

## **CHAPTER 8: REGIONAL STRATEGY**

### **INTRODUCTION**

A number of factors have influenced the development of the Strategy for Cornwall and the Isles of Scilly. These have included a detailed review of conditions (summarised below), a review of the policy context, and a comprehensive SWOT. The process of reviewing the information and analysis, has led to a candid assessment of the current situation, and future prospects for the region. This has identified both the scale of the task involved in achieving significant progress towards convergence, and the opportunity which the implementation of a new Strategy offers.

The key steps in developing the Strategy have been the review of regional conditions and trends, the new policy context and the implications for Cornwall and Scilly, and the development of the SWOT, with a particular emphasis on the opportunities.

### **CONDITIONS IN THE REGION**

An extensive socio-economic analysis has been carried out by the Partnership. This has concluded that while Cornwall and Scilly was viewed as an excellent place to live for some people, the large proportion of the population had only limited access to a whole range of services and opportunities compared with many other areas. This is compounded by the predominance of low wage economic sectors, and a relative absence of higher skilled and paid jobs in new growth sectors.

The economic analysis carried out by independent consultants identified a low level of activity and a high level of unemployment. There is within the working population a high proportion of part time working, for both men and women; this is then compounded by the lowest average wage rates in the UK – on average 25% below the norm. The result is a region with a GDP per capita that is the lowest in UK and on a par with many of the poorer Mediterranean regions.

The sheer scale of part time and low paid employment means that exchanging some low paid for some high paid jobs will not address the deep-seated nature of Cornwall and Scilly's problem. As such, the generation of new jobs will only partly improve the situation; equally as important is the need to raise the competitiveness of a significant part of the business base to a level where wages closer to the national average are the norm. In 1998, 50% of full time employees (60,000 jobs) within the region earned less than £250 per week compared with 28% in England. A major aim is to transform as many of these jobs as possible into better paid ones, in more competitive and profitable companies.

The region's peripherality affects all aspects of the social and economic life of the community, and the distance from the more prosperous parts of South West of England and national economy results in a tangible feeling of isolation.

### **THE NEW POLICY CONTEXT**

The policy context has been a major influence in the development of the Strategy. Both EU and national Government policies have a number of common objectives, notably with regard to competitiveness, learning and addressing exclusion. These policy directions have been central themes in the development of the Strategy, and echo key weakness in the economy, identified in the economic review.

The most important policy development has been the establishment of the South West of England RDA, its development on behalf of the region of the regional Strategy, and the subsequent development of a series of frameworks For Action. These have allowed the objective 1 strategy to be developed within broader regional framework.

### **BUILDING ON STRENGTHS AND SEIZING OPPORTUNITIES**

Conditions in area reflect the recently awarded Objective 1 status. While it is important to understand the baseline position and to assess conditions against a broad range of indicators, the solution to Cornwall and Scilly's problems lies in looking to the future, rather than dwelling on the past. Many of the industries and jobs that have been lost will never return. Future prosperity depends on building upon the acknowledged strengths, and taking advantage of opportunities.

The key strengths of Cornwall and Scilly are its environment, distinctiveness and sense of community, although these have often been overshadowed by the poor economic performance of the region. The potential benefits of the region's environment and cultural distinctiveness should not be underestimated.

Along with many remote and rural areas, Cornwall is often reluctant to celebrate its strengths, yet the County is one of the few areas in the UK where manufacturing employment has increased significantly and it is the home of both world class companies and facilities (some of which have been developed with EU support), although these are admittedly small in number.

There are, however, a number of opportunities to reduce this isolation, build on success, develop new markets, and capitalise on this distinctiveness. These include new organisational arrangements, such as the establishment of the South West of England Regional Development Agency, and a more coherent wider policy context including the Regional Rural Development Plan, particularly relating to competitiveness, skills and social inclusion (recognising both need and opportunity).

In addition, new developments in ICT have the potential to have a major impact on rural economies, as has the move to a knowledge based economy, although Cornwall and Scilly will have to be creative to secure advantages from these new developments in an increasingly competitive marketplace.

## TOWARDS A BETTER FUTURE – THE VISION FOR CORNWALL AND SCILLY

There is a determination amongst all of the organisations involved in the development of this Programme to work towards securing a prosperous and dynamic Cornwall and Scilly. To achieve this an aspirational vision has been established. This will act as the long term aim, not only for the Objective One Programme, but also for the work of the many partner organisations involved in social, economic and environmental development of Cornwall and Scilly.

