



Introduction and Context

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CHAPTER 1: INTRODUCTION AND CONTEXT

INTRODUCTION

In July 1999, Cornwall and Scilly were designated as an Objective 1 area under the new Structural Fund Regulations covering the period 2000-2006. This new designation placed Cornwall in the category of those regions most in need of support within the European Union.

While the designation of Objective 1 status was welcomed for the additional resources it brings to Cornwall and Scilly, it has to be viewed as a temporary situation. Consequently, it is important to consider that a key underlying aim of the new programme should be to ensure that Objective 1 status is not required in the future.

THE SOUTH WEST REGION

The South West of England region is physically the largest of the English regions and has a population of almost 5 million. It has one of the lowest unemployment rates in the UK and GDP growth has out-performed the national average for some twenty years. In spite of this, however, GDP per capita is only 95% of the UK average, which is primarily a consequence of low GDP in the west of the region.

Employment growth has been accompanied by significant in-migration, and the east of the region has benefited from good transport links, a highly skilled workforce, and ease of access to the major urban areas of the South East of England and the Midlands. Employment growth in high growth, high value added sectors has been significant in both the north and east of the region.

Prosperity declines markedly with distance and the scale of the region means that employment growth in the east may have little or limited impact in the west. The distance and journey times involved in travelling from Penzance at one end of the region, to Swindon at the other, are considerable (330 km and three and a half-hours by road respectively).

In spite of its location, the opportunity exists to more effectively link the Cornwall and Scilly economy into the wider South West region, particularly the major markets in the north and east of the region.

CORNWALL AND SCILLY

Cornwall and Scilly is a rural and maritime area, with a population of 485,600 in 1997. Cornwall itself is the second largest county in the South West of England in terms of area but has the lowest population density. The County comprises the westernmost part of the south west peninsula and has over 697 km of coastline, the longest of any English county. The Isles of Scilly are an archipelago of islands lying 45 km off the coast of Cornwall. Both Cornwall and Scilly have a rich mixture of the natural and built environment.

Cornwall and Scilly is characterised by a narrow economic base, with a preponderance of low value added sectors. Important sectors are agriculture, fishing, tourism and manufacturing. Unemployment is relatively high within the area, and seasonal and part time employment are features of the economy. As with the region as a whole, the problems are most severe in the west of the area.

In spite of the distance from major markets and the limited infrastructure of the area, there are many positive features of the economy. Against the national trend, manufacturing employment has increased significantly, and the area has a large entrepreneurial and company base, although the vast majority of enterprises are very small in terms of both employment and turnover. There are a number of new developments that favour the programme area, such as the growth in the Information Society, and increased interest in environmentally friendly products and technologies. As such, there are many positive features on which to develop a more prosperous economy.

CORNWALL AND SCILLY WITHIN THE SOUTH WEST REGION

Although Cornwall and Scilly is at the periphery of the South West region, the north and east of the County has strong economic linkages with Devon and Plymouth. As the second largest City in the South West, the Plymouth economic sub-region extends into the east of Cornwall and the size of the sub-regional economy presents major opportunities for both businesses and people.

The links to Devon are also strong, and the growth in the Exeter sub-region also offers opportunities for the residents and business of Cornwall to develop. A feature of the new Objective 1 Programme will be to provide complementary actions to the South West Objective 2 Programme, to the benefit of both areas. These activities will focus on further strengthening the economic linkages within the South West of the region, and where possible, accessing opportunities in the north and east of the region, capitalising on the growth around Bristol and Swindon. Considerable opportunities exist to tap in to the supplier chain networks of medium - sized and large companies based in the region.

The Objective 1 Partnership is one of a number of partnerships that organisations and businesses in Cornwall and Scilly will interact with. There is a need to work closely with the Objective 2 Partnership, in association with region wide partnerships, and on occasion with national partnerships and networks. The need to look outwards, to develop and strengthen external links, will be an underlying theme of the Objective 1 Programme.

CONDITIONS FOR CHANGE

Cornwall and Scilly, like other peripheral regions, have struggled for some time to secure a permanent and sustainable improvement to its economy. In spite of many initiatives and the hard work and commitment of many people and organisations, there has never been the combination of factors to secure a new level of prosperity. This has changed recently.

There are a number of new factors that have come in to play that afford a unique opportunity to secure the step change needed. One element of this is the significant increase in support made available over 7 years, as part of the Objective 1 Programme. A number of other factors, however, are of equal importance to the provision of finance. These are:

- A positive policy context;

- The development of the Regional Strategy;

- A renewed sense of determination and commitment within Cornwall and Scilly; and

- A locally developed and owned vision and strategy.

A POSITIVE POLICY CONTEXT

The UK policy context has changed markedly over the past few years. There have been a raft of new initiatives, and a greater degree of co-ordination between Government Departments. Key developments have been the continued "regionalisation" of operations and delivery, and this includes the new Skills and Learning Councils, the Small Business Service, and the establishment of Regional Development Agencies.

These organisational changes have been accompanied by comprehensive policy coverage, including business competitiveness and skills development, the need to address exclusion within society, recognition of both rural and urban problems, and a positive commitment to environmental and sustainable development concerns.

The result of these changes is the most positive policy context for some time in which to implement comprehensive area-based regeneration.

