

## CHAPTER 6: POLICY CONTEXT

### INTRODUCTION

The Cornwall and Scilly Objective 1 Programme has been developed taking full account of EU, National, regional and local policies. This reflects the need to reinforce existing policies and initiatives, rather than to develop wholly new policies, where existing initiatives clearly contribute to the strategic direction of the new Programme.

The desire to support and extend existing policies seeks to take account of national and regional strategies, in line with the strengths, weakness, opportunities and threats facing Cornwall and Scilly. The relative importance of policies to regions and localities obviously varies with regard to local conditions. The emphasis and importance of particular policies to the situation in Cornwall and Scilly will be highlighted in each Priority description presented later in this document.

There is degree of uncertainty as to certain policy and operational issues within the UK policy context. These relate to the establishment of a new Ministry for Rural Affairs, the creation of new Learning and Skills Council, and the establishment of a national Small Business Service. These are likely to have profound impacts on the Objective 1 Programme.

The key policy influences relate to:

- ◆ Competitive economies and competitive companies;
- ◆ Employment and skills strategies;
- ◆ Addressing exclusion; and
- ◆ Sustainable development.

This section presents the key policies that will impact on the Cornwall and Scilly Objective 1 Programme. Coverage is not comprehensive, and other important policies are discussed within the Priority and Measure description presented in Chapter 9 of this SPD.

This Chapter is structured as follows:

- European Union Policy Context;
- UK Policy Context;
- Regional Policy Context.

The Policy Context has been influential in determining the strategic direction of the Programme. Throughout this Chapter the relevance of the various policies to Cornwall and Scilly has been presented as a means of identifying the weight and importance given to particular themes in the Priority Framework Chapter.

A feature of Cornwall and Scilly is the mix of urban and rural settings, with a large number of towns displaying characteristics similar to larger urban centres. This makes a broader range of policy initiatives relevant beyond rural, such as the Zone approach to target resources on particular areas now being adopted by a number of UK Departments. To reflect this, the policy context presents a broad range of relevant policy initiatives.

### EUROPEAN UNION POLICY

The European Commission guidance has provided substantial policy guidance to assist those compiling new Structural Fund Programmes in ensuring coherence with the Union's policy goals. The Guidance states that new programmes must help to continue the reduction of regional disparities and to establish the conditions that will assure the long-term development of the regions. The objective is sustainable growth through improved competitiveness to foster and maintain gains made in earlier periods.

There are four key policy areas to consider. These are:

- ◆ Creating the basic conditions for regional competitiveness;
- ◆ Competitive enterprises for employment creation;
- ◆ The European Employment Strategy;

- ◆ Improving economic conditions in the rural areas, whilst preserving the environment and rural heritage.

Other important policy statements relate to the environment, equal opportunities and balanced urban and rural development and highly peripheral regions, especially islands. All of these policies have been taken into account in developing the Cornwall Objective 1 Programme.

## HELSINKI EUROPEAN COUNCIL

Particular reference has been paid to the Presidency conclusions from the Helsinki European Council, held on 10 and 11 December 1999, on a *“Competitive, Job Creating, Sustainable Economy”*. The most relevant points are listed below:

*“31. Demographic change will require policies on active ageing and increased efficiency in the public and private sectors to manage the economic burden of such changes. The on-going globalisation process intensifies competition and the need to foster innovation and structural reform*

*The Union and the Member States must actively promote more widespread use of new technologies and develop the information society to support competitiveness, employment and social cohesion.”*

The Cornwall and Scilly Objective 1 Programme has developed Information and Communications technology as a cross-cutting Priority, in view of its importance to competitiveness. The new technology dimension is addressed in the SME Priority, where ERDF and ESF measures are deployed in supporting the development of new sectors, many of which are technology related.

*“Employment:*

*39. ...the European Council welcomes the Commission’s proposal for Employment Guidelines for 2000 as well as the recommendations to individual Member States which provide support for addressing employment challenges in their National Action Plans...*

*40. In undertaking labour market reforms, Member States should pay particular attention in their National Action Plans to the tax and benefit systems, service sector employment, organisation of work, life-long learning and equal opportunities for women and for men.”*

The Cornwall and Scilly Objective 1 Programme has developed Equal Opportunities as a cross-cutting theme, and this will address many of the issues identified. The provision of a lifelong learning measure, as well as the development of comprehensive training support for the young and adult population will contribute to the objectives of the National Action Plan for Employment.

*“41. Progress has been made in drawing up and using employment performance indicators and related data. The European Council invites Member States and the Commission to develop further their work in this field.*

*The internal market, competitiveness, innovation and the information society:*

*43. Effective application of information and communications technologies plays a crucial role in global competition. The Cologne European Council has set the objective for Europe to take a leading role in the information society which calls for further investment in innovative research and education. Particular emphasis must be placed on the need to meet the growing demands placed on labour markets by the information society.”*

The Cornwall and Scilly Objective 1 SPD has placed an emphasis on the provision of Information Society related training for various groups, including those supported under active labour market and adaptability policies.

*“Environmental and Sustainable Development*

48. ...integrating environmental issues and sustainable development of policies is a central factor in fulfilling the Community's commitments under the Kyoto Protocol...”

**CREATING THE BASIC CONDITIONS FOR REGIONAL COMPETITIVENESS**

Sustainable growth of those regions lagging behind requires improved regional competitiveness. The EU Guidance makes it clear that improvements to infrastructure are a central part of increasing competitiveness: -

*“this means that enterprises must have available, in order to maximise output and employment, a full range of indirect supports, in sectors such as physical infrastructure, telecommunications and information technology, and research, technological development and innovation.”*

The main policy areas identified are:

- ◆ Transport infrastructure: improving networks and systems;
- ◆ Energy: networks, efficiency and renewable resources;
- ◆ Telecommunications: towards the information society;
- ◆ Infrastructure for a high-quality environment; and
- ◆ Research, technological development and innovation: modernising the productive base.

**Transport Infrastructure: Improving Networks and Systems**

The EU Guidance states that: -

*“Efficient transport networks and systems have an integral role to play in supporting economic development. The business sector needs to have reliable and cost-effective access to markets for inputs and outputs, while citizens need good passenger transport services for access to jobs, training, shopping and leisure.”*

The priority areas are:

- ◆ Efficiency (including the modernisation and upgrading of transport infrastructure);
- ◆ Modal balance (with a reduced emphasis on roads);
- ◆ Accessibility: with an emphasis on completing the TENs on the territory of the eligible regions, and the secondary connections to these networks); and
- ◆ Sustainability (reducing the environmental impact of transport and encouraging a shift to the use of more sustainable forms of transport).

**RELEVANCE TO CORNWALL AND SCILLY**

As a peripheral region, remote from both the national and international marketplace, a suitable transport infrastructure to allow businesses to compete effectively is particularly important to Cornwall and Scilly. In addition, the large geographical area, small principal centres, low wages and high unemployment makes access to transport essential for the every day lives of its citizens.

**Energy: Networks, Efficiency and Renewable Resources**

The EU Guidance states that: -

*“the promotion of sustainable regional development depends on an efficient, diversified and competitive energy sector in order to enhance the security, flexibility and quality of energy supply and reduce energy costs”.*

In the less developed regions, investments under the Structural Funds should concentrate on: energy efficiency (focussed on the demand side eg, aid to SMEs to reduce energy use) and renewable energy sources (eg, aid to promote the acquisition of renewable energy equipment in SMEs).

**RELEVANCE TO CORNWALL AND SCILLY**

Renewable energy has been an important theme in the current 5b Programme, and Cornwall is well positioned to act a centre of excellence for the development of renewable energy technologies.

**Telecommunications: Towards the Information Society**

The eEurope initiative aims to allow Europe to exploit its strengths and to overcome the barriers that are still holding back the uptake of digital technologies, by achieving three key objectives:

- Bringing every citizen, home, school, business and administration on-line
- Creating a digitally literate and entrepreneurial Europe
- Ensuring a socially inclusive Information Society

The eEurope initiative builds on the current policy framework and concentrates on priority areas. Actions will be launched in fields where a European action can make the difference, where there is clear European added value in developing a common approach to solve the problems. On this basis, ten priority areas for action have been defined. Successful achievement of the targets for these areas will require a joint effort of the Member States, the European Commission, the industry and the citizens.