It has been agreed that:

***The vision is one 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***

The extensive deliberations on how to successfully achieve this mission led to the development of three key themes – the need to create wealth, the need to support communities, and the need to enhance the distinctiveness that makes Cornwall an attractive place to live, and which also makes many people stay in the region even though opportunities are limited. A key feature of the consultations that have taken place to date is the need to balance development with the need to maintain and enhance the environment.

## STRATEGIC OBJECTIVES

There are three strategic objectives that will contribute to realising the Programme mission. These have been developed to make a direct and measurable contribution 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 capitalise on the economic opportunities of the distinctiveness of Cornwall and Scilly.

## **TO INCREASE ABSOLUTE PROSPERITY**

The main aim of the Objective One Programme must be to increase the wealth of the region. Cornwall actually generates a substantial number of jobs, but a third of these have been part time or seasonal, and even if full time, many are low paid. Increased prosperity requires more and better paid jobs, more and more profitable companies and the necessary investment in infrastructure to support this objective.

It is recognised that in order to achieve more and better paid jobs and increasing numbers of profitable companies there will need to be a major investment in the region's key asset, its' people, coupled with a strategically focussed opportunity driven programme aimed at restructuring the regional economy. This restructuring will build on the strengths of the existing SME base and further develop existing businesses. Whilst this will be a major contributor to the creation of higher quality jobs it is recognised that inward investors will have an important role to play. Many of our now indigenous SMEs were once inward investors. Development of the economy will require a balanced approach in order to ensure long term sustainability through endogenous growth.

To create economic growth, investment will build on existing success and investment will be targeted at specific locations that are the most likely to generate a return within the programme period. This will build on existing regional and County economic development and land use plans, and take full account of the Regional Strategy.

These actions will only be successful in helping the people of the County if the appropriate skills can be developed for those who already live there. Consequently an effective learning programme will be developed to ensure that a broad range of skills will be available within Cornwall.

## **TO CREATE SUSTAINABLE COMMUNITIES**

Many parts of Cornwall and Scilly have communities that have been traditionally dependent upon farming, fishing, tourism and mining. Agricultural and horticulture as sectors are in transition and vulnerable to global pressures as well as reform of the Common Agricultural Policy. With regard to primary production, the contribution towards employment has declined and the future social and economic well-being of many communities is dependent on developing alternative activities. To date, one of these activities has been tourism, but this sector is also facing change and requires to improve the quality of the experience to the visitor. Investment is required to help diversify economic activity by building on the assets that exist be they cultural, environmental or economic. Traditional industries will, however, remain an important source of employment for many communities, and need to be increasingly competitive in a global market.

## **TO CAPITALISE ON THE ECONOMIC OPPORTUNITIES OF THE DISTINCTIVENESS OF CORNWALL AND SCILLY**

Cornwall and Scilly's distinctiveness is important and essential to a number of major sectors including tourism, arts and culture. Any deterioration in this perceived distinctiveness will inevitably lead to a further decline in the economic performance of the region. Put simply, this distinctiveness translates into jobs and incomes for many people.

Economic growth (or development) will need to be integrated with the environment as a major regional asset – offering new opportunities as an economic driver and providing key resources to commercial success in existing sectors.

Cornwall and Scilly has already built successful businesses around its environment, heritage and culture. As well as tourism centred around these strengths, there has been growing investment in the visual arts and media-related enterprises. There will be opportunities to grow this sector for both economic generation and to give an important sense of identity to the region. Providing opportunities for individuals to learn how to use their heritage and environment in a way that builds the economy of the County, will be an important part of delivering the vision.

