information on the profile of business start ups in Plymouth. Utilising local data sources can partially overcome some of these shortcomings. For example, Enterprise Plymouth's Business Advice Centre's records provide a breakdown of business starts accessing their services by age, gender and employment status.

Table 3 below shows that between 2003 and 2006, the majority of the pre-starts supported by the Business Advice Centre going on to start a business were aged between 25 and 49 years (74.25%). Conversely, only 1.63% of the business starts were aged up to 24 years.

Table 3: Business Starts Supported by Business Advice Centre 2003-2006 by Age

	Not Given	Up to 24	25-49	50+	Total
Frequency	32	6	274	57	369
Percentage	8.67%	1.63%	74.25%	15.45%	100.00%

Source: Enterprise Plymouth, 2006

Table 4 below provides a breakdown of the business starts by gender and shows that 64.77% of all businesses were owned by males, therefore echoing the low levels of self-employment amongst females reported by the Annual Population Survey (see Table 1). This supports suggestions made elsewhere that gender may be an important determinant of entrepreneurship due to diverging attitudes towards risk (Henley, 2007).

Table 4: Business Starts Supported by Business Advice Centre 2003-2006 by Gender

	Total	Female	Male
Frequency	369	130	239
Percentage	100.00%	35.23%	64.77%

Source: Enterprise Plymouth, 2006

The Business Advice Centre figures show that they receive fewer enquiries from young people and women - suggesting that these groups may require a different approach.

Understanding motivations for starting a business is a much debated topic. Acs (2006) makes the distinction between necessity entrepreneurship, where there is no alternative, and opportunity entrepreneurship, where there is an active choice. In supporting this distinction, Acs asserts that the number of start ups decrease as levels of stable employment increase. However, Robson (1998) states that there is no evidence that high rates of long term unemployment are favourable to levels of self-employment. Similarly, Cowling (1997) argues that self-employment becomes a last resort for the long term unemployed, but only a small proportion have the necessary financial resources and education necessary to entrepreneurship. The statistics in Plymouth suggest that necessity is not necessarily driving self employment with both high levels of unemployment and low levels of business start-ups.

Research undertaken for the City Growth Strategy[1] (2004) found that low levels of entrepreneurship in Plymouth may be explained by:

The structure of the economy:

- Business start ups may appear low because businesses operate below the VAT registration threshold. However, as stated in the City Growth Strategy: Entrepreneurship, this does not fully explain why Plymouth's self employment rate is lower than national and regional averages.
- Plymouth is believed to have a large grey economy, with entrepreneurial activity taking place outside official measures.
- Weak local supply chains. Some sectors (e.g. advanced engineering) are unable to source specialist goods and services locally.
- Access to reasonably priced business premises, including incubation units, and availability of appropriate sites for the marine sector.

[1] Plymouth Business Growth (2004). Business Survey Results Plymouth City Growth Strategy. Final Report.

Culture

- A historical dependency upon large employers (e.g. dockyard, services and public sector) has created an employee rather than self-employed culture. A study of the economic impact of Devonport dockyard and naval base found that over a quarter of Plymouth's employment was associated with the defence sector at the start of the 1980s (Bishop, 1992).
- Some Plymothians have low aspirations and confidence. It has been suggested anecdotally that this may arise from families experiencing two or three generations of unemployment.

Skills levels

- Low levels of skills acts as a barrier to business start ups. However, the City Growth Strategy presents contradictory evidence that suggests when faced with unemployment, workers with lower skill levels are more likely to become self-employed, meaning there may be opportunities to exploit.
- Lack of transferable skills.
- Support for this asserted link is provided by Henley's (2007) analysis of longitudinal data, which found higher education qualifications to be a determinant of self employment.

Building on existing entrepreneurship activities

There are various initiatives within the City with a remit to stimulate higher rates of enterprise through the encouragement and promotion of entrepreneurship. For example, an Entrepreneurship Action Team provides support through effective business networks, events and services to assist entrepreneurs and increase business start up and survival rates. Activities in this area include 'The Entrepreneurs Bootcamp', which was piloted in Plymouth in 2007, and offers a radically new approach to nurturing and establishing new entrepreneurs in business. Plymouth Enterprise Week aims to encourage and celebrate enterprise and was successful in developing the largest events programme across the South West in 2007. Other events and activities taking place include the University of Plymouth's Big Ideas Challenge and Entrepreneurship Masterclass.

