

# Objective One Partnership Office & GOSW QUALITATIVE EVALUATION OF THE CORNWALL & ISLES OF SCILLY OBJECTIVE ONE PROGRAMME



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Planners and Development Economists

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Working with Objective One

The Objective One Partnership  
for Cornwall & the Isles of Scilly

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### Background to the Study

In 2008 the Objective One Partnership commissioned a qualitative evaluation of the Programme that would set the scene for the far more quantitative 'ex post' evaluation required by the European Regulations.

The opportunity provided by the cusp between Objective One (2000 to 2006) and Convergence (2007 to 2013) was taken to gauge progress in the economic transformation of Cornwall and the Isles of Scilly in what was recognised in the late 1990s as a 30 year journey.

The aim of the study was to look at perceptions about the changes in business confidence to date, whether Cornwall and the Isles of Scilly was a more enterprising place and the lessons for future public sector economic regeneration programmes.

The outcomes of the work reveal how much has been achieved and also, as expected, how much remains to be done; although brand recognition for Objective One was high it was not the answer for everything!

Objective One Partnership Office, March 2009

*This document is formatted for double-sided printing.*

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# 1 INTRODUCTION

## Introduction

- 1.1 Roger Tym & Partners (RTP) and PFA Research Ltd (PFA) were appointed to undertake research into the impact of the Objective One Programme for Cornwall & the Isles of Scilly on the economy of the area and the lessons learnt for application in the future.
- 1.2 The research is intended to provide a qualitative and insightful view of the impact of the Programme on people and organisations within the Programme area, with reasons, to help inform future public investment in economic regeneration. It is particularly intended to address the question of whether the Objective One Programme for Cornwall and the Isles of Scilly has increased the economic confidence of local businesses. The research has therefore been undertaken with representatives from businesses and other organisations that have benefited from Objective One funding at the project level, together with business advisory organisations, in order to gain a view, external to Objective One Programme managers, about the effect of the Programme's activity on business confidence.
- 1.3 Discussions across 18 focus groups identified that the Objective One Programme has helped to raise the profile of Cornwall and Isles of Scilly as a place to do business, which in turn has helped to increase business confidence and fostered a more 'can do' business attitude. The following comment is illustrative of a general view:  
*"..(Businesses) feel more confident about their ability to compete on a national or even world stage which has never really been offered to them before.."*
- 1.4 Whilst the research found that increased levels of confidence could not be totally attributed to the Objective One Programme, the Objective One Programme is credited as having contributed to a positive change, acting as a catalyst and enabler as this comment suggests:  
*"Objective One seems to have been ..the pump priming funding that has given us the kind of impetus in Cornwall to move forward"*
- 1.5 The research study is not part of the formal evaluation of the Objective One Programme that will be required in due course, although its findings should make a valuable contribution to that evaluation when it takes place. It has been prompted by a desire to hear from those who have been recipients of, or otherwise experienced, Objective One investment support at the individual business/project level and who are not part of Objective One Programme management groups.
- 1.6 The opportunity to provide feedback on their experience of Objective One funded activities has been welcomed by those attending the focus groups. We are grateful to all those who gave their time and provided valuable input. The report reflects their experience and opinions, combining the benefits and issues they have experienced; and their views on how this experience could feed into future programmes.
- 1.7 The report is set out in three further sections. Section Two summarises the way in which the research was conducted. Section Three analyses the information from the research in relation to four key questions which provided the framework for the research. Section Four draws together the research conclusions.

## 2 THE RESEARCH PROGRAMME

2.1 In this section of the report we outline the brief for the study and the method used to undertake the work.

### The Research Brief

2.2 The research brief required an examination of the proposition that 'One of the major impacts of the Objective One Programme for Cornwall & the Isles of Scilly has been to increase the level of endogenous confidence within the economy as a whole and within specific thematic groupings within economic regeneration'. In addition, the brief set a number of more detailed questions to be explored within the research:

- § Examine the perceptions as to whether and to what effect the key barriers to economic and social development set out in the Single Programming Document has been addressed over the lifetime of the Programme
- § Establish the difference between 1999 and 2008, specifically considering the following issues:
  - What has worked and why - are there special circumstances that influenced the success?
  - What could have been done better?
  - What are the examples of good practice, both small and large, and are there any generic principles that could be adopted in future programmes?
  - What, if anything, is the added value of European economic regeneration programmes above and beyond the budget?
- § What are the lessons from the Objective One Programme for public sector economic regeneration intervention in the future?

2.3 The research therefore needed to gather information on how Cornwall and the Isles of Scilly is perceived at the end of the Objective One Programme and to examine the perceived reasons underlying why any changes have occurred. This was achieved by obtaining the views of individuals, businesses and organisations with experience of Objective One through different projects.

2.4 The research took as its starting point, the key Programme objectives identified in the Objective One Single Programming Document and a series of key themes that emerged during the operation of the Programme.

2.5 The key objectives set out in the Single Programming Document are:

- § To increase absolute prosperity
- § To create sustainable communities
- § To capitalise on the economic opportunities of the distinctiveness of Cornwall & the Isles of Scilly

2.6 The key themes are:

- § Infrastructure
- § Adding value within agri-food and fishing
- § Welfare to work
- § Learning and skills
- § Knowledge based economy
- § Public realm
- § Digital

- § Business support
  - § Sites and premises
  - § Tourism
  - § Environment
  - § Equal opportunities
- 2.7 In addition to the 12 key themes, each of which was explored in a focus group<sup>1</sup>, two further themes were added. These were young people, bringing together people aged 30 or under in business; and one focus group specifically for the Isles of Scilly.
- 2.8 The research methods adopted to undertake the work are outlined in the paragraphs below.

## Method

- 2.9 The study was divided into four stages of work.