The Commission guidance states that: -

*“the rapid development of the information society has opened up new possibilities for economic development. It has widened the locational options of firms and can help regions, including remote and rural communities, to attract and retain activities that make an important contribution to high-quality employment.”*

The Guidance suggest that the intention is to promote access to and the use of ICT; to develop the skills that allow individuals to take up employment opportunities; and to encourage SMEs in particular to develop new services and innovative applications.

In relation to infrastructure the Guidance states that: -

*“An efficient basic telecommunications infrastructure is a key requirement for access to the information society. However, the role of public support is perhaps less central than for other types of infrastructure since, even in less-favoured regions, investment in the telecommunications sector is potentially profitable in most cases. It should therefore be financed mainly by the telecom operators’ own resources or by borrowing, if appropriate through the EIB.”*

**RELEVANCE TO CORNWALL AND SCILLY**

The potential of ICT to rural areas is acknowledged in the Guidance, and fits with the need for Cornwall and Scilly to exploit the new technology as a means of reducing or alleviating physical distance from customers and suppliers. Although the market will provide technology eventually, it is clear that the major conurbations are provided with the latest technology much earlier than rural regions and it will be difficult for Cornwall and Scilly to secure a competitive advantage unless a comprehensive strategy is developed to access new opportunities.

**Infrastructure for a High Quality Environment**

The Guidance on infrastructure for a high quality environment is primarily aimed at the Cohesion States. It sates that: -

*“the European environment remains under threat, principally with regard to water, air and soil quality. Therefore, environmental infrastructure needs to be constructed or upgraded, especially in the less developed regions, not least because high quality environmental infrastructure constitutes an important factor for regional socio-economic development.”*

The priority will be on assisting with compliance on Community Directives, in particular with regard to water and waste management.

**RELEVANCE TO CORNWALL AND SCILLY**

Cornwall is particularly vulnerable to any failure to meet new Community Directives with regard to water and waste management. The County depends on a clean environment for a substantial part of its economic activity, and any deterioration in standards would have a direct effect on employment. The Isles of Scilly has a small population base from which to support improvements to water and waste management, even though the environment is particularly fragile.

**Research, Technological Development and Innovation: Modernising the Productive Base**

The Guidance states that: -

*“high levels of activity in the fields of research and technological development (RTD) and innovation are important features of the productive environment in the most competitive regional economies. Structural assistance should therefore give an increasing priority to promoting RTD and innovation capacities in an integrated manner in all fields of intervention of the Funds. “*

The priorities are:

Promoting innovation Networking and industrial co-operation;

Developing human capabilities; and

Consolidating RTD and innovation actions through effective policy management.

**RELEVANCE TO CORNWALL AND SCILLY**

Cornwall has a very small business base to take advantage of research, technological and innovation, compared to larger and urban regions. Nevertheless, the County has a small number of companies with international reputations, operating at the leading edge of their specialist areas. As highlighted earlier, Cornwall has a growing manufacturing base, and the competitive pressures means that product development and innovation will be required to sustain this growth.

**COMPETITIVE ENTERPRISES FOR EMPLOYMENT CREATION**

The EU Guidance states that: -

*“The creation or expansion of competitive enterprises is the pre-condition for creating sustainable jobs and thus for regional economic development. All the Structural Funds contribute to this aim in the regions eligible for Objectives 1 and 2, while the European Social Fund contributes across the whole of the territory of the Union. While all sources of employment are important, the increasing role of the services sector - which has been responsible for most of the net employment growth in the Union in recent years - needs to be reflected in Community programmes.”*

The Guidance has considerable implications for business development implementation. There is a greater focus on improving efficiency and effectiveness. The Guidance states that emphasis should be placed on:

- ◆ A move away from capital grants - especially for inward investment and towards the promotion of reimbursable advances, venture capital, loan capital and revolving funds, other financial engineering instruments;
- ◆ Improving the delivery of assistance - including improved targeting according to the specific needs of each SME category or sector and where appropriate on fields of competence in which the region can realistically aim for a degree of specialisation and commercial advantage;
- ◆ Support for large enterprises - related to their added value for the regional economy, notably through networks established with other enterprises, particularly SMEs;
- ◆ Repayment of all or parts of grant aid where conditions of contract are not met;
- ◆ The private sector should be involved in the formulation of strategies;
- ◆ The Identification of the needs of companies should be a priority and the exploitation of synergies.

**RELEVANCE TO CORNWALL AND SCILLY**

The EU focus on the effectiveness and efficiency of the support available to SMEs, coincides with the direction of policy in the UK and Cornwall and Scilly. Business development for SMEs has matured, and there is now sufficient evaluation data to ensure greater impact from the resources invested. This includes, in the Cornish context, greater co-ordination, reduced duplication, a comprehensive suite of assistance, and a greater focus on securing additional activity.

**AREAS WITH PARTICULAR POTENTIAL: ENVIRONMENT, TOURISM AND CULTURE, SOCIAL ECONOMY**

The Guidance identified three sectors for particular attention. All three are particularly relevant to the situation in Cornwall and Scilly.

**Environmental Improvement: A Contribution to Competitiveness**

The Guidance states that specific action combining environmental improvement and investment in industry and services should include: -

- (i) preventive approach: clean technologies;
- (ii) environmental management particularly financial support to SMEs, to make use of environmental services;
- (iii) industrial sites; and
- (iv) training.

**RELEVANCE TO CORNWALL AND SCILLY**

The policy themes developed in the Guidance are particularly relevant to Cornwall and Scilly. There is a high level of awareness of the environment, and consequently there is a climate conducive to better environmental resource management, including the use of clean and environmentally friendly technologies. The legacy of mineral extraction also makes the focus on the rehabilitation of brownfield and derelict sites particularly appropriate to Cornwall.

**Tourism and Culture: Advantages for Local Development**

The Guidance states that sustainable quality tourism can include: -

- (v) the modernisation of tourism-related infrastructures and the improvement of their efficiency;
- (vi) upgrading skills and professional profiles in order to respond better to the expectations of tourists and the needs of the industry;
- (vii) encouraging business-to-business partnerships, public-private co-operation and networking in order to improve the integration of the different services involved in the "tourism chain".

The Guidance emphasises culture as an "economic growth point" and states that: -

*"culture is closely linked to tourism as the cultural heritage of a region not only contributes to the development of a local or regional identity but also attracts tourists".*

Another point relevant in the UK context is *"the cultural dimension should thus be integrated into tourism development strategies."*

**RELEVANCE TO CORNWALL AND SCILLY**

Cornwall and Scilly has a significant tourism industry, although it is facing increased competition, and the "product", particularly parts of the infrastructure, is dated. The industry needs to up-date and improve its products in order to secure higher spending visitors.

Cornwall and Scilly enjoys a very distinct and strong cultural identity. This is accompanied by a small but vibrant arts sector, and a cultural product based on its heritage and environment. Although small, the cultural industries is one of the few sectors where Cornwall in particular has an acknowledged strength and where long-term growth is forecast. pressures means that product development and innovation will be required to sustain this growth.

## Social Economy: New Employment-creating Services

Developing the social economy as a provider on employment for local people is a major priority. The emphasis is on: -

- (viii) active support for the creation and development of service providers: (identifying new sectors of activity and appropriate support services - eg, information and counselling, financial and technical assistance; and
- (ix) organisation and durability, although continuing assistance for some time may be needed.

The ultimate objective should be on a sustainable basis and the Guidance notes that: -

*“public support should be degressive over time, taking account of the particular needs of the service in question.”*

### RELEVANCE TO CORNWALL AND SCILLY

The need to create additional jobs in remoter and sparsely populated parts of the Region is a priority and the opportunity provided by the social economy is relevant to Cornwall. There is a long history of community action and self help that will act as a base to further develop social economy companies and employment opportunities. This is particularly relevant in rural economies where the commercial sector find it un-economic to provide particular services.