## PRIORITY FRAMEWORK

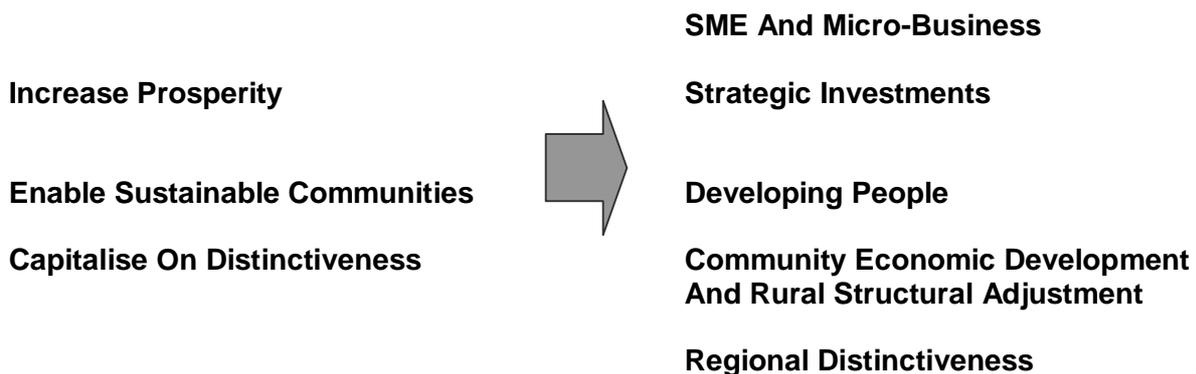
The Priorities have been chosen to give effect to the vision and strategy described. They reflect the lessons learnt from the Objective 5(b) Programme and the views expressed in the focus groups and consultations with businesses, organisations and individuals in Cornwall and Scilly.

The 5(b) Programme had five priorities, and there are clear overlaps with the new programme. Account has been taken of the new policy thrusts that have been developed since the 1994-1999 Programme was agreed. This includes a greater emphasis on addressing issues related to excluded groups, and in increasing the targeting of resources to secure maximum impact. These factors have influenced how the strategic objectives have been “operationalised” into the priority framework.

Although the South West 5(b) SPD has been regarded as one of the better SPDs, there is now a degree of recognition that it lacked a wholly integrated approach and there was an artificial divide between sectors of the economy, even where they faced common problems. Steps have been taken in developing the Objective One Programme to remove any unnecessary divisions when contributing to the overall framework.

Another major influence in developing the framework is the determination that it should clearly reflect the situation in Cornwall and Scilly. Although the majority of priorities will be similar to other SPDs, the distinctiveness strategic objective has been followed by a similarly-named priority. This is fundamental to the overall strategy. It is this distinctiveness which has sustained communities and encouraged people to stay in the region, even when opportunities were (and are) limited. Developing this distinctiveness is not an “add on”, but is fundamental to building on the strength of Cornwall and Scilly and the desire of the partners to develop a strategy which is truly region specific.

Five priorities have been identified and these are presented below:



## PRIORITY AIMS

In the following chapter, each Priority is presented in detail with aims, objectives and a description of the measures. Further detail is also provided in the Programme Complement. The Priority aims have been directed by the three Strategic Objectives and the view that income and employment are the key, not only to prosperity, but also to sustainable communities, incorporating environmental and social considerations.

The emphasis on employment and income reflects the situation in Cornwall where new jobs are only part of a solution. The sheer preponderance of very low paid jobs requires concerted efforts to raise the competitiveness of existing companies as a means of increasing average wage level. The Priority aims are:

**SME and Micro Businesses** - to generate income and employment for the people of Cornwall and Scilly by facilitating the growth and competitiveness of the SME sector, through the provision of services and facilities which address market failure and barriers to change.

This Priority will make a direct contribution to increasing absolute prosperity, and to sustainable communities, many of which are dependent in employment terms on a healthy and vigorous small business community.

**Strategic Investments** - to secure significant employment and income for the people of Cornwall and Scilly, through integrated area based business investment strategies centred on new economic opportunities, linked to key infrastructure improvements.

This Priority will make a direct contribution to increasing absolute prosperity, and to enhancing distinctiveness through integrating the need for major investment with social and environmental issues.

**Developing People** - to develop and maintain a highly skilled and adaptable workforce which meets the needs of the economy of Cornwall and Scilly, while promoting equality of opportunity for all groups in the labour market.

This Priority will make a direct contribution to increasing absolute prosperity and sustainable communities by providing companies and individuals with the skills and knowledge to continually adapt to change.

**Community Economic Development and Rural Structural Adjustment** - to create sustainable rural communities through the development of competitive agriculture and fishing sectors, and the development of new opportunities that build on the strengths and heritage of local people and communities.