### *Stage 1: Inception*

- 2.10 A meeting was held between the Objective One Partnership Office, the Government Office for the South West (GOSW) and the consultant team which discussed aspects of the proposal, the key themes and the detail of the focus groups including the approach, content and representation. Contact details and background information on the projects funded through the Programme were discussed and information was supplied subsequently.

### *Stage 2: Preparation of Briefing Papers*

- 2.11 Two sets of briefing papers were prepared. A first set of papers provided contextual information on key changes in the population and economy of Cornwall over the Programme period for the participants of the focus groups prior to their attendance. A second set of papers were based on the key themes to inform those running the focus groups.
- 2.12 The briefing paper for circulation to participants was based on a longer review of statistics for the area which compared the conditions for a number of key issues for 1999 and for 2008 (or as near to those dates as the data allows). The papers cover information on population composition and change; employment by sector and gender; economic activity rates; unemployment; skill levels; numbers of businesses and organisations; benefit claimants; GVA; earnings and house prices. The briefing paper used information given in the Objective One Single Programming Document and the latest statistical data available from official sources such as the Office for National Statistics, NOMIS and the Land Registry.
- 2.13 Briefing papers were also prepared for each of the 12 topic themes and the two additional themes and used as the basis for discussion with the focus groups. The papers provided background information for the consultant team running the focus group sessions and the information was summarised in a short presentation at the beginning of each focus group session. The information contained in the papers covered the position of each theme at the beginning of the Programme period (1999); the support the theme has received from Objective One e.g. the number and value of investments, the type of project supported and details of a sample of the projects supported; the outputs recorded for the theme to date by GOSW; and a summary of the latest statistical position for the topic. The briefing papers helped those running the focus groups to guide the discussions within the groups.

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<sup>1</sup> Two focus groups were held for each of three of the themes; knowledge economy; business support and tourism.

- 2.14 The same data sources as those for the statistical summary were used, supplemented by data on projects supported and outputs received from GOSW and any available background research or strategy papers on individual themes.
- 2.15 The briefing papers helped to highlight the issues and topics to be discussed in each particular theme and to identify the type of person and / or organisation to be represented on the focus groups to guide the recruitment process. They also helped to ensure that the questions outlined in the brief were covered as well as any particular aspects that might be relevant to an individual theme. All draft briefing papers and the list of people and / or organisations to be invited to the focus groups were provided to the client for their comment.

### *Stage 3: Recruitment & Management of the Focus Groups*

- 2.16 The intention was to run 18 focus groups with approximately 12 participants in each group. The groups ran from the end of July (the pilot group) through to the end of October 2008 and were conducted by PFA assisted by a representative from RTP. The intention had been to run the groups for half a day, but as a result of the pilot focus group, it was decided to reduce the discussion period to two hours plus approximately half an hour for registration and refreshments.
- 2.17 The recruitment process was a major exercise involving contact with over 500 people, a number of whom made further contact with others e.g. participants in project or other people within their own organisation. In total 181 people were recruited, giving an average of 10 per group. Unfortunately 18 people were unable to attend their focus group at the last minute and had to cancel.
- 2.18 PFA was provided with a 'participant profile' which set out types of organisations and participants in projects to be invited to each of the focus groups. The recruitment process targeted people who were removed from the day to day administration and grant allocation processes of the Objective One Programme. Prospective participants who fulfilled the 'participant profile' were contacted by PFA by telephone and/or email and were provided with brief details of the nature of the research, the important contribution that they could make to assessing the impact of Objective One and the importance of identifying lessons for future public sector interventions.
- 2.19 The groups were run as a programme of deliberative research which is a form of qualitative research where participants are informed of aspects of the topic before being asked to discuss their views. This approach was used for each of the focus groups and consisted of the following programme:
- § Arrival, registration and refreshments
  - § Introduction to the session by the Moderator from PFA
  - § Short presentation on the theme by RTP representative
  - § Focus group discussion informally divided into three sessions and led by the Moderator
- 2.20 Each session was recorded by tape recorder and a note taker and a transcript produced. The transcripts have not been reproduced in order to protect the confidentiality of the discussions.

### *Stage 4: Reporting*

- 2.21 The information collected from the focus group discussions has been summarised to address the questions posed in the brief and is now presented in this report.

## 3 ANALYSIS OF FOCUS GROUPS

### Introduction

- 3.1 This section summarises the information derived from the focus groups in order to answer the questions posed in the brief. It takes each question in turn (as listed in paragraph 2.2) and summarises the views for the groups as a whole, with any particular differences or issues between groups identified.

### Analysis

#### *Have key barriers to social and economic development been addressed?*

- 3.2 The Objective One Single Programming Document identified a number of barriers to social and economic prosperity facing Cornwall & the Isles of Scilly in 1999 and these are listed below as a reminder of the situation then:

- § Dependence on declining sectors
- § Predominance of low quality, low skilled occupations
- § Low wage levels
- § Persistent high unemployment and low levels of economic activity, particularly in the west of the County
- § Seasonal and part time employment
- § Low levels of lifetime attainment, especially for women
- § Problems with literacy and numeracy
- § Uneven distribution of economic prosperity
- § High levels of deprivation in a number of areas
- § Few employment opportunities for young people
- § Limited job opportunities in smaller and more remote communities
- § Limited access to childcare in small towns and villages
- § Poor provision of services in remoter areas
- § Poor quality town environments
- § Significant areas of brownfield and / or contaminated land
- § High proportion of businesses operating in low value-added sectors
- § High proportion of businesses with low turnover and with few role models within their sectors
- § Limited local markets and insufficient value added to primary produce
- § Low proportion of employment in higher value added service sector
- § Key sectors in transition
- § A preponderance small farms which limits economies of scale
- § Poor business to business links with rest of the region and beyond
- § Production largely driven by supply with limited marketing
- § Distance from regional, national, international markets
- § Poor transport infrastructure