Develop stronger and more focused local business networks and supply chains

There are considerable opportunities within Plymouth to develop local supply chains and to assist local companies to develop their capabilities to engage in e-commerce and e-procurement. An action group has been established in order to support Plymouth's businesses to win a greater number of local contracts.

Developing Business Support Mechanisms

There are a number of business support mechanisms in Plymouth that can be further exploited and built upon, including the emergence of a new regional business support service for social enterprises (Social Enterprise Link) in April 2008. In addition, Enterprise Plymouth provides two start up funds and offers Key Business Skills Training, and Fata He provides business/entrepreneurship support to BME communities. Other activities include the establishment of the East End Enterprise Centre which aims to encourage enterprise skill development and provide business start up facilities and the Devonport Regeneration Community Initiative, which aims to create a thriving, vibrant community that raises aspirations. In addition Enterprise Plymouth is investigating the opportunity to develop extra provision in Devonport specifically for incubation and managed workspace. There are also four Business parks operated by the Wolseley Trust and Millfields Trust, the former currently working with the Devonport Community Land Trust, managing a Business park whilst assisting other workspace development in Devonport.

Opportunity to build on experienced body of social enterprises

While Plymouth has a lower concentration of social enterprises compared to the region (1.4% of the total business stock compared to 3% in the South West), it has a good base of mature social enterprises with a body of experience to draw upon, for example, Millfields Trust and Wolseley Trust - two social enterprises in Plymouth managing business premises in deprived areas to encourage new businesses, job creation and local trade and employment. There may be potential to adopt this model the model for other communities in Plymouth, so that other Community Economic Development Trusts could repeat the management of provision of business space, whilst at the same time supporting enterprise development in the areas of deprivation. Wolseley Trust for example has an 11 year record of providing business space and business support, as well as community involvement in economic development whilst having additional Social benefits, recycling £150,000 a year of trading surplus which is used to support regeneration, other community organisations and to commission community services. Social enterprises in the city also have a good record in relation to their longevity, and have above average survival rates compared with "mainstream" businesses.

The VAT statistics, Barclays database and self employment statistics clearly identify that Plymouth has suffered from a low level of business start-ups for a long time, resulting in a business density rate half that of the national average. Whilst increasing survival rates are leading to an incremental growth in business density, a step-change is needed in terms of business start-ups to help Plymouth close the gap with the rest of the region. There are many reasons underpinning the low levels of business start-ups. At one level, there are practical considerations such as:

- ***Access to suitable sites and premises***
- ***Access to finance***
- ***Access to support and advice***

These problems are relatively easily tackled, but perhaps a more complex problem and one that lies at the heart of Plymouth's problems is the cultural issue. Plymothians do not have an enterprising or aspirational culture. This stems from a historic dependency on large employers such as the dockyard and the navy and from inter-generational worklessness. These problems are much harder to solve and are unlikely to result in immediate outputs and results, but which are necessary to create the step-change in business start-ups needed.

The Population

The population of Plymouth is currently 248,000[2], however the city growth strategy sets out plans to increase the population to over 300,000 to achieve the desired transformation of the city.

Plymouth's population is 98% white, the non white population is made up mixed race (0.65% or 1559 people), Chinese or other (0.5% or 1201 people), Asian 0.3% and Black 0.2%. These proportions are similar to that found in the South West, which differs significantly from the rest of England, where the non-white population is approximately 9%.

Table 5 shows the economic activity rates by age. 78.5% of the working aged population in Plymouth are economically active. This is below the regional average of 80.9%. When this is broken down by age, nearly all age groups perform below the regional average by a small margin. It appears that the 19-24 and 24-34 age groups compare least favourably with their regional and national counterparts.

[2] http://neighbourhood.statistics.gov.uk/dissemination/MetadataDataset.do?adminCompId=21319&metadataType=DatasetFamily

When this is broken down by male and female in tables 6 and 7 we see a more striking trend. With men of all ages underperforming compared to regional and national counterparts. This trends is strongest in the youngest ages groups 16-19, 20-24 and 24-34. Women on the other hand perform much better, with rates sitting between the national and regional rate for most age groups, with the exception of 16-19 year old women who perform higher than their regional and national counterparts.