## THE EUROPEAN EMPLOYMENT STRATEGY

**Note: The European Employment Strategy was revised in 2003. References to the strategy and links to the revised Programme are detailed in Chapter 9, page 209**

The European Employment Strategy is central to this:

*“The development of appropriate strategies for promoting job-creation will be facilitated by the implementation of the Member States’ National Action Plans for Employment as required by the European Employment Strategy provided for in the Amsterdam Treaty. These plans, drawn up on the basis of common Employment Guidelines adopted by the Council, will serve as the overall framework for measures to support employment policies under the Structural Funds, and in particular the European Social Fund.”*

The ESF will contribute to the actions undertaken in pursuance of the European Employment Strategy and in line with the UK Policy Frame of Reference.

### Policy Fields

The Policy Frame of reference identifies five policy fields. These are:

- ◆ **Active labour market policies to promote employment** - active and preventive strategies - this area is aimed at the recently unemployed and those where prompt action can ensure a speedy return to employment.
- ◆ **An inclusive society, open to all** - special attention should be given to the needs of people with disabilities, ethnic minorities and other groups and individuals who may be disadvantaged, and to the development of appropriate preventive and active policies to promote their integration into the labour market.  
  
The Guidance recognises that exclusion is a multifaceted problem, and other difficulties may have to be tackled at the same time as ESF support is made available.
- ◆ **Promoting employability, skills and mobility through life-long learning** - this policy field covers strategies to broaden access to the acquisition of skills, support the diversification and reinforcement of training opportunities and improve the quality of education and training systems.
- ◆ **Developing adaptability and entrepreneurship** - under this policy field, Member States should demonstrate how, working with the social partners, they can combine their efforts to

modernise work organisation and forms of work, and enable the workforce to adapt better to economic change.

- ◆ **Positive action for women** - specific positive action is required to complement the integration across Priorities and mainstreaming activities. A baseline review is required along with indicators and targets for monitoring purposes.

Other horizontal priorities have to be taken into account: -

- (a) A mainstreaming approach for equal opportunities between men and women is essential;
- (b) the employment potential of the information society must be harnessed in the interests of society as a whole; and
- (c) The contribution of the European Social Fund to promoting local development.

#### RELEVANCE TO CORNWALL AND SCILLY

Although all of the Policy Fields are relevant to Cornwall and Scilly (and are covered in detail in Chapter 9), the employability and enterprise themes are particularly important to rural economies, as is the life long learning theme. The horizontal theme relating to the Information Society is also particularly relevant both as an employment opportunity but also as a delivery mechanism, to provide relevant training at a time and a place that suits the needs of the individual (and contributing to the life long learning priority).

## URBAN AND RURAL DEVELOPMENT AND THEIR CONTRIBUTION TO BALANCED TERRITORIAL DEVELOPMENT

The European Spatial Development Perspective will set a framework at the Member State and European level. The Guidance states that: -

*“the development strategy of each region must also take account of the indicative guidelines in order to include them in a broader overall view, not just of the country in question but the Union as a whole. Similarly, it is important to take account of trans-national effects in establishing investment priorities, notably in the transport sector”.*

The Guidance also states that:

*“In both the Objective 1 regions and the Objective 2 areas, this approach should mean that the various programming documents under the Structural Funds include integrated packages of operations in the form of integrated urban development measures for the main urban areas in the region. Such measures will make a vital contribution to an integrated approach to regional development or conversion.”*

#### RELEVANCE TO CORNWALL AND SCILLY

As a mixed urban and rural area, with significant towns as a result of the history of mineral extraction, the policy guidance on integrated packages of operations is particularly relevant to Cornwall where there is a need to maintain the balance between town and country. It is also important to take account of the spatial dimension and to more effectively link Cornwall into the regional and national economies. This will require improved infrastructure.

## HORIZONTAL PRINCIPLE: SUSTAINABLE DEVELOPMENT

Sustainable development is a horizontal principle within the new programmes, and will require to be fully integrated into the new SPDs. The Guidance states that:

*“Under the Treaty of Amsterdam, the Union’s financial instruments are required to work, simultaneously and in the long-term interest, towards economic growth, social cohesion and the protection of the environment; in other words, sustainable development. Furthermore, the European Council at Vienna has confirmed the political priority of integrating the environment in structural and agricultural policies in the context of Agenda 2000.”*

*“This means that environmental considerations, and in particular compliance with community environmental and nature protection legislation, must be incorporated into the definition and implementation of measures supported by the Structural Funds and the Cohesion Fund. That will also*



*help the Union comply with its international commitments such as those concerning climate change given at Kyoto.”*

#### RELEVANCE TO CORNWALL AND SCILLY

The three strands of sustainable development – economic, social and the environment – are relevant to all communities, but strike a particular chord in Cornwall, where the factors are more closely linked than in other regions. The need to protect and enhance the environment is very important to Cornwall, where the background and resources provided by the natural and built environment is an important source of employment.

### HORIZONTAL PRINCIPLE: EQUAL OPPORTUNITIES

Although Equal Opportunities has been a priority within Programmes for some time, increased efforts are required to properly integrate the issue within the new SPDs. The Guidance states that:

*“Equality for men and women is a basic democratic principle underpinned by the Treaty of Amsterdam. Its incorporation into all policies is no longer an option but an obligation. In this context, an overall mainstreaming approach for equal opportunities must be introduced into all Structural Funds programming. This involves both efforts to promote equality and specific measures to help women and the mobilisation of all general policies by actively and openly taking into account at the planning stage their possible effects on the respective situation of women and men”.*

#### RELEVANCE TO CORNWALL AND SCILLY

Equal opportunities is of particular relevance to Cornwall and Scilly where disadvantage as a result of gender or other factors can be exacerbated by lack of opportunities and difficulties in accessing services, such as childcare, that support equality of access.

### IMPROVING ECONOMIC CONDITIONS IN THE RURAL AREAS

#### Reform of European Rural Policy

The Agenda 2000 proposals (July 1997) have triggered a major reform of European rural policy. It was driven by issues such as globalisation of world trade, World Trade Organisation negotiations towards reduced price support, EU enlargement, and consumer-led quality demands.

As well as changing direct support for mainstream agriculture through a reformed Common Agricultural Policy (CAP), Agenda 2000 has also spawned a new Rural Development Policy commonly referred to as the "second pillar" of the CAP. It aims to *"put in place a consistent and lasting framework for guaranteeing the future of rural areas..."* (CAP Reform - Rural Development, EC Directorate-General for Agriculture). The main features are the strengthening of the agriculture and forestry sectors, improving the competitiveness of rural areas, and preserving the environment and rural heritage.

The key document implementing this policy is the Rural Development Regulation (RD Reg - Council Reg No 1257/1999). It includes support for what are known as "accompanying measures", funding for which is drawn from the EAGGF Guarantee fund. (The UK government uses national schemes to apply those measures relating to agri-environment schemes, compensation in Less Favoured Areas, and afforestation of agricultural land; throughout the country including Objective 1 areas). The RD Reg also authorises support for a range of "non-accompanying measures" to encourage a multisectoral and integrated approach to the rural economy, including:

- ◆ Investment in agricultural holdings (eg, to reduce production costs, to improve the environment, or promote diversification);
- ◆ Setting up of young farmers;
- ◆ Training;
- ◆ Improving processing and marketing of agricultural products;
- ◆ Forestry (including processing and marketing of forestry products);
- ◆ A wide range of measures under Article 33 "promoting the adaptation and development of rural areas".

**RELEVANCE TO CORNWALL AND SCILLY**

The region aims to encourage competitiveness in the food and agriculture sectors, and to assist the structural adjustment of agriculture; whilst safeguarding, and deriving sustainable economic benefits from, its natural environment. These aims closely reflect the new EU rural development policy, and will be achieved by drawing on the RD Reg non-accompanying measures.

**The Rural Development Plan**

The strategic implementation of EU rural development policy includes the agreement of an England Rural Development Plan (ERDP). This, in turn, incorporates a series of regional chapters. The draft SW Chapter sets out a series of goals and objectives, which can be addressed through a range of RD Reg measures. This includes a number of support schemes which will be available only outside the Objective 1 area but which are similar in scope to the measures outlined within this SPD. The ERDP and this SPD are, therefore, compatible with and complementary to one another.