- 3.3 Participants were asked to discuss the overall impact of the Objective One Programme on the economy of Cornwall and the Isles of Scilly and how the three Programme objectives have been met. There was a strong level of consistency in the response from all the focus groups, the general view being that Objective One has had a positive impact on addressing the barriers identified at the start of the Programme and has been a catalyst for change. Whilst participants identified the positive effects Objective One has had, they also noted that the exact and direct impact is difficult to separate from the changes in the national and global economy, as Objective One had operated during a period of buoyant economic conditions, as well as more local impacts such as the 'Rick Stein' effect. One of the main ways in which Objective One has acted as a catalyst that emerged from the discussions is the way in which the Programme has created an image of Cornwall and the Isles of Scilly as 'a place for business' which in turn has helped to increase business confidence and fostered a 'can do' attitude. Objective One is considered to have given businesses new opportunities for growth, expansion and diversification through, for example, support for flagship projects, help with business support and investment in new technologies. In relation to new technologies in particular, the importance of digital technology infrastructure and associated training in helping to achieve this change was a recurring theme in the discussions. More broadly business support was felt to be easier to access now but that there are still many businesses not using the services on offer, particularly small businesses.
- 3.4 A further positive contribution of the Objective One Programme identified by some participants was that the increase in business activity and confidence has resulted in improved job prospects and the narrowing of wage differentials. This is attributed to Objective One partly as a result of the inward investment with higher wage levels stimulated by the Programme, helping to boost wage rates paid by local businesses. Some participants also referred to the impact of the introduction of the minimum wage in contributing to reducing wage gap. Nevertheless, the Cornwall and Isles of Scilly wage rates are still below national averages and are thought by some participants to result in 'high flyers' leaving the County.
- 3.5 The impact of the Objective One Programme in helping to encourage more young people to stay in the area is seen as positive. It is thought to have reduced the rate of outward migration of young people because there is increased confidence amongst young people to start up in business and they have specialist knowledge and skills which contribute to the economy. More vulnerable groups are thought to have overcome barriers to employment through help provided through Objective One e.g. people with learning disabilities, single parents, and women. More generally, improvements to skills within the population was seen as having benefited businesses.
- 3.6 Improvements to infrastructure and the public realm were identified as making an important contribution to removing some of the barriers identified at the beginning of the Programme. Infrastructure improvements such as investment in road and rail infrastructure were viewed as having helped to reduce the perceptions of peripherality<sup>2</sup>. Improvements to the public realm are noted as leading to an enhanced quality of life and increased 'positivity' within communities, fostering a sense of place and greater community engagement.
- 3.7 The progress of work with individual sectors has varied as the Programme was not able to engage with some businesses directly, although it could with others e.g. food. Tourism is one of the specific themes which has benefited from the new 'cool' image created for Cornwall and the Isles of Scilly and Objective One has helped to increase confidence for tourism businesses to compete nationally and to provide the impetus for

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<sup>2</sup> Objective One has funded infrastructure where there was a demonstrable economic benefit from so doing and where it was linked to realisation of projects and plans. It has not funded infrastructure which is the mainstream activity of other agencies e.g. major highways expenditure, although discussion sometimes encompassed non Objective One funded infrastructure.

improvements in the quality of the tourism product. The view of participants in the Tourism focus groups is that without Objective One, the tourism economy in the area would be in a very different state now. Participants in the fishing focus group recognised that Objective One had had a positive economic benefit for Cornwall and Isles of Scilly, although not a major direct impact in the fish catching sector where fish quota impacts have been far more significant.

- 3.8 One issue which participants do not think has been addressed is that of housing. Whilst this is not an activity that the Objective One could directly engage with, the rapid rise in house prices was thought to have had a negative impact on Programme objectives such as increasing the prosperity of the local population and developing sustainable communities. Instead participants considered the issue had increased the divide between relatively prosperous communities and others and had been a barrier to attracting new businesses and skilled workers to Cornwall.
- 3.9 A second issue raised was that a proportion of the jobs that have been created in the area are dependent on Objective One funding and may not be sustainable. The point that Objective One had created a 'false economy' was raised in a number of the focus groups, through funding a number of public and third sector jobs e.g. in managing the Programme and running projects, that disappear as soon as the funding ceases.
- 3.10 A further issue raised related to the point that Cornwall and the Isles of Scilly has an imbalance between the number of skilled jobs and the number of skilled people, meaning that some people are overqualified and/or under-employed in their jobs.
- 3.11 The Programme addressed many of the challenges faced by the Isles of Scilly, but the issue of transport infrastructure was seen as one remaining largely to be addressed. The Island participants were concerned that the Island's dependence on tourism had not been addressed through the Programme, although recognising that developing alternative economic opportunities would be very difficult to achieve.

#### *What are the differences between 1999 and 2008?*

- 3.12 There were a number of differences identified that recur in many of the focus groups. One of the main differences identified is that of increased confidence which together with a new 'can do' attitude has encouraged the introduction of other changes during the period of the Programme. Objective One was thought to have helped Cornwall and the Isles of Scilly 'catch up' with the rest of the UK and to have helped increase the visibility of the area as a place to do business.
- 3.13 The economy and labour market were considered to be more vibrant as a result of greater business confidence. Participants cited examples of greater business vibrancy with more people interested in investing in business; the development of business sectors; more partnership working; changes in the way individual businesses are operating by responding to opportunities with a positive attitude; and new businesses and people moving into Cornwall and the Isles of Scilly.
- 3.14 Participants identified that improvements related to infrastructure<sup>3</sup> - road, rail, air, broadband - had major positive impacts on the economy during the Programme period, opening up investment opportunities and reducing perceptions of peripherality. Investment in education and training had also increased substantially and made a big impact on the qualifications of the local population and the ability of Cornwall and the Isles of Scilly to retain people, particularly young people which in turn impacts on the vibrancy of the area. Investment in 'iconic' projects such as Eden has helped to develop a more positive, high profile image for Cornwall and the Isles of Scilly which has in turn had wide business benefits; whilst the presence of the Combined