This Priority will make a direct contribution to sustainable communities and enhancing distinctiveness through ensuring traditional industries, rural and disadvantaged communities are given support to adapt to the changing economic conditions.

**Regional Distinctiveness** -to secure income and employment for the people of Cornwall and Scilly by maintaining and developing the economic benefits arising from the regions natural, historic and cultural environment.

This Priority will make a direct contribution to enhancing distinctiveness and increasing prosperity through ensuring that the unique features of Cornwall and Scilly, that underpin significant economic activity, are maintained and enhanced. It will provide support to take advantage of the new opportunities offered through growth sectors such as green tourism, the increasing demand for cultural industries products and the increase of intellectual capital that builds on the strengths of the region and contributes to a knowledge-based economy.

## LINKS TO THE POLICY CONTEXT

The Priorities have been developed so that they reflect the EU, national and regional policy context. This ensures that the Objective 1 Programme supports and reinforces national and regional policies, rather than develops as an alternative strategy. This approach has allowed the SPD to “tailor” the broader policies and initiatives to the situation in Cornwall, striking the appropriate balance between an approach based on the strengths and opportunities of the County, and the need to contribute to the wider aims of both the UK Government and the European Commission.

<b>SME and Micro Businesses</b>	links to the Competitive Enterprise for Employment Creation guidance produced by the EU, and the DTI “Competitiveness” White Paper. Delivery will be influenced by the DTI’s Small Business Service, as well as the Regional Strategy.
<b>Strategic Investments</b>	Links to the EU Guidance on creating the conditions for regional competitiveness and the balanced urban and rural development policy. Links to the Regional Planning and Regional Transport Guidance, and the Regional Strategy, and the County Structure Plan.
<b>Developing People</b>	Links to the European Employment Strategy, the Policy Fields of Reference and the National Action Plan for Employment. Delivery will be strongly influenced by the South West RDAs Skills Strategy and the new Learning and Skills Councils.
<b>Community Economic Development and Rural Structural Adjustment</b>	Links to the European Employment Strategy’s equality of access agenda and the UK’s Inclusion policies, including New Deal For Communities and various Action Zones. Also influenced by MAFF policy.

**Regional Distinctiveness** Links to the EUs Guidance on the Environment, Sustainable Development, Tourism and Culture, DETR guidance on Sustainable Development, and DCMS policy on Tourism, and existing national, regional and local environmental, arts and cultural products.

## PROGRAMME PRIORITY AND MEASURE STRATEGIC LINKS

### Programme Strategic Objectives:

The Programme Strategic objectives are:

- 1. To increase absolute prosperity**
- 2. To create sustainable communities**
- 3. To capitalise on the distinctiveness of Cornwall and Scilly.**

### Programme Priorities

#### PRIORITY 1: SME AND MICRO-BUSINESS SUPPORT

This Priority will make a major contribution to increasing the absolute prosperity of Cornwall and Scilly. It will directly assist the SME base, safeguarding current income and employment, as well as generating new opportunities. Many of these opportunities will be in sectors such as earth and life sciences which are linked to the distinctiveness of Cornwall and Scilly.

*Strategic Aim:*

***“to generate wealth and income for the people of Cornwall and Scilly by facilitating the expansion, growth and competitiveness of the SME sector, through the provision of services and facilities which address market failure and barriers to change and growth”.***

*Strategic Objective:*

***‘improve the competitiveness of business and the creation of new businesses through the provision of high quality support, advice and the development of new opportunities for growth’***

#### PRIORITY 2: STRATEGIC INVESTMENTS

Strategic Investment is linked to the development of new opportunities and additional jobs. As such it will make a major contribution to increasing absolute prosperity. The creation of new and better quality jobs will also be a key factor in persuading young people to remain of the region, rather than move to secure a wider range of opportunities. As a consequence it will make a direct contribution to sustainable communities.

*Strategic Aim:*

***“to secure significant additional employment and income for Cornwall and Scilly by supporting area based business investment strategies based around new economic opportunities, linked to key infrastructure improvements,”***

*Strategic Objective:*

***To increase employment and investment through the development of a limited number of strategic sites and the removal of infrastructure constraints to provide suitable locations for major new investment and the implementation of area based development plans based on economic growth sectors.***

### **PRIORITY 3: DEVELOPING PEOPLE**

The need for a higher skilled and trained workforce, and with job opportunities to reflect aspirations is central to the success of the Programme. This also includes making opportunities available to those disadvantaged in the labour market. The Priority will make a direct contribution both to increasing incomes, and to sustainable communities. The improvement of skills along with the opportunity to use those skills locally will be a key plank on securing sustainable communities.