Non white people are more likely to be inactive with 31.1% of the working age non white population experiencing economic inactivity, compared to 20.9% of the white population[3].

Table 5: % economically active by age group - all people

	working age	16-19	20-24	25-34	35-49	50+
England	78.6	54.5	76.2	83.9	85.1	39.9
South West	80.9	60.7	79.4	86.7	87.4	39.3
Plymouth	**78.5**	**59.7**	**75.1**	**79.5**	**86.3**	**37.4**

[3] Labour Force Survey.

Table 6: % economically active by age group - males

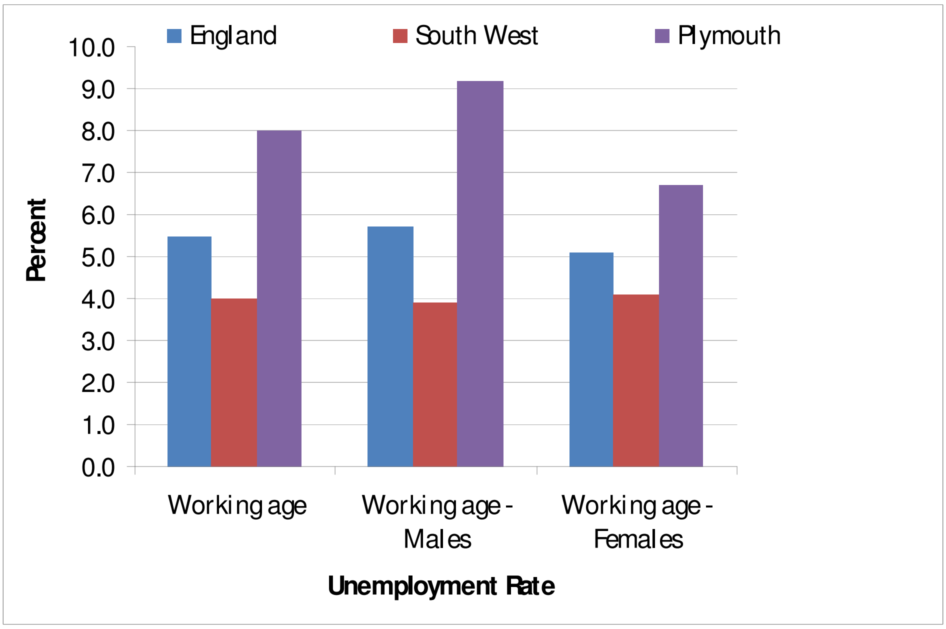
Variable	working age	16-19	20-24	25-34	35-49	50+
England	83.6	54.5	81.8	92.9	92.2	47.3
South West	84.5	58.6	82.6	94.8	93.1	46.3
Plymouth	**81.0**	**50.1**	**76.6**	**86.9**	**91.9**	**45.3**

Table 7: % economically active by age group - females

Variable	working age	16-19	20-24	25-34	35-49	50+
England	73.3	54.5	70.8	75.3	78.1	33.3
South West	77.2	62.8	76.1	79.0	82.1	33.3
Plymouth	**75.8**	**72.2**	**73.0**	**73.4**	**81.1**	**30.3**

Figure 3 below shows that the unemployment rate in Plymouth is much higher than in the South West and again showing a greater problem amongst men.

Figure 3: Unemployment Rate - April 06-March 07. Annual Population Survey



16.4% of Plymouth's population were claiming benefits in May 2007, compared to 11.7% in the South West. This represents 25,980 people, of which 14,000 are claiming incapacity benefits – 8.9% compared to 6.3% in the South West.

Economic Activity

Economic activity rates in Plymouth are lower than regional averages, especially amongst men, where unemployment is also a more significant problem.

Unsurprisingly, this is coupled with higher than average levels of benefit claimants, especially incapacity benefits.

The SIF therefore provides an excellent opportunity to support unemployed and inactive people to start their own business.

Deprivation

Plymouth is the 76th most deprived local authority district in England (out of 354). This overall deprivation ranking has not changed since 2004. However, there have been changes in the domains that make up this ranking. In 2007, Plymouth was ranked the 42nd most employment deprived local authority district in England compared to 46th in 2004 (Communities and Local Government, 2007). In 2004, Plymouth was ranked the 52nd most income deprived local authority district, this ranking decreased to 54th in 2007.