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<sup>3</sup> As noted previously, some infrastructure improvements discussed may not have received Objective One investment

Universities in Cornwall (CUC) had given higher education a positive identity in the area and enabled young people to stay

3.15 Some of the specific differences between themes over the period 1999 - 2008 as perceived by the groups are summarised below:

- § Use of digital infrastructure was minimal and many employees lacked IT skills in 1999; access to broadband has transformed the operation of business in Cornwall through expanding markets and businesses can now embrace new ways of working including flexible and remote working
- § Environmental sustainability is now far more of an integral component in peoples' thinking, driven by broad environmental debate as well as regulations; for example a substantial change in attitudes towards recycling. The environment is increasingly being used as an economic driver. There is now a better understanding of what is meant by environmental sustainability and how it can be measured
- § In 1999 there was little incentive to invest in sites and premises due to low rental values and levels of return and many properties were of poor quality. By 2008, there has been a marked improvement in quality of workspace and involvement by the private sector, although no great increase in the quantity of sites and premises
- § At the start of the period, tourism was suffering from a sustained period of under investment, low profitability, low wages, part time working, high business turnover, seasonal pattern of visits, and problems with training and investing in staff. By 2008, tourism has become a higher quality product with visitors spending more, more businesses operating throughout the year, much greater dependence on IT, and an increasingly diverse range of tourist experiences. A geographic shift of tourism activity away from west Cornwall to mid and north Cornwall was felt to have taken place
- § The quality of fish landed has improved and there is a stronger relationship between catchers and the merchants. There have been improvements in working conditions and training. The industry still faces major problems
- § Agriculture has experienced many changes over the period and there are now fewer and larger farms, but production of high quality food has increased. Local producers have expanded, diversified, placed more emphasis on marketing, and are selling more of their product out of Cornwall and the Isles of Scilly. The availability of technology has benefited many farm businesses, for example with marketing and communications; and in providing access to new knowledge
- § Awareness of equal opportunities has increased and the attitude of employers to equal opportunities for some groups such as people with disabilities and women has changed and they are now more accepting (although further improvements are needed, particularly in relation to ethnic minority groups) . This has been partly due to the tightness of the labour market. However, the continued contraction of traditional industries has led to a new group of people, often older and with outmoded skills, needing to find work
- § Little recognition of a knowledge economy in 1999 (and even now some confusion over what the term means). Although the Cornwall and Isles of Scilly economy has a similar proportion of knowledge based employment and businesses within the economy in 2008 as it did in 1999<sup>4</sup>, there is now an increased awareness of the knowledge economy and what it entails. The improved profile of Cornwall and the Isles of Scilly as a place to do business has helped to improve the attitude of higher education and research to working with businesses and businesses are now more prepared to invest in research and development and innovation

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<sup>4</sup> Evidenced in statistics used in the introductory presentation to the focus group.

- § Improvements to the public realm have provided a better environment in which businesses can operate more effectively. In 1999 the fabric of many of the town centres was tired and in need of improvement. By the end of the Programme period, many areas had been upgraded, although some projects have been more successful than others
- § There has been a move towards a more streamlined business support network over the period, together with development of sector specific support groups, better connections between business support agencies and a shift towards packages of support rather than individual elements (although concerns about a confusion of business support, whether it meets needs, or should be freely available (not always seen as a good approach)
- § In 1999, most training was classroom based, but now it is much more geared to business needs and demand led. Businesses are now more aware of the value of training and the quantity and quality of training has increased. There is now more sharing of knowledge and partnership working. Objective One has resulted in an improvement in the quality of people's skill levels, qualifications and access to employment and other opportunities
- § Young people are now a more valued resource than in 1999 and there is greater confidence in young people to start up their own businesses. The increase in further and higher education and job opportunities at better wage rates has meant that more young people can afford to live and work in Cornwall
- § The economy of the Isles of Scilly has seen an improvement in the quality of tourism and an increase in investment; skill levels have increased as a result of an increase in training and retraining on the Islands; more young people are now staying on the Islands; and the introduction of broadband has had significant impacts on a number of areas of the Island economy

#### *What has worked and why?*

- 3.16 Participants were asked to identify projects and programmes that were particularly successful and to try and identify why they had succeeded.
- 3.17 The introduction of broadband was cited by almost all focus groups as a key project which was essential to support greater use of digital technologies and applications. Although it is recognised that broadband infrastructure would have been introduced to Cornwall eventually without Objective One, there is general consensus that this has happened much more quickly with Objective One intervention. actnow has worked to benefit businesses, individuals and the Cornwall and Isles of Scilly economy through upgrading digital infrastructure and providing access to IT training and associated business support. The application process for actnow was described as clear and straightforward. The availability of broadband was seen as essential in supporting greater use of digital technologies and application. It had facilitated the location and operation of businesses in Cornwall and the Isles of Scilly, for example providing businesses with opportunities for quicker communication with clients, new and faster ways to deliver services, greater flexibility in when and where to work and the potential to make cost savings.
- 3.18 Unlocking Cornish Potential (UCP) is another project that was thought to have worked particularly well and contributed to the growth of the local economy. UCP increased opportunities for graduates to remain in the area and was thought by some to enable businesses to 'punch above their weight'. It was also noted as supportive of developing the knowledge economy, by retaining high calibre young people who might otherwise be difficult to recruit; whilst the combination of financial support and mentoring within UCP was also seen by some as important. Together UCP and CUC have reduced the 'brain drain' of young people. CUC is noted as providing a base for developing higher level skills.