*Strategic Aim:*

***To develop a society where individuals take responsibility for their own learning***

*Strategic Objective:*

***“To develop and maintain a highly skilled, adaptable workforce which meets the needs of the economy of Cornwall and the Isles of Scilly, whilst promoting equality of opportunity for all groups in the labour market”.***

### **PRIORITY 4: COMMUNITY ECONOMIC DEVELOPMENT AND RURAL STRUCTURAL ADJUSTMENT**

This Priority directly support the sustainable community themes and will be central in assisting the most disadvantaged communities in the region. It will also provide support to agriculture, which remains a key employer in many more remote communities. It will contribute to regional distinctiveness, not only through its support for the farming community (and thus the distinctiveness of the natural environment but also to the maintenance of the settlement pattern which is a key feature of the Cornish social and economic landscape.

*Strategic Aim:*

***“To support sustainable communities through the development of new employment opportunities which build on the strengths and heritage of local people and capitalise on new activities arising from increased investment in physical and human resources within a wide multi-agency approach”***

*Strategic Objective:*

***To regenerate rural and coastal communities affected by the long term decline of primary and other key sectors giving rise to present levels of deprivation.***

### **PRIORITY 5: REGIONAL DISTINCTIVENESS**

Regional distinctiveness obviously contributes to the similarly titled strategic objective. It will also make a major contribution to increasing prosperity featuring as it does support to higher value added development linked to the exploitation of intellectual capital in the region. Support for tourism, a backbone industry in smaller and more rural settlements will also contribute to sustainable communities.

*Strategic Aim:*

***“To develop the economic benefits arising from the regions’ distinctiveness “***

*Strategic Objective:*

***“To increase the economic and employment benefits resulting from new opportunities developed from the strength of the region’s environmental, historical, cultural and intellectual distinctiveness”***

## RAISING THE STAKES

The strategy has also been influenced by the change in designation to Objective 1, which recognises the severity of problems facing Cornwall and Scilly. This SPD has to be qualitatively different to the previous SPD, and has to present more than an enhanced 5(b) Programme. This has made all of the partners involved aware of both the scale of the challenge and the need to produce a plan which can lead to a step change in the economy.

The 5(b) programme provided significant support to Cornwall and Scilly, but the resources available were overshadowed by the scale of the problems. Nevertheless, there are a substantial number of projects coming to fruition, on which the new Programme can capitalise and further develop. Building on the legacy of the 5(b) Programme will be a key determinant in allocating resources within the Priority Framework.

Although the 5(b) Programme was a major step forward in terms of the programming approach. Resources were allocated on a project by project basis with some, but essentially limited, links to a wider strategy. There is now a recognition that to achieve the step change required more effective management arrangements are required at both the Programme and priority level. There will therefore be an emphasis on more strategic guidance and direction provided throughout the life of the Programme to ensure the objectives are realised.

The scale of resources and the length of the Programme means that priorities can be developed with ambitious but achievable targets. This has influenced the thinking in relation to HRD development, where Cornwall and Scilly is starting from a low skills base, and in relation to deprived communities, where problems are deep seated and change will take place over the medium rather than short term.

## CROSS CUTTING THEMES

There are a number of cross cutting themes that are important to the Cornwall Objective One Programme. These reflect both national and EU policy considerations, and importantly are of concern to the Cornwall partnership.

These policy concerns have been interpreted by the partners to take account of the situation in Cornwall, and Scilly. As such, they have been tailored to the concerns of the region.

The cross cutting themes are:

- ◆ **Equal opportunities;**
- ◆ **The environment; and**
- ◆ **Information and Communications Technology.**

**Equal Opportunities** addresses the needs of groups disadvantaged in the labour market (although the EU interpretation relates in particular to gender). The major group affected by a lack of equal opportunities is women. For many reasons, women face a number of disadvantages with a result that average earnings are significantly below that of men, and in many occupations they are under-represented. There are other groups facing particular problems, notably people with disabilities, older male workers, as well as some young people. To take account of this, the approach to equal opportunities in Cornwall will be to examine on a priority by priority basis where there are problems, what groups are affected, and then develop actions and policies to address these concerns.

