



Priorities and Measures

- 1 Introduction and Context
- 2 Conditions in the Region
- 3 Equal Opportunities
- 4 Environmental Profile
- 5 Appraisal of Performance of Previous Programmes and Lessons Learnt
- 6 Policy Context
- 7 SWOT and Key Issues
- 8 Regional Strategy
- 9 Priorities and Measures**
- 10 Cross-cutting Themes
- 11 Financial Allocation and Anticipated Benefits
- 12 Management and Implementation Arrangements
- 13 Additionality
- 14 Publicity Arrangements
- 15 Integrated Ex-Ante Evaluation and Partner Consultation

Annexes

- 1 Indicative Monitoring and Evaluation Indicators
- 2 Treatment of State Aid Schemes in the SPD



CHAPTER 9: PRIORITIES AND MEASURES

This Chapter outlines the means by which the Objective One Programme will be delivered. It features the five Priorities outlined in Chapter 8 and they are:

- SME and Micro Business Support;
- Strategic Investments;
- Developing People;
- Community Economic Development and Rural Structural Adjustment;
- Regional Distinctiveness.

This Chapter presents details of each Measure, although the precise detail, along with Measure level indicators and targets will be presented in the Programme Complement, as per the new regulations. Following this Chapter the cross-cutting “Horizontal” Themes are identified in Chapter 10 as three Virtual Priorities and these are:

- Equal Opportunities;
- Information Society;
- Environment.

PRIORITY 1: SME AND MICRO-BUSINESS SUPPORT

BACKGROUND AND RATIONALE

Existing Businesses

Cornwall and Scilly have a substantial number of small and very small businesses whose importance cannot be over-stated: 74% of the 19,147 business units in Cornwall employ between one and four people. Although these units provide only 16% of total employment, they account for a larger proportion of private sector employment, at 21%. Micro-businesses have significant potential to help address some of the problems facing Cornwall: if each of these units were to generate one additional job, this would be equivalent to the total number claiming unemployment benefit in January 1999. Like Cornwall, the Isles of Scilly are also a small company and micro enterprise economy.

A further 3,800 business units employ between five and 24 employees and provide jobs for just over 40,000 people. This is 28% of total employment and over 38% of private sector employment. Again, this represents a major opportunity as research has shown that smaller companies of this size have been consistent generators of net jobs growth in the UK.

A significant part of the business base is related to agricultural and fisheries businesses, and these sectors support significant employment in locally based ancillary businesses. Although an employment increase in these sectors is unlikely, the development of competitive businesses is a key component of a revitalized Cornwall and Scilly. Any significant reductions in either agriculture or fishing would negate employment growth in other sectors. The appropriate response, therefore, is to improve the competitiveness of “traditional” sectors, while at the same time developing new and high growth sectors.

Agriculture and the development of quality food products, including building regional brands, are opportunities to improve the economic contribution of this sector. It is a sector that has been a significant contributor of the primary product and now can react to global competitiveness by adding value within Cornwall and Scilly. In agriculture, the ability of enterprises to survive will depend as much on business and marketing skills as on agricultural/production skills. To this extent, many of the issues facing farming enterprises are similar to those facing businesses in other sectors.

While Cornwall and Scilly has a high business density in comparison with regional and national averages, this is due to the large agricultural sector which is anticipated to continue to decline in

relative and absolute importance. Excluding agriculture, the County has a lower than average business density. It has also been relatively less successful in encouraging new business formation and survival over the medium-term. The SPD must address this deficit by seeking to encourage entrepreneurial activity and through removing the barriers to new business formation.

Key Constraints To Growth

While these smaller businesses can be important generators of jobs and income, a number of factors are constraining their potential to achieve sustainable and profitable growth. The limited scale of local markets and distance from main markets are key barriers: independent research by PROSPER has shown that relatively few companies sell goods and services outside Cornwall, even to Devon and other parts of the South West. These factors were also highlighted in research undertaken by the South West of England RDA which noted the lack of producer services in Cornwall, as distinct from consumer services, and classified most of Cornwall as extremely remote.

Likewise, many small businesses lack the formal business planning and management mechanisms which are critical to enabling sustained and profitable growth: only 39% of businesses employing between five and 24 people have a formal business plan while only 31% have a written sales and marketing plan. Substantial proportions of the existing business base report a need for advice and assistance across a wide range of business themes. This highlights a requirement for specialist advisor centres.