- 3.19 The impact of Objective One on people's perceptions of Cornwall and the Isles of Scilly, internally and externally, was viewed as helping make the area and its businesses less insular and more outward looking. Participants felt Cornwall is now perceived as dynamic, with a sense of 'vibrancy' and as a place to live and work.
- 3.20 Eden has been credited with helping to change the image of Cornwall and its huge attraction has benefited other businesses in the County. Participants identified that investment in high profile tourism projects such as Eden, Tate St Ives and the National Maritime Museum Cornwall have produced direct benefits for tourism businesses by raising the profile of Cornwall and the Isles of Scilly, helping to improve the infrastructure and inspiring confidence and a 'can do' attitude which in turn encouraged other smaller businesses to invest.
- 3.21 The investment in the food and drink industry and adding value to local produce is regarded as particularly successful. The development of local food and drink has been credited with supporting the revival of the tourism industry in the area in conjunction with celebrity chefs, restaurants such as Fifteen and the Seafood Restaurant, support for local food events such as the Oyster Festival in Falmouth, and the general marketing of food and drink by Taste of the West and others. Local food events also helped to encourage joint marketing and networking between producers.
- 3.22 The investment in the public realm and within that the character of an area, is thought to have business benefits and has encouraged individual businesses to follow the public investment with investment of their own. Other investments in infrastructure such as transport are felt to have helped businesses and the economy, although issues of peripherality due to limitations on transport infrastructure is still regarded by some as a problem.
- 3.23 The availability of finance through projects such as the Prince's Youth Business Trust, Finance Cornwall and South West Investment Group were thought to have helped businesses to grow.
- 3.24 A number of small scale investments by the Programme have been credited with making a substantial difference to particular businesses and sectors. One example cited was the investment in fish bins which has benefited the smaller inshore fishermen. Another is the impact the employment of a Tourism Champion had on small tourism businesses in the Isles of Scilly.
- 3.25 Investment in training has had a big impact bringing benefits to businesses and to the workforce. It has helped various groups overcome barriers to employment. In particular projects such as Cornwall Action Team for Jobs which has helped the long term unemployed prepare for work and Wheels to Work which has helped young people travel to work, are both regarded as successful projects. The investment in both higher and further education and the learning infrastructure generally has provided greater support for young people and has increased the availability of training and the opportunities for workforce development. Projects which have trained the trainers have provided a good way of cascading skills and learning.
- 3.26 At a technical level, the operation of the Programme has led to benefits including the development of ways to measure economic and environmental benefits from the development of projects. Having the evidence to measure environmental benefits through the cross cutting theme was seen as important in changing people's perceptions and understanding of environmental sustainability. The operation of the equal opportunities cross-cutting theme has made all applicants consider equal opportunities and a number of projects have developed from that requirement including Wheels to Work; it has encouraged partnership working e.g. the Learning Partnership; and it has encouraged more involvement of national organisations such as the Trades Union Congress to establish a presence in Cornwall and the Isles of Scilly which has meant better benefits for members and more work with people on the 'shop floor'.

- 3.27 The public realm group noted that the projects that appeared to have the most positive outcomes were those that feature strong leadership, collaborative working, good planning and community involvement. The growth in partnership and networking is noted by a number of other groups as a positive development.

*What could have been done better?*

- 3.28 Having discussed what had seemed to work well within the Programme, the groups were then asked to consider what could have been done better. The responses are wide ranging and, in places, the views appear to contradict views expressed in response to other questions. Often this is because it is the view of a different focus group or it is a feeling that although good work had been done, there was scope to do more.
- 3.29 One strong message emerging from the focus groups was the feeling that much more could have been done for small businesses and smaller projects and schemes. The emphasis of the Programme was considered to have favoured larger, iconic projects, a number of which have failed e.g. the film studios in St Agnes; with one focus group noting that this emphasis had, to some extent, obscured the wider benefits of Objective One. The view of one group was that without actnow, Objective One would have passed the small business community by completely. There was also some comment that greater emphasis was placed on attracting external businesses to Cornwall rather than helping indigenous businesses.
- 3.30 Views were expressed that the Programme had failed to address all the weaknesses in the physical infrastructure of Cornwall and the Isles of Scilly, especially transport. More was needed to improve connectivity and plug gaps in transport infrastructure.
- 3.31 One focus group was concerned that insufficient medium sized units had been provided to accommodate between 15-30 employees or managed workspace, making it difficult for businesses to become established or to grow. Concerns were also expressed that a number of workspace sites that were developed were poorly sited and lacked facilities or services e.g. signage, public transport, access to shops, cafes etc.
- 3.32 Concern was expressed about different aspects relating to the choice of projects to support. Greater care could have been given to ensuring that investment to public sector activity did not undermine that of the private sector e.g. Envision; or public sector organisations taking workspace aimed at the private sector. Some groups felt that private businesses should have been given more investment support rather than the public sector e.g. to create workspace; to make them more knowledgeable. There were concerns about the long term sustainability of some projects and their dependency on Objective One investment e.g. training projects.
- 3.33 Some focus groups felt that more could have been done for particular types of people or issues e.g. stemming the movement of highly educated young people from Cornwall; providing more training and business support to young people; better business support services to small businesses; closing the wage gap between Cornwall and the rest of the UK; help with travel to work; training and re-training for the over-45's and those changing careers.
- 3.34 Concern was expressed that Objective One investments had not been distributed evenly across the County and in particular that there was too great an emphasis on West Cornwall. The geographical restriction on some projects (e.g. Honey) created an uneven distribution of opportunities for businesses; the benefits of CUC and other projects have not been spread to the north and east of the County. A slightly contradictory view was expressed that investments had been spread too thinly. The Isles of Scilly had not benefited to the same extent as the Cornwall mainland in respect of transport infrastructure. There was also concern that some areas with articulate residents were better able to manipulate the system and benefited over other areas that might be in greater need of support.