Approximately **71,000 (29%) people in Plymouth live within the 20% most deprived areas** in England. The index of multiple deprivation is broken down by lower super output areas (LSOA), these are smaller than wards and contain an average of 1500 residents.

The wards containing the 20 most income, employment, education, skills and training deprived lower super output areas in Plymouth are:

- St Budeaux
- St Peter and Waterfront
- Ham
- Devonport
- Honicknowle
- Efford and Lipson
- Budhead
- Sutton and Gould
- Southway

However, it should also be noted that changes in the levels of deprivation are occurring throughout Plymouth, with some areas showing a significant increase in deprivation between 2004 and 2007. The wards containing the 20 lower super output areas experiencing the greatest increase in relative income, employment and education, skills and training deprivation are listed below:

- Budshead
- Southway
- Plympton St Mary
- Devonport
- Peverell
- Plymstock Radford
- Efford and Lispon
- Plymptock Dunstone
- Compton
- Eggbuckland
- Moor View; and
- Honicknowle

Full details of these deprivation indicators are contained in appendix A.

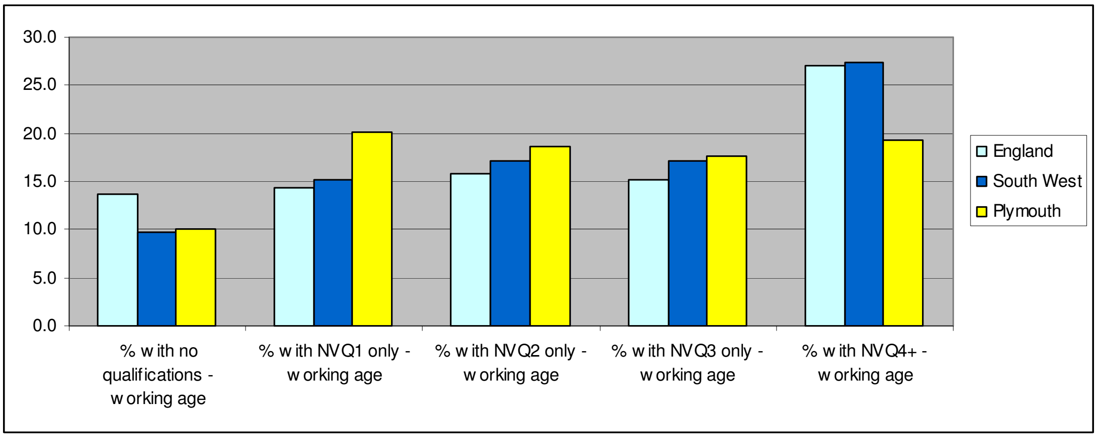
Deprivation

The deprivation statistics show that some neighbourhoods are experiencing persistent levels of deprivation, however, whilst many of these neighbourboods have experienced deprivation for a long period of time, other parts of Plymouth have shown a significant increase in deprivation levels between 2004 and 2007.

Learning and Skills

The qualifications of Plymouth's working population are lower than the national average. Figure 4 shows that the proportion of the working age population with no qualifications is the same as the regional average. However, there is a higher proportion with only a level 1 qualification than found regionally and nationally. The proportions at levels 2 and 3 are broadly in line with regional and national proportions, however, at level 4+, Plymouth has a much lower proportion of people than regionally and nationally, with only 19.3% of people of working age in Plymouth are qualified to NVQ Level 4 and above, compared with 27.1% in England and 27.3% in the South West (Annual Population Survey, 2006).

Figure 4: Qualifications by working age



The implications of this profile are significant – Higher level skills are an important factor in driving business growth, investment and productivity. Likewise, the lack of basic qualifications at level 2 – demonstrated by the high proportion with only level 1 qualifications or no qualifications is also a serious issue. People without level 2 are more likely to be unemployed and live in deprived areas, they also require more support to enter employment or start a business.

The Plymouth Local Economic Strategy identifies that in order for the city's ambitions to be realised for 2021, it will be necessary for the local labour market strategy to retain more of Plymouth's young people who perform well at school and in higher education, to upskill adults already in the workforce and to attract new highly qualified workers to the city.

Plymouth has a large and diverse higher and further education sector, including a growing University with a new Vice Chancellor, and therefore offers potential both as a skills and knowledge base and a means of attracting talent to the city.