There is a shortage of quality premises at affordable rents for businesses wishing to grow. Like many rural economies, where rental levels are low and many companies are operating at the margin, there are insufficient returns to encourage the private sector to invest in commercial and industrial sites and premises. Unless suitable sites and premises are provided then this could frustrate the growth aspirations of existing businesses.

Although micro and small businesses have the potential to create additional jobs, many of the jobs currently provided are low paid and low skilled. Merely generating additional jobs will not necessarily address this problem. There is a pressing need, therefore, to increase the competitiveness and profitability of existing companies as a means of increasing earnings among the current workforce, thus contributing to the Programme aim of increasing prosperity. This will involve working with companies to help them to improve performance but where the expansion of employment is not the over-riding objective, although additional jobs may be created in the medium-term.

Another important aim of the SPD is to increase the numbers operating in higher value-added, high growth sectors. The purpose is to encourage the development and diversification of existing businesses by removing barriers and supporting those that wish to take advantage of new opportunities. The approach has to both improve the performance of existing companies and, over the longer term, support the development of new sectors. Here, improved access to research and development support and facilities is especially critical.

The need to develop new and high growth sectors inevitably involves an emphasis on innovation and technology. This is particularly relevant to Cornwall and Scilly, where access to high quality facilities and services in technology and innovation are limited, and where, given the size of the economy, clusters of companies are smaller than in larger and more industrial economies.

Businesses in Cornwall and Scilly are constrained by a lack of access to finance to expand or modernise their business. This partly reflects the location and size of the economy, with a limited number of venture capital and other funds represented in the area. It also reflects the nature of the business base, where many companies are small, and owners may not be able to provide the guarantees demanded by traditional sources of finance.

The area's ability to generate and support high growth business, particularly those in new sectors, is constrained by the lack of significant venture capital. The creation of knowledge-based enterprises suited to the physical location of Cornwall requires high-risk investment capital. Due to its small entrepreneurial base and its distance from technology centres, there is currently no incentive for the establishment of a financial environment supportive to this type of investment. The creation of a favourable investment climate is essential to the development of these types of enterprise.

POLICY CONTEXT

The Table below presents the key policy context that will influence this Priority. Where appropriate, the PMC may incorporate aspects of the objectives, the relevant guidance or strategies into the appraisal system.

POLICY CONTEXT		
EU	UK	Regional
Competitive enterprises for employment creation Creating the basic conditions for regional competitiveness Diversification of competitive rural economic structure Common Agricultural Policy including Rural Development Regulation	DTI Competitiveness White Paper Small Business Service Learning and Skills Council	South West of England RDA Regional Strategy: Skills Framework For Action Innovation and Technology Framework For Action England Rural Development Plan (South West Chapter)
Note: See Chapter 6 for detailed coverage		

STRATEGIC OBJECTIVE

SMEs are expected to be the main source of future jobs and wealth creation, not only within Cornwall but also throughout the European Union. There is, however, a recognised need for public sector intervention to counter the main constraints to SME formation and growth in instances where potential entrepreneurs and existing owners/managers lack the capability and access to resources necessary to respond appropriately to a rapidly changing market environment. There is also recognition that this Priority needs to recognise the contribution to the economy of non-SMEs, particularly those adding value to primary product within Measure 1.4.

Unless substantial resources are targeted at relaxing critical constraints, then there is a real danger that Cornwall and Scilly will be excluded from sharing in the opportunities offered by expanding trade and the emergence of new sectors. At the same time, the region's over-dependence on declining sectors or those subject to increased external competition, and the strong internal focus of the existing business base, will further widen income disparities and limit access to employment for residents throughout the area.

The strategic objective will inform the actions that contribute towards achieving the overall aim of this Priority. This objective fits closely within the wider strategic policy context while also reflecting fully the specific situation of Cornwall and Scilly.

The strategic objective is to:

'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'.

A majority of local SMEs has growth ambitions but many lack the management capability and expertise necessary to respond appropriately to customer needs, especially in external markets. A key feature of the Priority will be support for the owner/manager reflecting the need to strengthen the indigenous entrepreneurial base. Although Cornwall and Scilly have many companies owned externally or by larger companies based outside the region, the owner/managers will be the key influence in changing behaviour, in terms of attitudes to training, and to improving competitiveness in existing SMEs.