**RELEVANCE TO CORNWALL AND SCILLY**

Although the ERDP does not apply to Objective 1 areas so far as the non-accompanying measures are concerned, compatibility is important. Some initiatives will extend across the Tamar into Devon, and applicants will seek funding from Objective 1 towards activity in Cornwall, and from ERDP schemes for activity in Devon and beyond. Examples include environmental projects for the River Tamar catchment, and investment in processing facilities adding value to produce from Cornwall and Devon.

**UK POLICY CONTEXT****MODERNISING GOVERNMENT**

In March 1999 the Cabinet Office published the paper “Modernising Government”. The paper sets out three aims, all of which have relevance for future policy developments, and European programmes. They are:

- ◆ Ensuring policy making is more joined up and strategic;
- ◆ Making sure that public service users are the primary focus, by matching services more closely to people’s lives;
- ◆ Delivering public services that are high quality and effective.

This commitment has led to Government experimenting with different ways of organising work around cross-cutting issues. These have included the establishment of:

- ◆ The Social Exclusion Unit, which is a cross-departmental team based in the Cabinet Office set up to tackle in a joined up way the wide range of issues which arise from the inequalities;
- ◆ The Women’s Unit which represents the needs of women within government through research, specific project work, and longer-term work on institutional change; and
- ◆ The Performance and Innovation Unit which reports direct to the Prime Minister on selected issues that cross-departmental boundaries, and proposes policy innovations to improve the delivery of Government objectives.

Increased collaboration between departments, and new and innovative policy developments will be a feature of forthcoming initiatives by various Government Departments.

**RELEVANCE TO CORNWALL AND SCILLY**

The new approach to co-ordinated and collaborative policy development – “joined up thinking” – will have a profound impact over the course of the Programme. A more integrated approach is particularly relevant to Cornwall and Scilly, where the small population and limited business base requires a more imaginative and co-ordinated approach to the delivery of public policy.

## OUR COMPETITIVE FUTURE: BUILDING THE KNOWLEDGE DRIVEN ECONOMY

The Department of Industry published the White Paper on “Our Competitive Future: Building the Knowledge Driven economy” in December 1998.

The Paper states that: -

*“In the global economy, capital is mobile, technology spreads quickly and goods can be made in low cost countries and shipped to developed markets. British business therefore has to compete by exploiting capabilities which competitors find hard to imitate. The UK’s distinctive capabilities are not raw materials, land or cheap labour. They must be our knowledge, skills and creativity.”*

And

*“Crucially, this challenge is for all industries, not just new ones. Businesses in all sectors need to exploit new sources of competitive advantage and respond rapidly and flexibly to change. All businesses in the UK, large and small, manufacturing and services, low and high-tech, urban and rural, need to marshal their knowledge and skills to satisfy customers, exploit market opportunities and meet society’s aspirations for a better environment”.*

The Paper provided a number of new initiatives including:

- ◆ A new programme to help one million small businesses harness information and communication technologies (ICTs) to compete more effectively in the digital marketplace;
- ◆ A new Enterprise Fund to support the financing of small businesses with growth potential – including a ground-breaking scheme in which six major financial institutions will provide new venture capital for this type of company;
- ◆ Improve the help given to start-ups – providing a new high-quality advice service targeting 10,000 growth start-ups a year in England;
- ◆ Back the CBI’s nationwide Fit for the Future campaign to encourage a massive increase in the number of companies adopting best practice;
- ◆ Provide funds for the Regional Development Agencies to promote collaborative strategies building on regional know-how;
- ◆ Refocus regional support and financial aid to create higher value-added jobs;
- ◆ Examine the planning system to ensure it encourages enterprise and promotes the needs of industrial clusters;

Other activities included a Competitiveness Index, an invitation to Regional Development Agencies to review business support in their regions and the reshaping of the Small Business Service to deliver the DTI’s strategy set out in this document.

### RELEVANCE TO CORNWALL AND SCILLY

The DTI policy thrust on competitiveness will be influential in developing the new Programme for Cornwall. The economic analysis suggests that Cornwall has a large number of companies with low levels of profitability and in sectors with limited growth potential. There is a pressing need for these companies to increase competitiveness to secure their long-term future. The DTI correctly points out that both low and high tech, urban and rural businesses need to improve competitiveness, and getting this message across to Cornwall’s diverse business base will be an important priority for the Programme.

## THE SMALL BUSINESS SERVICE

The Government has also launched a major consultation on proposals to set up a new Small Business Service. This will be set up as an Agency to provide a voice for small businesses. In addition, the Government proposes to set up an independent advisory body called the Enterprise Council. This will advise the Chief Executive of the Small Business Service.

Key functions of the new service will include:

- ◆ Ensuring that all Government services directed primarily or mainly to small businesses are accessible through a single Small Business Service local gateway;

- ◆ Influencing the design and development of new support programmes for small businesses, including other Government services from which small businesses can benefit;
- ◆ Ensuring that the delivery of business support reflects local needs and regional priorities, in particular through input from local business users and RDAs;
- ◆ Managing the Government's Enterprise Fund, which will invest small-scale equity finance alongside the existing Small Firms Loan Guarantee Scheme.

#### RELEVANCE TO CORNWALL AND SCILLY

As a predominantly small business economy, the introduction of a new comprehensive service for small businesses is particularly relevant to Cornwall. The commitment to a local gateway, simplifying access for local businesses is particularly attractive, as is the commitment to developing a genuine voice for small businesses to directly influence policy.

#### UNITED KINGDOM EMPLOYMENT ACTION PLAN JUNE 1999

**Note: The UK National Action Plan on Employment has been updated in 2003. UK recommendations for 2003 and their links to Programme activity are detailed in Chapter 9, page 210.**

The Department for Education and Employment is responsible for the implementation of the European Employment strategy in the UK, primarily through the National Employment Action Plan. The 1999 Plan and other guidance provide clear guidance on both the policy direction, and on delivery aspects.

The essential components of the national strategy are:

- ◆ sound macro-economic policies delivering sustainable, non-inflationary growth;
- ◆ competitive product markets, and a progressive reduction in barriers to free trade;
- ◆ a climate conducive to the creation and development of small and medium sized enterprises;
- ◆ a highly educated, well trained workforce, able to adapt to the new information based technologies of the future, and the creation of a learning society in which people continue to acquire and update knowledge and skills throughout their working lives;
- ◆ active policies to help people into work and provide security for those who can't work, with provision for helping those excluded through discrimination, deprivation or inadequate educational standards;

In addition, a regulatory framework which provides decent basic standards for those at work, including health and safety at work, while enabling firms to respond flexibly to changing market needs will be developed along with the reform of the tax and benefit system and the introduction of a minimum wage to ensure that work pays.

In particular, in continuing to develop policies, DfEE intends to modernise its efforts by:

- ◆ focusing on outcomes, not processes;
- ◆ building partnerships' capacity to deliver projects;
- ◆ working in partnership with others rather than relying on unnecessary regulation;
- ◆ making the best possible use of new technologies to deliver policies and programmes;
- ◆ being outward looking when formulating and delivery programmes;
- ◆ ensuring high quality impact assessment and evaluation based on effective monitoring systems.

#### RELEVANCE TO CORNWALL AND SCILLY

The focus on outcomes not processes identified by the DfEE coincides with new emphasis placed on ESF delivery by the new Programme. Achieving positive results will be a key theme of all Programme HRD work, and the delivery of appropriate learning through new technology is particularly relevant to a large geographical area where particularly internal public transport services are limited.

Following the adoption of the Amsterdam treaty and the Luxembourg Jobs Summit in 1997, it was agreed that the EU Employment Strategy would be developed around four Pillars of employability, entrepreneurship, adaptability and equal opportunities. Guidelines are produced each year for each Pillar, and these are then transposed into concrete actions through the Member State National Action Plan for Employment.

The UK Employment Action Plan outlines relevant policies by Field and these include:

- ◆ **Active Labour Market/ Promoting Social Inclusion:** 1,000 Employment Service Job centres provide help to individual jobs seekers. Support available includes the Jobseekers Allowance (JSA), as well as New Deal for 18-24 years olds, which seeks to support young people claiming JSA for 6 months, and New deal for long-term unemployed over 25 years of age. New Deal is central to the UK Government's Welfare-to-Work agenda, and includes New Deal for people aged 50 plus and New deal for Lone parents. A pilot entitled New deal for Disabled People has also been introduced.  
  