Plymouth also has an increasing number of 18 - 20 year olds progressing to higher education, as shown in Table 8 below.

Table 8: Aspirational Culture: 18-20 Year Olds Progressing to Higher Education by Area (Count)

	Full Time Entrants				Part Time Entrants		
	Full Time Entrants 1999/2000	Full Time Entrants 2005/06	Full Time Entrants Difference	% increase	Part Time Entrants 1999/2000	Part Time Entrants 2005/06	Part Time Entrants Difference
England	198970	235160	36190	18.2	6345	7085	740

South West	18945	22660	3715	19.6	390	605	215
Plymouth	775	1020	245	31.6	10	20	10

Source: Department for Children, Schools and Families

Education - Implications

The current data shows that Plymouth's workforce:

Is less well qualified than either the regional or national average;

Lacks a skills base of sufficient quality to enable the City's development as a world class knowledge based economy;

Requires a step change in the current levels of workforce skills.

There are significant plans to address these problems through the Plymouth Employment and Skills Board which is co-ordinating the Plymouth Plan for World Class Skills and Employment. Therefore the challenge for the SIF is to ensure that its activities are linked on the ground to wider learning and skills provision –ensuring the enterprise route remains open to all.

Conclusion

Plymouth City and regional partners are undertaking a range of projects and initiatives that aim to stimulate business growth and support new and existing businesses. These make use of a number of existing and potential assets including the university, Tamar Science Park and other strategic investments. However, these are aimed at the ambitious, higher skilled, high growth businesses and individuals and are less relevant to low/income groups and those more remote from the labour market. Business parks and assets such as those managed by the Community Economic Development Trusts are situated in the heart of areas of deprivation, and are managed by community based organisations concerned and therefore have an outreach and involvement with those communities. Opportunities may exist to bring these two models together to bridge the gap between the strategic investments aimed at stimulating high growth businesses and those who might frequently miss out on the benefits of this investment.

If successful, the ambitious growth plans for the City will create new opportunities for micro and service oriented businesses, a major change will be the move away from limited supply chains focussed on large, dominant employers, to more flexible supply chains as growth sectors such as creative industries flourish. There will, therefore, be potential for micro enterprise to flourish taking advantage of the transformational plans already developed by stakeholders.

Plymouth is a city of extremes - the evidence above shows that there is much to celebrate and that there are significant assets to build on. However, the evidence suggests that this positive activity is failing to benefit or involve the city's most deprived communities. The key challenge to be faced, therefore, is to connect these areas with the range of emerging opportunities that the significant investment in and around Plymouth will generate.

3 SWOT and Strategic Issues

Based on an analysis of the evidence, discussion with key partners in the City and consultation through the Task and Finish Groups, the following represent the strengths, weaknesses, opportunities and threats in relation to enterprise in the city..

SWOT ANALYSIS	
Strengths	**Weaknesses**
Higher and Further education sector	Underdeveloped entrepreneurial culture
Rich maritime heritage & world renowned and developing marine science base	Historic low levels of enterprise activity
Science Parks and other sites and availability of sites and premises for development	High levels of inactivity and low household incomes
Strong and developing medical science base	Pockets of substantial deprivation
A range of existing initiatives	Low levels of skills
Reasonable business survival rates	Low levels of business density
Lots of ideas	Poor track record of engagement with business
Some good private sector role models	Peripherality
Experienced and well established social enterprise base	Poor understanding of enterprise and entrepreneurship (within both communities and agencies)
	Low start up rates
	Poor leadership and management skills
	Poor perception of market opportunities
	Cultural attitudes
	Lack of awareness of social enterprise
	Inadequate supply of sites and premises

SWOT ANALYSIS	
Opportunities	**Threats**
Build on existing entrepreneurship activities	Confusion over business support services
Partnership working	Migration of graduates and skilled workers
Build on existing strengths in the higher education sector	Skills shortages
Experienced body of social enterprises	Intra-regional competition
Developing strong and more focused local business networks and supply chains	Slowdown in the UK economy
Developing business support mechanisms	
Plans for Devonport and Millbay. Increased demand for small, local workspace	
Availability of PCC and MOD-owned assets in areas of deprivation which could be transferred for development.	
Potential of social enterprise companies to provide services in local markets	
Growth in the economy requiring new local suppliers	
Growth in service sector with lower start up costs	