At the same time there is a need to encourage innovative behaviour and practices which are at the leading edge if a competitive advantage is to be attained and sustained. High quality support and advice pre start-up and in the early period of trading is essential to encourage a greater level of entrepreneurial activity and new business starts which add value over the medium to long-term

A key emphasis for the SPD is the development of new and additional employment opportunities. This is an important activity in re-profiling Cornwall and Scilly to one where new and growth sectors account for a higher proportion of employment. A key feature in securing this objective will be the importance

of the provision of suitably qualified people to work in these sectors, and to up-date and improve the skills levels of people already employed. In Cornwall and Scilly, some key growth sectors are still relatively small, and as a consequence there is not a large pool of suitably qualified labour for companies to draw upon to support expansion.

The availability of appropriate and conveniently located research and development facilities is a critical factor in encouraging and supporting the profitable diversification of the business base into new products and processes. Such provision also increases the likelihood that new businesses in new sectors will emerge within the County. An additional area of support concerns access to high quality sites, premises and capital. This is essential if existing SMEs are to be able to expand their current levels of activity. Operating in inappropriate premises can restrict capacity and increase costs, which in turn reduces margins and constrains investment in new and more efficient processes.

A recurring theme of the economic analysis is relative dependence on low value added activities, and this is one of the main explanations for the observed disparities in wealth. Not only do new sectors offer substantial opportunities but some prominent sectors also offer a good base upon which to build.

Underlying these strategic objectives will be the requirement to pursue a balanced approach, one which takes full account of the environmental impacts of any investments or activities supported by the Programme, while also seeking to yield maximum benefit to local businesses and residents. It is also intended that the fullest possible advantage will be taken to secure an appropriate share of the benefits from improved SME performance for the most disadvantaged members of the regions' communities. This approach will be reflected fully in project selection criteria, environmental indicators and targets which will be presented in the Programme Complement and approved by the first PMC.

MEASURES

There are three elements which cover the Measures deployed in this Priority. The first of these relates to the *supporting "infrastructure", or architecture to assist SME growth*. This element comprises both revenue and capital and includes, for example, support for innovation centres and venture capital.

The second element is focussed on *growing existing and new businesses* through high quality support and is geared towards improving the competitiveness of the business base. The third and final element relates to *identifying and encouraging new opportunities for higher value added business* and includes targeted support on key and new sectors, including appropriate training development.

The Priority will consist of seven Measures. These are:

- Measure 1.1: Creating the economic conditions for competitive SMEs – ERDF;
- Measure 1.2: Financial Engineering for SMEs – ERDF;
- Measure 1.3: Developing competitive business – ERDF;
- Measure 1.4: Processing and Marketing of Agricultural Products – EAGGF;
- Measure 1.5: Supporting the entrepreneur – ERDF;
- Measure 1.6: Developing sectors with growth potential – ERDF;
- Measure 1.7: New Employment Opportunities – ESF.

KEY BASELINE DATA

The Table below identifies the key baseline data for this Priority. In the case of sectorally focussed work, the baseline will be determined either within the Programme Complement, or when a sector is prioritised for intervention. Where appropriate, Measure by Measure baseline data will be presented in the Programme Complement. The baseline data, wherever possible, will be up-dated each year in the Programme Annual Report.

PRIORITY 1: SMES AND MICRO-BUSINESSES – KEY BASELINE DATA			
	Value	Year	Source
Number of SMEs ¹	16,067	1997	IDBR
Number of people employed in SMEs ²	124,925	1997	IDBR (derived)
Number of VAT Businesses	16,450	1998	VAT Register
Number of VAT Businesses amended ³	8,185	1998	VAT Register
Number of manufacturing businesses	1,235	1998	VAT Register
Number of people employed in manufacturing	21,816	1997	AES
Number of SMEs in key sectors	Tbc		
Number of people employed in key sectors	Tbc		AES
Number of Agricultural SMEs	3,830	1997	IDBR
Number employed in agriculture ⁴	15,251	1998	Agricultural and Horticulture Census
Number employed in agriculture (excluding casual labour)	12,965	1998	Agricultural and Horticulture Census
Number of new starts per annum	1,390	1997	VAT Register

Notes:

¹ This is the total number of businesses, less 3% considered to be large businesses

² This has been calculated on the basis of the number of employees in the mid range of businesses in employee sizebands 1-9, 10-19, 20-99, 100-499

³ VAT numbers minus agriculture and wholesale/retail

⁴ Total is principal farmers, spouses, other farmers, partners, directors, salaried managers, male and female FT and PT employees and casual labour

The VAT business base minus agriculture and wholesale/retail has been estimated at 8,185 businesses using the VAT register. This is in fact likely to overestimate the eligible base as a considerable number of businesses are likely to be in sectors such as real estate or local professional services which would not normally be targeted for business support. The eligible business base is estimated to be in the order of 5,000 businesses, although this will include a significant number of businesses with no employees.