Employment Zones combine resources targeted at the long-term unemployed aged over 25 years. These are tightly defined geographic areas to address what are regarded as intractable problems. The Neighbourhood Support Fund seeks to overcome the barriers faced by disadvantaged teenagers.  
  
ONE is a pilot programme to provide a more integrated and efficient benefits system to deliver the principle of work for those who can, security for those who cannot. The National Minimum Wage and Working Families Tax Credit have also been introduced to 'make work pay'.
- ◆ **Promoting Lifelong Learning:** the UK Government has established a National Skills task Force, made up of representatives from industry, TECs and trade unions to help identify the main skills gaps and ways to bridge these gaps. This led to a package to improve the UK skills for the millennium, including a regional skills strategy and national IT strategy. National Learning Targets have been introduced to replace the National Training and Education Targets (NTET).
- ◆ **Adaptability and Entrepreneurship:** includes emphasis placed on self-employment. It is an option under New Deal, but is also supported under regional initiatives and Territorial Employment Pacts. Individual Learning Accounts (ILAs) allow individuals to invest in their own learning, with a minimum contribution from the learner topped up by employers and/or Government. University for Industry (Ufi) is a brokerage connecting individuals and businesses with learning deliverers. Investors in People is also promoted – a standard introduced in 1991 to encourage organisations to invest in the continuous improvement of the workforce.
- ◆ **Women in the Labour Market:** led primarily through the Women's Unit in the UK Government Cabinet Office. Initiatives include National Strategy for Childcare, for those 0-14 years, and up to 16 for those with special needs, with support for out-of-school provision through the New Opportunities Fund – which distributes National Lottery grants for education, health and the environment.

#### RELEVANCE TO CORNWALL AND SCILLY

All of the policy areas are relevant to the situation in Cornwall and Scilly, but the emphasis on life long learning and individuals taking responsibility for their own skills development is particularly pertinent to a rural area such as Cornwall and Scilly, where people need to be more pro-active to secure access to training opportunities and enhance their own employment prospects.

## LEARNING AND SKILLS COUNCIL

The White Paper Learning to Succeed- A New Framework for Post-16 Learning was presented by the Secretary of State for Education in June 1999. The White Paper focuses on the fact that in the information and knowledge-based economy, investment in human capital – in the intellect and creativity of people – is replacing past patterns of investment in plant, machinery and physical labour.

The Paper proposes the creation of a new Learning and Skills Council for England, responsible for strategic development, planning, funding, management, quality assurance of post-16 education and training. The Council will take on responsibility for funding for FE sector colleges from FEFC; Government funded training and workforce development from TECs; and adult and community learning from local authorities. It will also assume responsibility for advising the Government on the

National Learning Targets from NACETT. Its primary function will be to meet the learning needs of businesses, individuals and communities by putting in place a consistent and coherent system of funding.

The proposal makes for the operation of the national council through a network of 40-50 local Learning and Skills Councils. Local Learning and Skills Councils will be responsible – with the support of local Learning Partnerships – for:

- ◆ Assembling data for their area on the characteristics of client groups;
- ◆ Drawing up an assessment of local skills needs. These assessments will need to draw on and in turn support the RDA's Regional Economic Strategy;
- ◆ Publishing an annual statement of priorities;
- ◆ Managing a discretionary budget;
- ◆ Ensuring a fair and competitive market which new providers are encouraged to enter;
- ◆ Developing local delivery plans;
- ◆ Developing an overall quality improvement strategy;
- ◆ Focusing local provision more closely on customer needs.

#### RELEVANCE TO CORNWALL AND SCILLY

The introduction of the new Learning and Skills Council, and the establishment of local learning partnerships, will be of considerable assistance in implementing HRD and training policies in Cornwall and Scilly. The development of local delivery plans and the focussing on local provision of customer needs, fits closely with the proposed Strategy which seeks to tailor ESF support to the needs of the region, rather than to some generic model.

## REGENERATION POLICIES

The Department of Environment, Transport and the Regions has taken a lead role in the economic regeneration of communities. Regeneration programmes work through partnership and lever in substantial income from the private sector. Single Regeneration Budget partnerships have proved effective at working horizontally across traditional Departmental boundaries. The integrated approach balances social, environmental and economic issues, in pursuit of sustainable development.

The Department's Public Service Agreement performance targets for regeneration state that by 31 March 2002 the Department will:

- ◆ In partnerships with others, delivery over 50 new major SRB projects – at least one in each of the most deprived local authority areas – and 40 New Deal for Communities projects combating social exclusion through focused and intensive neighbourhood renewal; and
- ◆ Support the Local Government Association's New Commitment for Regeneration initiative in 22 pathfinder areas.

The Single Regeneration Budget has been administered by the Regional Development Agencies since April 1999.

#### RELEVANCE TO CORNWALL AND SCILLY

As a recipient of SRB support Cornwall has and will continue to benefit from the focus on a number of themes relevant to the County, including targeting the most disadvantaged, and a commitment to sustainable outcomes. The emphasis of SRB on acting in concert with other initiatives is particularly relevant to Cornwall where communities targeted by SRB support, unlike in larger urban areas, do not have access to larger labour markets

## EDUCATION ACTION ZONES – DEPARTMENT FOR EDUCATION AND EMPLOYMENT

The Government is committed to raising standards in schools and the DfEE has stated that to address problems within particular areas there is a need to “*explore imaginative ways of working using sustainable local partnerships which build on the roles of schools, local communities and LEAs. They*

*will operate in the context of the national policies to improve levels of achievement in literacy and numeracy.”*

Education Action Zones are clusters of schools – usually a mix of not more than 20 primary, secondary and special schools – working in a new partnership with the LEA, local parents, businesses, TECs and others. This partnership will encourage innovative approaches to tackling disadvantage and raising standards.

In some cases these partnerships will build on local networks already in place; in others, new ones will be created. The partnership will certainly involve a central role for business. It might also draw in local and national agencies and charities involved in, for example, health care, social care and crime prevention. In some areas Education Action Zones will link to health or employment zones and with projects funded by the Single Regeneration Budget.

## **HEALTHY LIVING CENTRES – DEPARTMENT OF HEALTH**

The Department for Health has established a number of Healthy Living Centres to contribute to the success of the Government’s health strategy and complement existing provision. They are designed to provide a valuable vehicle for local, community action to improve health, which is one of the pillars of the Government’s health strategy.

Healthy Living Centres will contribute to tackling inequalities in health. Priority will be given to projects which focus on areas of deprivation, urban and rural, and the needs of people who experience worse health than average. Centres are expected to be independent. Bids are invited from a range of organisations, and local interests in voluntary, public and private sectors will be encouraged to work together.

The Healthy Living Centres initiative will complement the Government’s plans for Health Action Zones which also aim to tackle inequalities in health. Funds for Healthy Living Centres are additional to existing and planned expenditure on the NHS. NHS activity will continue to be funded through the core health-spending programme.

## **SUSTAINABLE DEVELOPMENT**

DETR published *A Better Quality of Life: A Strategy for Sustainable Development for the United Kingdom*, in May 1999. The UK Strategy has four main objectives. These are:

- ◆ Social progress which recognises the needs of everyone;
- ◆ Effective protection of the environment;
- ◆ Prudent use of natural resources;
- ◆ Maintenance of high and stable levels of economic growth and employment.

The priorities set out in the strategy are:

More investment in people and equipment for a competitive economy;

To reduce the level of social exclusion;

To promote a transport system which provides choice, and also minimises environmental harm and pollution;

To improve larger towns and cities to make them better places to live and work;

To direct development, promote agricultural practices to protect and enhance the countryside and wildlife;

To improve energy efficiency and tackle waste;

To work with others to achieve sustainable development internationally.

### **RELEVANCE TO CORNWALL AND SCILLY**

The effective preservation of the environment, the prudent use of natural resources, and the promotion of agricultural practices that enhance the countryside are all particularly relevant to Cornwall and Scilly. The emphasis on developing a competitive economy and reducing exclusion also strike a chord in an economy

characterised by low wages and high unemployment. Actions to develop the four objectives of sustainable development will be a feature of the new Programme.