**The environment** is a major economic asset and will always be important for Cornwall and Scilly. The region's outstanding natural beauty is a major asset for the tourism industry, by far the largest business sector in the area. Although there are considerable problems as a result of the scale of mineral extraction, the inland area also features some outstanding scenery.

Integrating the needs of the environment with the needs of economic activity is an on-going challenge, and one which can create positive outputs. There is an opportunity to take advantage of increased interest in environmental matters, and translate this into practical actions for economic benefit.

**Information and Communications Technology (ICT)** represents a special opportunity for Cornwall and Scilly. The region has been disadvantaged for many years by its location. The distance from the main markets has acted as a real and psychological barrier.

There are two opportunities emerging from ICT. The first is the opportunity to develop ICT based businesses. The main advantage is that these businesses do not necessarily have to be located near their customers. The second opportunity is to use ICT to access new markets and make people aware of Cornwall and Scilly and its products. The latter point cannot be under-estimated since the amount of business conducted electronically is forecast to grow exponentially over the next 10 years.

ICT also represents an opportunity to improve access to appropriate training and learning opportunities. The development of ICT learning infrastructure (hardware and software) and the related skills will be a significant part of the Programme. Again there will be a systematic effort to ensure that ICT is included into every aspect of the Programme, on a Priority by Priority basis and ultimately on a project by project basis.

## **SECURING A BETTER FUTURE**

The challenge facing Cornwall should not be under-estimated. The Objective 1 status is at last recognition of the problems faced by Cornwall and Scilly for many, many years. The peripherality of the region, the structure of the business base and absence of higher growth and higher paid occupations, help explain the low GDP per capita. This assessment merely denotes the baseline position. The key drivers of the Programme will be to build on the strengths and take advantage of the new opportunities available over the next 10 years.

The Objective 1 Programme, along with a more favourable policy context, represents an opportunity, no more than that, to secure a better future for the people of Cornwall and Scilly, particularly for young people and those with families. The establishment of the South West of England RDA also presents the opportunity to create stronger links to the South West economy.

Actually securing sustainable benefits for the community, however, will need to be delivered from within Cornwall and Scilly - by individuals, companies and communities prepared to build on the strengths and opportunities, by looking outwards to develop new markets and customers, and by critically examining what is provided for the community and visitors by both public and private sector providers of services. There is no simple "quick fix" or one "big idea" that will quickly transform the fortunes of Cornwall and Scilly; rather it will be the aggregation of a myriad of opportunities, big and small, that will make the difference.

The new Programme has been developed to give all sections of the community a meaningful role to play in making a difference. The Priority approach encompasses activities relevant to individuals, companies and communities; it seeks to strengthen the County's key assets, while looking to new developments to secure additional benefits. With the support of the EU and UK Government, the people of Cornwall can and will, build a new and better future for everyone.

# Strategic Framework

**The vision is one of a prosperous Cornwall and Scilly where all people and communities share in an improving quality of life**

***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***

**To increase absolute prosperity**

**To develop sustainable communities**

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

**SME & Micro Businesses**

to generate wealth and income for the people of Cornwall and by facilitating the expansion, growth and competitiveness of the SME sector, through the provision of services and facilities which address market failure and barriers to change and growth

**Strategic Investments**

to secure significant additional employment and income for Cornwall and Scilly by supporting area based business investment strategies based around new economic opportunities, linked to key infrastructure improvements

**Developing People**

to develop and maintain a highly skilled, adaptable workforce which meets the needs of the economy of Cornwall and the Isles of Scilly, whilst promoting equality of opportunity and social inclusion for all groups in the labour market

**Community Regeneration**

to support sustainable communities through the development of new employment opportunities which build on the strengths and heritage of local people and capitalise on new activities arising from increased investment in physical and human resources within a wide multi agency approach

**Regional Distinctiveness**

to develop the economic benefits arising from the region's distinctiveness through the development, enhancement and promotion of the natural and historic environment, and the arts/culture and creative and heritage industries linked to those assets

## Policy Links To The Priority Framework