FINANCIAL ALLOCATIONS, INDICATORS AND TARGETS

Financial Allocations

The Table below gives the financial allocation to this Priority.

PRIORITY 1: SMES AND MICRO-BUSINESSES – SUMMARY FINANCIAL TABLE (MEUROS)					
	Total Costs	EU		UK Public	Private
		ERDF	78,975		
		ESF	12,996		
		EAGGF	37,988		
Total	316,959		129,959	103,000	84,000

Financial allocations by Measure are detailed in the Programme Complement

This Priority has been allocated 317 meuros total project costs out of a Programme total of 1,181 meuro, some 27% of the Programme total. It has been allocated 130 meuro of EU support, 26% of the total EU support for the Programme.

The financial allocation to each measure cannot be agreed until the Programme is approved and the PMC is convened. Nevertheless it is possible to present a likely range of financial allocation by measure.

Measure	Total Eligible Costs
Measure 1.1: Creating the economic conditions for competitive SMEs	10% - 15%
Measure 1.2: Financial Engineering for SMEs	15% - 20%
Measure 1.3: Developing competitive business	10% - 15%
Measure 1.4: Processing and Marketing of Agricultural Products	30% - 35%

Measure 1.5: Supporting the entrepreneur	10% - 15%
Measure 1.6: Developing sectors with growth potential	10% - 15%
Measure 1.7: New Employment Opportunities	5% - 10%

The scale of financial allocations reflects the importance of this Priority to achieving overall Programme aims, particularly in relation to employment and wealth creation. This is further reflected in the targets set, which are detailed below. Measure specific targets are contained in the Programme Complement.

Indicators and Targets

The programme targets have been set using indicators to accurately count the numbers of businesses and people given assistance. In the case of SME support the average assistance costs range from £10,000 upwards depending on the measure, and for training, the average costs are £1,000 and upwards. This means that those given less substantive support have not been included, although these may be detailed in the Programme Complement.

Within the targets allowance has been made for double counting. This applies where companies or individuals receive more than one tranche of support, or an SME receives support under more than one measure.

PRIORITY 1: SMES AND MICRO-BUSINESSES – KEY OUTPUTS, RESULTS AND IMPACTS BY 2010	
Indicator	Target
Outputs	
Number of SMEs supported (ERDF)	2,000
Number of new starts assisted	1,500
Number of Agricultural SMEs assisted	1,033
Number of SMEs assisted with training	1,000
Number of people trained	15,500
Results	
Gross Direct FTE Jobs Safeguarded	8,142
Gross Direct FTE Jobs Created	10,099
Gross Sales Safeguarded	£498m
Gross Additional Sales	£767m
Number of ESF beneficiaries gaining a qualification	
Impact	
Net Additional Jobs Safeguarded	3,905
Net Additional Jobs Created	5,043
Net Additional GDP Safeguarded	£71.1m
Net additional GDP created	£108. 7m
Outputs, results and impacts are detailed by Measure in the Programme Complement	
SMEs assisted total takes account of double counting	
All jobs are Full Time Equivalents (FTEs)	

This Priority will provide substantive support to some 2,000 SMEs, approximately 25% of the eligible business base. The measure will also assist 1,500 new starts, and this represents an increase of circa 15% per annum compared to current start up levels.

The results of the Priority outputs will be a significant increase in gross employment and company sales. As this priority is targeted at both existing SMEs and new starts and growth sectors, the Priority will result in both safeguarded sales and jobs and new sales and jobs. These indicators are reported separately.

In total, it is envisaged that the total expenditure of 317 meuro (130 meuro Structural Fund contribution), will lead to 8,948 net jobs, of which 5,043 will be net additional.

MEASURE 1.1: CREATING THE ECONOMIC CONDITIONS FOR COMPETITIVE SMEs AND BUSINESSES

Background and Rationale

Unless action is taken to improve the physical and other business infrastructure of the County then income disparities will widen. Such provision needs to be selective and take into account the ability of the private sector to make provision at least in some parts of the County. It also must take into account the current and future requirement of businesses to access ICT facilities and services if they are to fully share in the anticipated benefits of the Information Society and e-commerce.