## A NEW DEAL FOR TRANSPORT: BETTER FOR EVERYONE

An overriding aim of the Government's White Paper 'A New Deal for Transport: Better for Everyone' is to increase personal choice by improving alternatives to the private car and securing mobility for all that is sustainable in the long-term. In the broader context, the relationship between transport and the environment, land-use planning, education, health and economy should be sustainable and positively contribute to quality of life.

Transport is a key priority in the Government's aim for 'A Better Quality of Life'. With regard to road proposals the new approach to appraisal will be: -

*"...schemes and other projects, are assessed against criteria of environmental impact; safety, economy; accessibility (to public transport services, for example); and integration with land use and other transport proposals and policies. Development is continuing so that it can be applied to other modes of transport..."*

Within the context of national development, the objectives include:

- ◆ Maintenance of high and stable levels of economic growth and employment;
- ◆ Social progress which recognises the needs of everyone;
- ◆ Effective protection of the environment;
- ◆ Prudent use of resources.

### RELEVANCE TO CORNWALL AND SCILLY

Transport remains a key consideration for Cornwall and Scilly, a result of the distance involved in reaching national markets, and also within the region, where lack of public transport provision act as a constraint on individuals' accessibility. The emphasis on developing a competitive economy requires suitable transport infrastructure and services covering all modes. This is required to ensure that the region remains a competitive location for existing companies, and is able to compete for new investment. For the Isles of Scilly, sea and air transport are the lifeline for the community and the conduit for the tourist and agricultural economy.

## RURAL WHITE PAPER – RURAL ENGLAND: A DISCUSSION DOCUMENT

The DETR published a discussion paper, Rural England, examining rural issues. The Paper presented five strands to current Government thinking. These are:

- ◆ *"The Government believes in a living countryside, with thriving rural communities in which all residents are included, and in which there is access to services, such as healthcare, schools and shops.*
- ◆ *It should also be a working countryside, contributing to national prosperity as part of a competitive economy, with a balanced mix of businesses (including land-based industries) jobs and homes, reducing the need to commute long distances.*
- ◆ *At the same time, the Government recognises the interdependence of town and country, and wishes to strengthen the relationships between the two.*
- ◆ *The Government also wants a countryside in which the environment is properly protected and its qualities enhanced in a way which sustains the lives of those who live and work there or visit it.*
- ◆ *Finally, it should be a countryside for all, where there is plentiful access so that the character of the countryside can be enjoyed widely."*

The Paper identified the key elements of a prosperous countryside as:

- ◆ **Ensuring economic vitality:** The Government wants to foster a strong, competitive economy in rural England; one which contributes positively to the national economy, and where there are viable businesses supporting local communities and jobs and the local environment;



- ◆ **Sustainable Development:** policies should take account of social, economic and environmental factors and achieve an integrated approach to ensure a sustainable long-term future. In rural areas this will include integrating policies for major land uses (agriculture, forestry etc) with other rural economic, social and environmental objectives and enhancing the countryside as an environmental asset.
- ◆ **Strong Communities with Access to services:** people living in rural areas should have opportunities to receive a wide range of public services such as healthcare and public transport; and participation and community involvement.

#### RELEVANCE TO CORNWALL AND SCILLY

The themes developed in the white paper closely reflect the needs of Cornwall. Economic vitality is what the County requires to develop in order to ensure the sustainability of communities. The acknowledgement of the rights of rural communities to a wide range of public services is central to the maintenance of the quality of life, an acknowledged key asset in the case of Cornwall.

## DEPARTMENT FOR CULTURE, MEDIA AND SPORT

The Department for Culture, Media and Sport is responsible not only for culture media and sports, but also for tourism in the UK. DCMS has a number of key goals and will act in partnership with others to:

- ◆ Remove obstacles to growth, including unnecessary regulation, so as to promote Britain's success in the fields of culture, media, sport and tourism, at home and abroad;
- ◆ Develop the educational potential of all the nation's cultural and sporting resources; raise standards of cultural education and training; ensure an adequate skills supply for the creative industries and tourism; and encourage the take-up of educational opportunities;
- ◆ Promote the role of the Department's sectors in urban and rural regeneration, in pursuing sustainability and in combating social exclusion.

#### RELEVANCE TO CORNWALL AND SCILLY

The emphasis on cultural, creative industries, and tourism training is important in the Cornwall and Scilly context, where additional employment can be secured, and (in the case of tourism) current employment can be safeguarded. Given the importance of tourism and creative industries such as crafts to some of the more disadvantaged communities in Cornwall and Scilly, the linking of these sectors to urban and rural regeneration is particularly relevant.

## TOMORROW'S TOURISM (DCMS) 1999

The Department for Culture, Media and Sport has produced a national tourism strategy. The document recognises the growing economic importance of tourism, its potential contribution to sustainable development and its potential to regenerate towns, cities and rural areas.

A number of major weaknesses are identified. These include:

- ◆ Its (the tourism sector's) great diversity means that, collectively, it lacks the ability to think and act strategically;
- ◆ Demand is seasonal and is subject to changes in fashion and interest;
- ◆ It suffers from a lack of market information, or the ability to interpret and respond to it; and
- ◆ It is reliant on infrastructure determined by central and local government policies in areas such as transport and planning but, at the same time, it can place burdens on that infrastructure.

The strategy states that "the key to success is achieving excellence – providing the best and most consistent quality experience for tourists. As the number and range of overseas destinations grows, we must raise standards if we are to compete successfully. Every business in tourism has a part to play in meeting the challenge of changing customer expectations."

Four of the six key areas identified for action are directly relevant to Cornwall:

- ◆ Regenerating traditional resorts;

- ◆ Improving the quality of tourism accommodation;
- ◆ Improving the quality and range of tourist attractions; and
- ◆ Developing products which promote our culture, heritage and countryside.

#### RELEVANCE TO CORNWALL AND SCILLY

The analysis and policy direction developed in the new strategy directly relate to the situation in Cornwall and Scilly. The need to develop excellence to ensure the sustainability of tourism employment, the need to regenerate traditional resorts, and the potential of tourism related to culture, heritage and the countryside are themes that are and will be taken up by organisations within Cornwall and Scilly. The potential of tourism as a catalyst or driver for regeneration is an important acknowledgement of the positive benefits of a successful tourism sector.

## REGIONAL AND LOCAL POLICY CONTEXT

The White Paper Building Partnerships for Prosperity was published in December 1997, setting out Government plans for the development of the English regions. The Regional Development Agencies Act 1998 received Royal Assent in November 1998 and the South West RDA was established on 1 April 1999. The core task of the RDA is to revitalise the region through the development of the Regional Economic Strategy. This will aim to provide a focus to sharpen investment decisions made by public bodies in a wide variety of funding streams.

Core functions include:

- ◆ Administering the Single Regeneration Budget Challenge Fund;
- ◆ Administering and combining the regeneration role of English Partnerships and the Rural;
- ◆ Development Commission;
- ◆ Absorbing and integrating the activities of existing inward investment agencies;
- ◆ Promoting technology transfer;
- ◆ Developing a skills agenda;
- ◆ Advancing sustainable economic development.

## REGIONAL STRATEGY FOR THE SOUTH WEST OF ENGLAND

### The South West of England Regional Development Agency

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:

#### 1. To increase prosperity by improving business competitiveness through:

Physical and business infrastructure which supports business needs and provides for the future needs of the economy;

Key industrial sectors that will underpin a strong regional economy;

Quality and targeted business support;

A learning culture in people and business.

Strategic objective one states that *'creating wealth is at the heart of the region's drive for a prosperous and sustainable future'*. This investment required to address the social, environmental and economic problems of the South West *'will only be available if the region has a successful economy with profitable and growing businesses'*.

**To address social and economic imbalances** through:

- § reducing the barriers to employment and training;
- § sustainable regeneration programmes;
- § linkage between urban and rural areas;
- § investment to benefit areas of greatest need.