- 3.35 A number of issues were raised about the Objective One investment application process and the level of bureaucracy involved including too many barriers to obtaining funding; the criteria were subject to change; confusion about where to go for advice; and that too many organisations were involved. The Programme is thought to be too complex which potential beneficiaries found confusing and discouraged them from applying for investment<sup>5</sup>. The quantity of outputs and projects was felt to have been emphasised in the Programme to the detriment of achieving quality of outcomes. A particular example raised was in relation to a training project where the outputs required were thought to be too tough for the client group being trained as some had not been in education and training for a long time due to long term unemployment, drug use etc. There was a view that public sector agencies needed to improve the way they worked together to minimise delays and to understand the implications of their actions.
- 3.36 The purpose, availability and visibility of Objective One investment to businesses and individuals was cited by a number of groups as something that could have been done much better. A number of comments related to a need for better explanations of the rules for investments and how individual businesses could be involved, published in an accessible way in the early stages of the Programme. This could have avoided false expectations that some businesses had. The audience for the information that was produced was thought by some to be too narrow, involving only those individuals and organisations who were already involved in the activities of the Programme, but not informing individual businesses and organisations beyond that. One group felt that this had been an on-going problem and suggested there should be much more attention given to celebrating what has been achieved through publicity and marketing targeted at businesses and individuals to overcome such issues.
- 3.37 One focus group was concerned that, whilst projects might include support to help potential participants access their activities or funding was otherwise available to help them, potential participants in projects were largely unaware of what was available. Their engagement would have been greater if they had greater understanding and ownership of such support funding.
- 3.38 Several focus groups were concerned about a continuing culture of grant dependency amongst businesses partly perpetuated by public sector investment in schemes that provided grants to individual businesses. One focus group favoured loans rather than grants suggesting this would reduce a culture of grant chasing and provide greater incentive for business to succeed as well as return funding for reinvestment.
- 3.39 Different focus groups raised specific concerns on the conduct of the projects based on their own interactions. One concern was that organisations delivering projects were not co-ordinated in their actions e.g. too many different projects approached businesses about work placements. This latter point was related to another concern about duplication of project activity which had caused confusion, for example, in the marketing of Cornwall as a destination and in the staging of food related events where a number of similar projects have received funding resulting in a proliferation of events and insufficient demand to support all the projects. It was suggested that Cornwall Pure Business promoted an inconsistent message, selling a lifestyle versus a serious business message. Some projects were criticised for not understanding the needs of those they were providing services for e.g. training providers being divorced from the activities of businesses.
- 3.40 Some investment money was thought to have been wasted e.g. putting new facilities in 40 year old boats; too much money spent on masterplanning and feasibility studies; and the emphasis on qualifications rather than skills that are needed by employers.

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<sup>5</sup> The fishing focus group noted the application process as easier and well supported through PESCA.

*Examples of good practice & principles for future programmes*

- 3.41 Focus Groups provided a number of examples of projects which they thought demonstrated good practice and also put forward principles that should be taken into account in future programmes.
- 3.42 The interventions focused on improvements to the area's basic infrastructure notably upgrading digital infrastructure, were thought to be of all round benefit to businesses and enhance the sustainability of the Cornish economy by some participants. Concern was expressed about maintaining investment activity in this sector where the pace of change is swift and second generation digital infrastructure is now needed. actnow was identified as an example of good practice and a project with a simple consistent structure.
- 3.43 The Objective One Programme and other regeneration activity has provided the area with a range of benefits that should be used to support future sustainability e.g. Cornwall now has a range of events and attractions which has already contributed to reducing seasonality in the tourism sector and could do more in the future. Another example cited was the international reputation of the Peninsula Medical School for teaching and research and the opportunity it provides to promote Cornwall and the Isles of Scilly as an ideal location for developing links between the environment and human health.
- 3.44 The location of a project was seen as an important consideration when evaluating a project for support e.g. to ensure new sites and premises for economic development are well located near services and public transport facilities.
- 3.45 The need for effective working with private sector businesses was discussed. Some participants considered that support should be given to existing companies that had already demonstrated their ability to grow.
- 3.46 Advice and guidance can be more important to a business or organisation than investment. Simplifying the system of providing advice to potential applicants and businesses generally by providing a single port of call for advice and information was important. Projects need to engage with the private sector effectively e.g. North Cornwall District Council provided a good example with people on the ground for businesses and others to talk to. Sector networks were also identified as a possible route for business support as were business networks which can offer peer support and inter-trading.
- 3.47 Participants identified that very successful outcomes have been achieved where a project can provide individually tailored support to project participants e.g. in training programmes where lone parents can be helped with childcare, support with transport etc. to allow them to take up training opportunities. The provision of higher education facilities has enabled young people to stay in Cornwall or to return. Wheels to Work and Cornwall Action Team for Jobs were both noted as being examples of good practice in helping people train and access work. In this context support and mentoring should be linked to grant schemes and sustainability of project outcomes achieved by supporting the project for a sufficient length of time e.g. supporting vulnerable people in the workplace even after they have managed to obtain a job.
- 3.48 More broadly good leadership skills within businesses were identified as important to help it grow and innovate whilst community involvement and a coherent project were identified as crucial to successful projects providing them with the tools to overcome problems. It was also identified that the focus of investment activity should be on producing quality not quantity of outputs.
- 3.49 Partnership working and developing better links between particular groups were both raised as important issues for the future. In particular developing better links between schools and businesses and working within schools to raise the expectations of young people were both given as examples of ways to engage with young people.

- 3.50 In relation to the operation of any future programme, the main advice given was to ensure that the application process is transparent.