The inability of the commercial property sector to secure a rate of return that justifies the provision of new and higher quality property is a key constraint to those businesses seeking to expand. It is likely to be a major constraint for companies in new sectors, where higher specification accommodation is required for companies to undertake their business. This is particularly the case for companies involved in certain manufacturing sectors, as well as knowledge and information society businesses. A key theme of this Measure is the provision of facilities which will help change the profile of the region towards a knowledge-driven economy.

Unlike other regions, Cornwall and Scilly have limited access to specialist support facilities. In many sectors, this is not a major difficulty, primarily because the number of companies involved is relatively small. In other sectors, where there is already a significant business base, or where increased growth is likely, the lack of facilities to provide specialist technical and other support acts as a constraint to growth. Supporting new facilities relevant to the existing and anticipated business base will be a key theme of this measure. This measure is targeted at the rural areas of the region and complements Measure 2.2 Growth Centres in Urban Areas.

The ICT theme is a further key component of this Measure. If companies in Cornwall and Scilly are to take advantage of the new opportunities of the forecast growth in Information Society related economic activity, access to premises with appropriate ICT infrastructure and facilities is crucial.

Objective

The objective of this Measure is:

'To support the growth and expansion of companies through the provision of appropriate development, and technology transfer facilities/centres, sites and accommodation, and through the provision of ICT infrastructure in industrial and commercial property'

Indicative activities

Support will be available for, inter alia, the development of technology support centres and applied research centres based round key sectors/clusters; development, improvement and expansion of facilities to support SMEs take up technology and innovation opportunities, including; costs associated with the equipping of specialist centres, including IT hardware and software; and upgrading of existing employment space to accommodate electronic technology applications; the provision and upgrading of industrial and commercial accommodation, including advance factory units, managed workspace, business centres and facilities, including facilities to support start-up businesses and the encouragement of inward investment.

MEASURE 1.2: FINANCIAL ENGINEERING FOR SMES

Background and Rationale

Lack of suitable and appropriate finance is one of the major factors identified by SMEs as a constraint to business growth and it is also one of the principle obstacles to successful business start-ups and their survival. These problems stem from the lack of available finance in the right form at the right price, with provision for associated wider business advice and support.

The need for adequate venture capital funds is increasingly well documented. The emergence and continued presence of Business Angel networks are, in part, testament to the lack of equity provision in the market place. In the UK as a whole, high street banks and the commercial sector do not regard the provision of equity funding for SMEs as a particularly high priority.

The need for finance for SMEs can arise for a number of reasons, from accessing new markets, developing a new product range, for investment in research and development, for start-up costs, or for marketing and promotion. The emergence of the Small Business Service is an additional and timely boost that will complement the Measure, with provisions made for a regional venture capital fund.

The requirements for access to finance are not sector specific, and can be applicable to the majority of business sectors. The manufacturing and technology sectors, however, may have the greatest need of such financial engineering support given longer lead times, greater product development requirements, and higher levels of research and development.

A range of financial measures are required by new businesses and businesses seeking to grow, not only equity finance. Grants and low interest loans can also play a vital role in ensuring the start up, survival and growth of businesses. The Measure will also complement and work in tandem with other business development advice and support Measures within this Priority.

Objective

The Objective of the measure is:

To facilitate company growth and expansion through the provision of appropriate financial support

Indicative Activities

The development or enhancement of venture capital funds and other financial instruments including interest rate subsidies, repayable aid, loans, repayment holidays, loan guarantees, advance payment funds, grant schemes for productive investment; and appropriate mentoring/management support where directly linked to the provision of financial support for development of skills and knowledge.

MEASURE 1.3: DEVELOPING COMPETITIVE SMEs

Background and Rationale

The consensus view of EU, national and regional policy guidance is that it is only by improving the competitiveness of the business base that long-term sustainable growth will be achieved. Action is needed across a wide range of business themes, but any provision must also be of a sufficient quality and targeted at relaxing the key constraints on growth.

In particular, services must be targeted at addressing the capacities of managers better to respond to market opportunities, especially beyond the County and amongst others this will include greater use of ICT and the opportunities presented by modern technology. Encouraging an investment culture is also a pre-requisite to sustained development and again the intention must be to target resources where the private sector has proven unwilling or able to satisfy the legitimate needs of businesses for investment resources.