Strategic objective two asserts that despite a generally buoyant economy *'poverty, deprivation and under-achievement are evident throughout the South West'*. The strategy identifies the major cities as concentrations of deprivation, but also the rural areas *where 'similar problems exist but (where they) are much more dispersed'*. The strategy identifies disadvantaged groups (lone parents, young people, the elderly, ethnic minorities) and states that *'a successful and sustainable economy needs to deal effectively with these imbalances'*.

**2. Improve regional coherence** through:

- § strengthening the image of the South West;
- § being an intelligence-based region;
- § improving and simplifying delivery structures and developing quality partnerships;
- § streamlining funding processes.

Strategic objective three suggests that the South West has not had a history of working together well as a region. It therefore asserts that *'it is vital that organisations work together more coherently...responsibilities need to be clear and complementary and partnerships at a regional and sub-regional level need to work effectively'*. In this way the strategy seeks to be more effective in accessing regional and national support, be able to lobby more effectively for policy and legislative changes and to negotiate more strongly with other regions.

The Strategy identifies four strategic **Drivers** as key for 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. In this way, the region seeks to be *'famous as an internationally competitive business environment which demonstrates, in every activity, the effective and innovative use of new technologies, best practice and knowledge in business, households and institutions'*.
- ◆ **Skills and Learning** – equipping people with skills and adaptability needed to underpin a modern, developing and inclusive economy. The issue of skills development and learning *'is absolutely central to the long-term well-being of the regional economy and the reason that it is essential Driver which will underpin many of the measures and actions in the strategy'*.
- ◆ **Environment** – ensuring that the region's unique cultural and environmental assets are used to attract and develop business potential. In its broadest sense, the environment *'is the key Driver for a sustainable and successful South West economy of the future and is the essential thrust of the Regional Strategy'*.
- ◆ **Partnership** – this is the Regional Strategy's one "operational driver": Partnership South West. In effect, this Driver will enable the South West to *'operate as a cohesive region, building upon strong local identities, where all organisations take decisive and effective action, demonstrating high standards of efficiency and customer focus'*.

**RELEVANCE TO CORNWALL AND SCILLY**

The Regional Economic Strategy closely reflects the opportunities available to Cornwall and Scilly. The emphasis on competitiveness, reducing social and economic imbalances and developing quality partnerships are all relevant. Two of the four key drivers are fundamental to addressing the problems facing Cornwall and Scilly – improving skills and securing new and additional benefits from cultural and environmental assets. By applying these drivers to Cornwall and Scilly will also to make a significant contribution to the successful implementation of the Regional Strategy for the South West.

The Regional Strategy for the South West of England identifies a set of values and operating principles that underpin the strategy and which will guide the actions of the South West RDA and of regional partners in delivering the Strategy.

**The values** are: -

- ◆ Equity of opportunity and social justice;
- ◆ Stewardship;
- ◆ Openness and transparency; and
- ◆ Quality.

These are accompanied by a number of **operating principles**, namely: -

- ◆ Partnership;
- ◆ Customer focus;
- ◆ Adding value;
- ◆ Sustainability;
- ◆ Subsidiarity;
- ◆ Better before bigger;
- ◆ Making clear priorities (P.E.A.R. Promote, Encourage, Accept Reject);
- ◆ Best value.

The values and operating principles have been included in the Strategy on the basis that the way in which a service is delivered is as important as the service itself.

**RELEVANCE TO CORNWALL AND SCILLY**

Equity of opportunity and stewardship strike a chord within Cornwall and Scilly where the distance from the national economy often reduces the opportunities open to local people, and where these same people are the guardians of an environment that millions of people come and visit every year. The themes of subsidiarity and partnership are also relevant to Cornwall, and Scilly, where the distances involved within the region are considerable, and where more effective delivery involves genuine partnership.

A series of nine Regional Frameworks for action will translate the Regional Strategy into action. The South West RDA will also work with the Sub-Regional Partnerships, including the Cornwall Economic and Tourism Forum, in the development of their own sub-regional economic strategies and action plans. These action plans will provide the key mechanisms for implementing the Regional Strategy. The Cornwall and Scilly Objective 1 Single Programming Document is also an important means of breathing life into the Regional Strategy.

**Draft Regional Planning Guidance For The South West**

The South West Regional Planning Conference has produced draft Regional Planning Guidance for the South West, after extensive consideration and research. The draft RPG is the subject of public consultation and will be considered by an Independent Panel appointed by the Secretary of State. Following consideration of the Panel's report, the Department of the Environment, Planning and the Regions will issue revised Regional Planning Guidance.

The RPG and its policies provide a strategy and framework for the distribution of land use policies. It covers land use, transport, economic development and the environment, and covers the period up to 2016.

As the RPG notes there is a close link to the work of the South West of England RDA:

*“The aims and objectives of the this RPG are closely related to the mission, objectives and strategic drivers in SWRDA’s Consultation Draft regional Strategy published in June 1999”.*

The RPG sets out a vision for the South West of: -

*Developing the region, in a sustainable manner, as a national and European region of quality and diversity, where the quality of life and environment for residents, the business community and visitors will be maintained and enhanced.*

The aims to develop this vision are: -

- ◆ PROTECTION of the environment
- ◆ PROSPERITY for communities, and the regional and national economy
- ◆ PROGRESS in meeting society’s needs and aspirations
- ◆ PRUDENCE in the use of resources

The RPG notes that: -

*“Cornwall and the Isles of Scilly have an outstanding natural environment, and are culturally distinctive, but have a weak and vulnerable economy.... The area has a very low level of GDP per capita, relatively high unemployment, very low earnings per head, a fragmented industrial structure, inadequate infrastructure and has suffered a severe decline in traditional employment sectors.”.*

The document also notes that: -

*“the Isles of Scilly are a uniquely peripheral part of England, with an environment of high quality. With a population of only 2000 there is a continuing struggle to maintain viable and balanced communities on the islands. There is a need to maintain and improve the air and sea links to the islands, and protect the environment”.*

The RPG presents a series of policies to address the difficulties facing Cornwall and Scilly including to: -

- ◆ Maintain an attractive and culturally distinctive environment alongside the need to promote a high value added economy;
- ◆ Promote indigenous employment opportunities;
- ◆ Reduce the adverse effect of a peripheral location of Cornwall and the Isles of Scilly by improving transport linkages;
- ◆ Focus new developments in towns to enhance their roles as service centres and improve the fabric, appearance and vitality;
- ◆ Provide for development in the Plymouth sub-region;
- ◆ Facilitate a collective approach by towns in mid and west Cornwall to retain and attract investment beyond the Plymouth sub region;
- ◆ Maintain Truro’s role as a sub-regional shopping centre and administrative centre and promote investment in Camborne/Redruth.

#### **RELEVANCE TO CORNWALL AND SCILLY**

The vision and aims outlined in the Draft Regional Planning Guidance are of direct relevance to Cornwall and Scilly. The policy emphasis on environmental and distinctiveness, on improving transport links and on the need for indigenous growth and balanced spatial development are targeted on the needs of the area.

### **Regional Planning Guidance For The South West - Transport**

The Regional Planning Guidance for the South West (July 1994) sets out the context within which the Development Plans for the County can be reviewed and developed. The Guidance seeks to:

*“provide for a safe and efficient transport system to serve the existing and future needs of the South West”, whilst stressing that “sustainability should be the cornerstone...”*

Within the context of regional policy development, a transport strategic principle is:

*“encouraging and promoting transport patterns which meet the needs of residents, businesses and visitors whilst minimising environmental impact and assisting reductions of traffic, in particular but: focusing development on towns and town centres; increasing self containment and strengthening local centres; reducing the need to travel by the location of land uses in relation to each other; and improving public transport”.*

The Guidance specifically mentions Scilly calling for agencies to “support the maintenance and enhancement of reliable services to the Isles of Scilly”.

#### RELEVANCE TO CORNWALL AND SCILLY

The need to balance improved transport for people and businesses, against the potential environmental impact of enhanced infrastructure is particularly appropriate for the situation in Cornwall and Scilly, where the environment is a key asset. The strengthening of local centres and development based around towns is particularly relevant to the settlement pattern and opportunities in Cornwall and Scilly.