*What is the added value of a European economic programme?*

- 3.51 The brief posed the question as to whether there was additional value arising from a European economic programme over and above the financial provisions. This question did not stimulate as much response as other discussion topics, but nevertheless some interesting points were raised, the majority of which were positive.
- 3.52 The Programme was felt to have given the area a confidence and encouraged businesses and others to invest even if they have not been the direct recipients of investment. The way the Programme operated was felt to have stimulated a change of attitude within the business community and to have worked as an enabler providing businesses with the confidence to invest and making them more aware of the need to be proactive, for example, in marketing their products. The Programme has enabled businesses and other organisations to take risks which no other assistance was able to provide. The Objective One Programme has created a positive attitude and willingness to experiment which has helped to accelerate the pace of change within the economy of the County. Objective One has changed from negative to positive, internal and external perceptions about the acceptability of running a business from Cornwall.
- 3.53 Objective One was felt to have acted as an enabler and a catalyst to encourage people to try business ideas. The heightened confidence of the area together with particular projects such as actnow has stimulated SMEs to recognise their ability to compete using the web and to develop their businesses through use of research and development, etc. There has been a ripple effect as the success of some business has stimulated others to try themselves. The availability of business support programmes to develop business thinking was thought to have given local businesses an advantage over businesses elsewhere.
- 3.54 Business loans and financial packages have been able to be assembled much more quickly which has benefited businesses developing commercial projects.
- 3.55 The Programme has helped to develop collaborative working and the sharing of ideas and knowledge. Business networking was now seen as much stronger with businesses more confident. Better partnership working has been enabled between businesses and public sector organisations. The Programme has promoted good working relationships between producers and processors e.g. in the agricultural sector. Projects and organisations have been encouraged to be more innovative and to think creatively to solve their problems.
- 3.56 Objective One has performed an important role in heightening awareness of sustainability issues and the changing national framework for environmental sustainability. The Programme has required all applicants to consider issues such as environmental sustainability and to present proposals on how the applicant will ensure the project is as sustainable as possible.
- 3.57 The main negative view was linked to the perception that there was a large increase in the number of people employed in order to operate the Programme and the increase in bureaucracy involved in administering the Programme. An alternative view was expressed in the Isles of Scilly group, where the increase in employment in the public sector was seen as a positive outcome.

*What are the lessons for future public sector intervention for economic regeneration?*

- 3.58 The responses on lessons for future public sector intervention in economic regeneration tend to fall into two main groups - the first is about the need to maintain the momentum established during the Objective One Programme in order to keep pace

- with change, and the second, and larger group, is concerned with administration of any future programme.
- 3.59 Participants discussed the increasing pace of change being experienced in the world, which is likely to mean that the shape and nature of business will be virtually unrecognisable in a decade's time. Technologies are being introduced all the time and the people and businesses in Cornwall need to keep up with these changes. Maintaining and improving the infrastructure of Cornwall and the Isles of Scilly was therefore seen as important to support the economy in the future e.g. public transport, road and rail services, and digital infrastructure .
- 3.60 Future economic programmes should ensure that emerging and growth sectors are highlighted and that they receive support. The programmes should support a continual investment in new technology e.g. digital infrastructure.
- 3.61 The importance of the cross cutting themes - environment and equal opportunities - should be reinforced and the benefits communicated to businesses and others
- 3.62 Participants recognised that the Objective One Programme has been applied during a period of positive economic growth nationally and globally which has provided additional support for the activities of the Programme and helped it to achieve a wide range of economic and social benefits. However, the current economic outlook is much more pessimistic and the need to maintain economic momentum was therefore seen as even more acute.
- 3.63 A very strong message came through from a number of groups about the need for a simple investment application form and application process. There should be fewer organisations involved in administering investment funds and bureaucracy should be reduced. This would reduce confusion, speed up the process, release funds for other purposes and help promote greater engagement.
- 3.64 There was strong support for improved information and marketing material which Programmes provide at the individual business level, together with clear and consistent information provided through communication channels e.g. intermediary organisations. . Information for businesses should be written in plain English rather than jargon. Any future programme should communicate effectively between public sector partners and private business and create a more open, friendly and easily understood system. There should be a programme of public relations which focuses on successes of the Programme, but which is also able to manage expectations about what a programme can achieve.
- 3.65 There is a need for a coordinated planning with strong guidelines for how the money is spent, to ensure coherence in the provision of grant funding e.g. not funding projects when other similar projects are already in receipt of funding; and avoiding funding weak projects. The geographic implications of projects should be examined including issues such as rurality and the need for employment in rural areas. The strategic plan should ensure that the timescale for the programme allows sufficient time for projects to achieve results. Concern was expressed about the transition period between programmes and the need to ensure that any future programmes learn lessons from previous programmes and provide continuity between them.
- 3.66 Consideration of long term project sustainability was seen as crucial to ensure interventions are lasting rather than transitory. In considering sustainability it is important to ensure that the projects chosen for support are worthwhile e.g. it is better to provide new fishing vessels than to improve outdated ones that are inefficient.
- 3.67 The view was also expressed that programmes should be prepared to take risks for example in relation to the knowledge economy where developments can have risks attached. Programmes also need to find ways to work with business innovators.
- 3.68 Efficiency in delivery was identified as an important theme. Groups thought there should be more joint consideration of projects amongst agencies e.g. sustainable

construction, planning and energy efficiency should work together to enable SMEs to be more environmentally sustainable. Existing advisory services should be used well and new services should not be added. Use of individuals to advocate opportunities and projects to others was suggested, but they must receive the help they need to do the job.

- 3.69 Employers should be supported to fulfil their responsibilities e.g. in relation to equal opportunities, particularly as their business grows.
- 3.70 More recognition should be given to the characteristics required to achieve a successful project when selecting projects for funding - the project needs to be driven by motivated, knowledgeable people with good contacts and access to support organisations and with strong leadership skills to coordinate the work of different groups involved in a project.
- 3.71 The needs of individuals should be addressed e.g. a recognition of the importance of transport to young people in accessing training and employment opportunities. Training should be provided to a wider range of people and should include older people who need to retrain or to change their careers. Economic programmes need to be integrated more effectively with other factors such as housing and transport.
- 3.72 The need for greater cooperation between different groups of people and organisations is noted. Greater community involvement and co-operative approaches to projects should be encouraged in future programmes. There should be better communication between business networks and the public and private sector in relation to business needs e.g. the links between business and education.
- 3.73 The emphasis on outputs should be addressed carefully and more weight given to the quality of outputs and outcomes rather than quantity. Success can be measured in terms of opportunities given as much as numbers achieved. It is not always possible to make the link between investment and outcomes e.g. with investment in infrastructure, but the investment is nonetheless important. There can be occasions where valuable training results in soft outputs rather than qualifications and this needs to be recognised.
- 3.74 Evaluation of project proposals should be robust.