The increase in manufacturing employment in Cornwall highlights the potential for growth, but increasing competition from other companies and regions means that it is not possible for companies to stand still. There are a number of key weaknesses that enterprises have to address if businesses are to survive and flourish. These particularly relate to management and business planning skills, and the need to anticipate and prepare for change. This will be another key theme for this measure, as will be the need to promote innovation.

Objective

The Objective of this Measure is:

To increase the turnover of SMEs through the provision of high quality and comprehensive business support services

Indicative activities

Support will be available for, inter alia, business support services including aftercare; support to assist businesses, both individually and collectively where appropriate, to develop new markets, take advantage of ICT and new technologies, develop new products and the continued aftercare of such businesses; support to SMEs for financial planning and advice; support for companies to develop new markets; support for companies to exploit renewable energy, energy efficient processes, water and waste management measures for SMEs and to produce environmentally friendly products; joint activity in targeted marketing and the establishment of a critical mass including supply linkages; support to promote business networking, industrial co-operation, local supply linkages and inward investment.

MEASURE 1.4: PROCESSING AND MARKETING OF AGRICULTURAL PRODUCTS (EAGGF)

Activities to be supported by EAGGF Measures fall within the scope of Council Regulation (EC) No 1257/1999, "The Rural Development Regulation", and also contribute to the objectives of the England Rural Development Plan 2000-2006 (SW Chapter) - see below.

Background and Rationale

The Region has a strong reputation for the production of good quality primary produce from land valued for its environmental importance. However, a high proportion of that produce leaves the region with little or no added value. Major projects involving processing, the strengthening of marketing structures, and regional branding are encouraged. Support will be focused on those aspects of processing and marketing where competitiveness can be raised, thus ensuring access to existing and new outlets is sustained. Adding value within the region also has the potential to contribute to environmental aims (eg, by reducing 'food miles').

The Objective 5(b) Programme resulted in the establishment of a more collaborative approach to the marketing of grain, horticultural products and lamb in the region, all significant sectors in Cornwall. This strength needs to be developed further, exploiting the potential for innovation, traceability, quality added value products and consumer interest in products from the area; all opportunities identified in the SWOT analysis.

Agriculture in Cornwall is characterised by key sectors. Cornwall's major agricultural output comes from its dairy industry valued at £120.5m before added value (see Chapter 2, Table 76). Downward price pressure, internationally, and the withdrawal from Cornwall of all but one major processor leaves peripheral dairy farmers in a vulnerable position. Support for new market development, regional branding, and networks to facilitate added value will be encouraged. Similarly, cattle and sheep output was estimated at £99m in 1997/1998, and support for new ways to maintain secure markets and viable prices are required, through further development of co-operation, and local value adding.

Horticulture is important to Cornwall, in particular potatoes, vegetables, fruit, bulbs and flowers and hardy nursery stock. To maintain a competitive edge the strategic priorities are to continue the promotion and branding of quality produce, the development of new products to meet new markets, including in-house food processing, and market and consumer research.

Cornwall has been particularly vulnerable to reorganisation in the food processing industry, (eg, the closure of Unigate at St Erth, January 1997), and the South West generally has a low ratio of food processing to agriculture employment. Independent research suggests investment in food processing and capacity in a region would have a positive effect on GDP. There has been a trend for processing capacity to migrate eastwards towards the customer market, with consequent negative impacts on GDP for the region. Nonetheless, food and drink processing was ranked as the fifth highest growth sector in Cornwall, at 33% during 1991 to 1996. The potential for further market-led growth, should therefore, be encouraged.

Organic production across Europe is predicted to increase to 5% of farmland by 2000 and 10% by 2007. Multiple retailers see organic food as an opportunity to meet increasing customer demand for safe and environmentally friendly goods. In general, there is potential for farmers in Cornwall to work with, rather than resent or resist multiple retailers, by overcoming major barriers for large buyers in sourcing from Cornwall (ie, quality, quantity and reliability of supply). At present, worthwhile price premiums help make organic production profitable. However, there is concern that intense

competition between major retailers coupled with increasing production at home and abroad, will erode these premiums, especially given the small scale of most farms. Therefore, the organic sector needs support such as development of new products, and investment in processing and marketing.