### **Towards 2020: A Tourism Strategy For The South West**

West Country Tourist Board has developed a long-term strategy for the tourism industry in the South West. The intention is that by 2020 the region will have: -

- ◆ Achieved a faster growth in tourism spend than the national average, with a target of £3.5 billion or 60% increase in the real value of tourism spend by 2020;
- ◆ Increased the number and quality of jobs supported by tourism; with a target of an additional 70,000 jobs by 2020;
- ◆ Increased the proportion of GDP in the region arising from tourism and leisure activity;
- ◆ Provided opportunities for new entrants and tourism related businesses across the region.

The sustained development of tourism to 2020 will be guided by the need to ensure: -

The economic prosperity of businesses in the tourism sector so that they invest in the quality and range of facilities and in the training and development of their staff;

That the development and management of tourism should be fully consistent with conserving the superb quality of the local environment;

Its acceptability to local communities who host tourism activity.

This will be achieved by: -

Increasing the value of the average spend per day per visitor in the region;

Establishing and maintaining world-class standards for quality of service and provision;

Strengthening the links between the tourism industry and the rest of the economy;

Raising the status of the tourism industry and the rewards for those working in it.

These objectives require that tourism in the South West:

Competes on the basis of the quality and distinctiveness of the destination;

Focuses on market segments which can yield higher value and longer seasons, and for which the South West can offer unique and/or highly competitive products;

Adapts the tourism infrastructure and product in a sustainable manner to maximise the opportunities to attract the target markets;

Engages the support of stakeholders, including local communities, private business and land owners, through developing local and regional partnerships which share common vision and take joint action.

#### RELEVANCE TO CORNWALL AND SCILLY

Tourism is the major employment sector in Cornwall and Scilly, although it is characterised by low wages and seasonal employment. The need to strengthen and further develop the sector is crucial to the well being of the wider economy. The West Country Tourist Board's long-term plan is particularly relevant to Cornwall and Scilly,

where a shift to a product that competes on quality rather than price will take some time to achieve

## The Cornwall Structure Plan

There are a number of local strategies which will heavily influence how the Objective 1 Programme will be implemented in Cornwall and Scilly. Many of these relate to particular topic areas, such as small business development, and these are outlined in later sections of this document. The Cornwall Structure Plan will however influence all elements of the new Programme.

The Structure Plan was developed over a number of years, and followed on from an extensive analysis of conditions in the County, and future trends, and also involved a major consultation exercise. It covers the period up to 2011 and is the major long-term strategy for the County.

### Key Economic Objectives

The Structure Plan sets a number of economic objectives, and these essentially encompasses the need to develop the economy taking account of the key characteristics of the County, including the need to strengthen the principal towns as employment centres while at the same time supporting rural diversification. The key economic objectives are:

- ◆ To facilitate development of the local economy, including rural diversification and expansion of maritime related industries, so as to reduce unemployment, provide for growth in the work-force and build on the potential for business;
- ◆ To ensure that wise use is made of the County's economic resources (people, and, sea and buildings), respecting the inherent quality, character and diversity of the coast, countryside and culture of Cornwall;
- ◆ To maintain and enhance the attractiveness, vitality and viability of urban areas as employment, shopping and service centres accessible to all sections of the community;
- ◆ To enable the efficient and effective movement of people and goods both within Cornwall and between Cornwall, the rest of the country and Europe by road, rail, sea and air.

### Key Social Objectives

- ◆ The Structure Plan explicitly recognises the need to address special issues. The key objectives centres on strengthening existing communities, and improving access to opportunities. The key social objectives are:
- ◆ To promote the diversity and distinctiveness of local communities;
- ◆ To steer investment and resources to areas of greatest need, reducing social and economic disparity and enabling regeneration;
- ◆ To improve accessibility between jobs, services and facilities by enabling choice for attractive alternatives to car travel.

### Key Environmental Objectives

The Structure Plan recognises the importance of the environment in the Cornwall context, particularly in relation to its contribution to a number of key economic sectors. It also recognises the need to address particular threats, and also the opportunity to take advantage of opportunities. The key environmental objectives are:

- ◆ To make more efficient use of energy and to develop the renewable energy potential of Cornwall;
- ◆ To protect and enhance the natural environment;
- ◆ To minimise the production of waste and pollution to land, air and water and, where possible, to reverse existing degradation;
- ◆ To protect and enhance the landscape, heritage, and built environment.

These objectives are supported by a number of specific policy objectives and these are highlighted in later sections of this document to strengthen the links between the Structure Plan and the Objective1 Programme.

## ISLES OF SCILLY ECONOMIC DEVELOPMENT STRATEGY

The Isles of Scilly developed its current economic strategy in 1995, which was subsequently updated in 1998. The key goal of the strategy is:

*“To improve the economic base of the Isles of Scilly through appropriate, sustainable development, in order to maintain the islands’ communities, whilst protecting and enhancing the unique quality of the Scillonian environment”.*

Within the plan there are a number of objectives within individual sectors. These sectors are the critical areas that are most vital in determining economic activity. Each of these sectors contains a key statement. These are listed below, as the drivers of Scillies’ economic development strategy.

- ◆ **Environment** - To protect and enhance the unique character of the Isles of Scilly - its cultural, environmental, historic and archaeological heritage.
- ◆ **Tourism** - To develop a sustainable and thriving tourism industry that is responsive to change and new opportunities for the visitor without compromising the unique character of the islands and its wealth of natural, cultural, historical and archaeological heritage.
- ◆ **Transport** - To achieve the provision and maintenance of adequate, efficient, reliable and affordable transport systems in order to support the needs of the local community and the tourism industry.
- ◆ **Agriculture and horticulture** - To promote agriculture and horticulture in the islands and thereby increasing opportunities for employment, encouraging both existing practices and appropriate diversification in produce, products and market opportunities, create added-value opportunities from produce and also increasing recognition of the benefits from farming in terms of its contribution both to the environment and to the local economy.
- ◆ **Business and service industries** - To develop existing businesses and generate sustainable new enterprises that could provide employment opportunities, being responsive to technological advances and the needs of both the local community and the changing needs of tourism and other industries.
- ◆ **Fisheries** - To promote a sustainable fishing industry, and harness the opportunities for existing and new business activities.
- ◆ **Telecommunications** - To achieve access to the full range of existing and future telecommunication services to help in the social and economic development of the islands and to minimise the effects of peripherality.
- ◆ **Postal services** - To ensure full and continuing access to existing and future postal services for the Isles of Scilly.
- ◆ **Communities** - To ensure that local distinctiveness, quality of life and community identity are preserved with specific emphasis on projects that encourage self-help groups and community involvement.

## THE IMPORTANCE OF THE POLICY CONTEXT

There is an obligation to take account of the policies of the European Union. At the same time, it is important that the new Programme also allows Cornwall and Scilly to make a contribution to the policy objectives of the UK Government. Ensuring compliance and complementarity with the national and EU policy direction has been a relatively straightforward exercise. The policy emphasis closely fits with the problems and opportunities facing Cornwall and Scilly. As such, there has been no need to alter the main areas of intervention that the economic analysis indicated was relevant and necessary.

In policy terms, there has never been a more suitable time to match the needs and aspirations of the people of Cornwall and Scilly, with the direction and support offered by both the European Union and the UK Government. Current policies strike a balance between providing support to those most in need, with the requirement to increase competitiveness to ensure sustainable growth.



The four broad themes emerging from the review of policy are:

- ◆ Competitiveness;
- ◆ Skills and enterprise;
- ◆ Social inclusion and balanced communities ;
- ◆ Sustainable development.

All four of these themes are relevant to Cornwall and Scilly and have been taken into account in developing the strategy.

Related developments also provide additional support to Cornwall. and Scilly The policy emphasis on partnership, on targeted support across a number of policy fields, and the establishment of a number of new bodies to operate in the regions – Learning and Skills Council and the Small Business Service - offer additional opportunities to tailor national policy to local needs.

The most important policy development is the creation of the South West RDA (and the development of a Regional Strategy), with the resources to target those areas most in need, and to create better and stronger links between prosperous areas and those lagging behind. This additional strategic influence will be important; not only in setting the Objective 1 Programme in a wider context, but also in helping to ensure that sufficient support is available to fully implement the Programme.