## 4 CONCLUSIONS

### Conclusion to the Research Proposition

- 4.1 The brief set out an initial proposition, that 'one of the major impacts of the Objective One Programme for Cornwall and the Isles of Scilly has been to increase the level of endogenous confidence within the economy as a whole and within specific thematic groupings within economic regeneration' The questions which framed the focus groups tested the proposition. The conclusion from the focus groups confirmed the overall proposition, with clear messages about increased business confidence, a developing 'can do' business attitude and an acceptability and a pride about doing business in Cornwall and the Isles of Scilly.
- 4.2 Positive views have been expressed by businesses who are both well established local businesses and others who have set up more recently in Cornwall. Whilst the view from endogenous businesses is positive, it is also important to note the development of positive external perceptions of Cornwall as a good place to do business from. It is not now seen as a peripheral location, a view which opens up opportunities for new business markets and encourages new business into Cornwall and the Isles of Scilly.
- 4.3 The views from focus groups have been very positive about the growing confidence in and raised profile of the Cornwall and Isles of Scilly economy. However, there is also acknowledgement of a mixed impact. Whilst enhancing the standing of the local economy there is a view that it has also led to more businesses coming into the economy, increasing competition to existing businesses (for example in the design sector). However a view that existing businesses have responded by developing and improving their business practices, in order to maintain their competitive position, is identified as positive.

### Addressing economic barriers

- 4.4 The Objective One Programme sought to address a number of economic barriers that were of concern in 1999. Participants have identified that the Objective One Programme has made a significant and positive impact on these although the extent to which this is specifically attributable to Objective One is difficult to pinpoint. However, collectively the impacts have contributed to the increase in business confidence described above.

### Changes since 1999

- 4.5 Participants identified a number of economic changes over the period 1999 - 2008, a main change being that of increased business confidence. However greater business confidence was also seen as bringing challenges in order to maintain and develop business competitiveness. In the light of the current economic downturn the improvement in business confidence has been identified as a significant benefit that should place local businesses in a better position to be able to weather the downturn than might otherwise have been the case.
- 4.6 The proposition includes reference to increasing confidence in specific thematic groupings in economic regeneration. One sector was consistently noted as doing well, which is food and drink. This could be partly a reflection of the ability of the Objective One Programme to work more directly with businesses through use of the European Agricultural Guidance and Guarantee funding (EAGGF) than it could through its other Structural Fund sources where funding to businesses would be through intermediary projects (for example Finance Cornwall, actnow, Honey). Changes (modernisations) in the tourism sector were also noted as positive, with a move to higher quality higher value tourism. The application of digital technology

was seen as having widespread benefits supporting existing and new business development and growth, with an acknowledgement that although investments in digital technology may have happened eventually, the Objective One Programme has speeded this up, supporting application of its business advantages.

- 4.7 Positive attitudes towards business start up and development were identified by young people, an important point as participants in other focus groups highlighted the need to work with young people as the business entrepreneurs of the future and in order to reduce the loss of young people from the area. Developments in skills and training were also seen as beneficial, particularly in terms of supporting beneficiaries into work and training opportunities.
- 4.8 Main concerns raised, impacting on economic benefits from Objective One, relate to communications at the individual business level and administrative processes associated with the Objective One Programme.
- 4.9 Concerns have been expressed about lack of clear and consistent information to businesses about what Objective One could do, resulting in lack of understanding by businesses and unrealistic and unfulfilled expectations of what the Programme could deliver. Concerns have also been expressed around a lack of information at the business level about the extent of Objective One investment activities as well as the negativity of publicity (e.g. media), focusing on some project failures, whereas publicity around project successes would help to spread the message of both direct and indirect benefits arising from Programme activity. One further point is the opportunity for better mutual understanding of needs between private sector businesses and public sector organisations which could be furthered through improved two way discussion and flows of information.
- 4.10 The complexity and bureaucracy of Programme administration (project applications etc) was a common concern raised in discussions. Whilst accepting that processes and criteria are necessary the extent of the administrative burden was seen as significant. Projects such as actnow and Unlocking Cornish Potential were seen as successful in part because they were perceived as having simple and consistent application processes. The need for simple and transparent administration was seen as important, particularly to engage private sector interest and manage expectations.
- 4.11 Allied to the issue of complexity and bureaucracy was one of concern about the number of intermediary organisations involved in delivery of Objective One Programme activity and the proliferation of non sustainable jobs that have resulted from this.

### Lessons for Future Public Sector Economic Regeneration Intervention

- 4.12 Looking forward, ensuring sustainability of investment through programmes was an important message as was the need to maintain the momentum of what has been achieved to date. Despite the significant steps forward during the Objective One Programme period, the economic position of Cornwall and the Isles of Scilly was still regarded as lagging behind that of other areas with a need to maintain momentum and build on the changes in business confidence achieved.
- 4.13 Improving efficiency and simplicity in Programme management and administration was also seen as important with opportunities for developing partnerships, co-operative approaches, and joint working in projects by agencies as well as simplification in funding application processes. Managing expectations about what a Programme could deliver was seen as important through, for example, improving channels of communication between the public sector and businesses/business networks; or use of information to clearly explain what a Programme can do. These

have all been recurring concerns expressed for Convergence in particular, with a need to learn from the Objective One experience.