A NEW DIMENSION - REGIONAL STRATEGY

The Regional Strategy, developed by the South West of England RDA, brings a new dimension to economic development and regeneration for Cornwall and Scilly. The Strategy allows the work of the Objective 1 Programme to be placed within, and contribute towards, specific regional objectives. The Regional Strategy allows national and global changes to be understood and acted upon at a level that takes account of scale and critical mass.

The vision of the South West of England RDA is of a region where people and place combine as the springboard for success. The South West of England will be:

- A technologically advanced and innovative region for all people in all sectors;

 - With an adaptable and highly skilled workforce;

 - Where customer needs are met and exceeded;

Where businesses and individuals capitalise on the creative use of the environment in delivering competitive advantage.

The Regional Strategy for the South West sets the mission:

To improve the competitive position of the South West of England within the UK and internationally in order to increase sustainable prosperity for the region and all its people

The Strategy identifies three objectives – to increase prosperity by:

Improving business competitiveness;
addressing social and economic imbalances;
improving regional coherence.

The Strategy identifies four strategic '**Drivers**' as key to the growth and sustainable development of the regional economy. The application of these driving forces through regional and sub-regional action-plans will contribute to achieving the objectives – they are, in effect, the very essence of the Regional Strategy. The Drivers are:

Innovation and Technology – putting innovation, creativity and technology at the heart of the region's businesses and institutions;

Skills and Learning – equipping people with skills and adaptability needed to underpin a modern, developing and inclusive economy;

Environment – ensuring that the region's unique cultural and environmental assets are used to attract and develop business potential;

Partnership – this is the Regional Strategy's one 'operational driver' : Partnership South West.

The South West Regional Strategy presents a framework which is particularly relevant to Cornwall and Scilly, with the Skills and Learning and Environment "Drivers" identifying key areas of activity for any efforts to secure a step change.

OBJECTIVE ONE AS A CATALYST

The awarding of Objective 1 status galvanised the partnership in Cornwall to undertake a major review of the strengths and weakness of the region, and to identify threats and new opportunities. This involved a broad range of organisations, and considerable new research.

This candid reflection also involved re-examining the current 5(b) programme with the following considerations:

Identifying the successes of the Programme and determining how they can be built upon;
Being honest about the less successful aspects; and
Developing new approaches that would lead to a more effective Programme from 2000 onwards.

The emphasis on this work was to move away from describing problems, to explaining why these problems had occurred and/or continued to persist. In sum, the emphasis was on understanding the situation, identifying key constraints, and developing policies that would remove these constraints.

This work inevitably involved a degree of self-criticism, and the re-evaluation of what has been attempted in the past. It has resulted in a much better understanding about what is needed for the new programme, and in particular, the development of new opportunities. The ultimate result of this work has been a greater focus on the future, about new trends and directions, while taking account of, but not dwelling upon, the past. The result of this work has been a renewed sense of determination and commitment to securing long term change.

THE VISION FOR CORNWALL AND SCILLY

In order to have a clear sense of direction a Vision statement has been agreed by all of the partners involved in the economic regeneration of Cornwall? This states in a clear and simple manner what all of the organisations are working towards. The Vision is of:

a prosperous Cornwall and Scilly where all people and communities share in an improving quality of life

In order to make progress towards this vision, the Programme mission is:

To achieve a step change in the prosperity of Cornwall and Scilly, making it a place where people and communities have equal access to opportunities and to a quality of life which arise from the sustainable development of its economy and its environment and the enhancement of its distinctiveness

There are three strategic objectives that will contribute to realising the Programme mission. These have been developed to make a direct and measurable contribution to the mission. The objectives incorporate the key themes of prosperity, people and communities, and the distinctiveness that makes Cornwall such a special place to so many people.

The objectives are expressed in a clear and uncomplicated manner. The objectives are deliberately transparent, easily explained and understood by the citizens of Cornwall, and relevant to all sections of the community.

These objectives are:

To increase absolute prosperity;

To create sustainable communities; and

To protect and enhance the environmental and cultural and economic opportunities of distinctiveness of Cornwall and Scilly.

These strategic objectives lead to a set of five Priorities, which are presented later in this document. These Priorities have been developed to contribute both to the aims of the Objective 1 Programme and the Regional Strategy. There is a close fit between the objectives of both documents, and this is regarded as a major strength.

TOWARDS A PROSPEROUS FUTURE

The development of the Objective 1 Programme, accompanied by the Regional Strategy and a range of new organisations and initiatives, presents a unique opportunity for Cornwall and Scilly. This has been at the forefront of the thinking which has gone in to the development of this document. This, however, represents merely the starting point on the journey.

The Vision presented for Cornwall and Scilly can be achieved. The total resources to be deployed under the Objective 1 Programme represents a few percentage points of annual GDP, and this has to be spread over 7 years. Nevertheless, the catalytic effect of these funds, and the additional and long term investment that they can secure for the region, means that they can have an effect worth many times their initial value.

The mere allocation of the funds will not lead automatically to a successful Programme. Rather, there is a need to constantly seek the best possible projects and the maximum value for money. The energy and commitment that has gone into developing the new Programme will, therefore, continue into the day to day delivery of the Programme, with the active support of all of the partners.

The Regional Strategy and the Objective One Programme represent a framework within which a new and prosperous Cornwall and Scilly can flourish. Realising this opportunity is the single major goal of all of the organisations involved in the social, economic and environmental development of the region.