Objective 5(b) has supported considerable development work and feasibility studies on novel and industrial crops (eg, vegetable dyes, essential oils, flax). There is now a need to invest in processing and new product development and marketing to provide growers with worthwhile, sustainable returns, and generate employment and income in the wider rural economy.

Support will be granted only where economic viability can be demonstrated and minimum standards regarding the environment, hygiene and animal welfare are complied with. Investment must contribute to improving the situation of the basic agricultural production sector in question. It must guarantee the producers of such basic products an adequate share in the resulting economic benefits. (Investment by non-SMEs may be assisted by this Measure when agricultural SMEs and micro-businesses secure significant benefits as a result of such investment)

The dairy, beef, sheep and horticultural sectors will be given priority under this Measure (including organic production from these sectors). Evidence, including from activity partly funded by Objective 5(b), confirms the existence of normal market outlets for the products of these sectors. (Such activity includes the South West Beef and Lamb Brands project, Horticulture 2000 – including the development of the Cornish King brand – and initial results from the Cornwall Dairy Sector Initiative Study). Further projects and studies have identified normal market outlets for other products (eg. Quality grain including for regionally branded products, poultry - including spent hens – and novel and industrial crops). Although of less importance for Cornwall and Scilly as a whole, such products may also warrant support subject to meeting the Treaty of Rome (Annex 1) definition. The Cornwall Agricultural Council (an Objective 1 Task Force) is in the process of developing a detailed strategy for agriculture which will be used to further inform decisions on funding.

Support under this measure can include a range of capital and revenue items. Investment in fisheries is excluded under this measure (see Measure 4.7) as is investment at the retail level and investment in the processing or marketing of produce from third world countries.

Objective

The objective of this Measure is:

To increase the number of businesses enhancing their competitive position by participating in the continuing development of processing and/or marketing and raising the volume and diversity of local agricultural and horticultural products marketed under regional branding.

Links to the Rural Development Regulation (EC) No. 1257/1999 (RDR)

Activities in this measure are covered by Chapter VII (Articles 25 – 28) of Council Regulation 1257/1999.

The Programme Complement will include a detailed description of the Measure, its financial plan and information for respecting minimum standards regarding the environment, hygiene and animal welfare. The aid intensities and/or amounts as defined in Council Regulation 1257/1999 will be respected.

The **England Rural Development Plan (South West chapter)** identifies a number of objectives, and activities designed to meet those objectives. The indicative activities identified within Measure 1.4 will contribute to the aims of this Plan.

Indicative Activities

Investment to improve and rationalise the processing of agricultural products (including novel and industrial crops, and ornamental foliage, in so far as they are 'agricultural products' within the definitions in Annex 1 of the Treaty) to achieve added value, including investment in processing plant/equipment on and off farms. Investment to enable producers and processors to meet market trends and quality assurance standards (including, inter alia, agreed health, hygiene, animal welfare and environmental criteria); investment to achieve more sustainable methods of production, to

improve preparation and presentation of products, and to apply new technology and innovative methods.

Investment to improve the use or elimination of by-products (including, inter alia, the manufacture of 'secondary' products; anaerobic digestion and composting).

Marketing investment in support of these activities.

Guiding production in line with foreseeable market trends and encouraging the development of new outlets for agricultural products, through support for collaborative marketing ventures, the development of local collection and distribution networks, and the exposure of both primary and value added agricultural products to high profile marketing events and strategies.

The development and implementation of market intelligence networks and IT support systems for farmers, growers and processors, including market and consumer research into products and innovative market opportunities, and Technology Transfer applications.

Support will be given towards the implementation of quality assurance schemes conforming to international standards, including traceability systems and the expertise and technology required to raise product quality.

Further development of a regional brand(s) and its wider use across agricultural and horticultural products.

In implementing Measure 1.4, specific support will continue to be given to speciality food producers, and processors operating in and sourcing from the region. Aid will also be targeted at organic produce, including livestock, animal feed, fruit and vegetables (to complement, not duplicate, the scope of the Organic Farming Scheme, which is MAFF's national scheme to assist producers converting to organic production and which draws on the EAGGF Guarantee Section). The Measure, as a whole, will include the provision of professional facilitation for project application preparation.

MEASURE 1.5: SUPPORTING THE ENTREPRENEUR

Background and Rationale

New businesses will also be an important source of new employment and wealth. This highlights a need to improve the rate of business formation and to ensure that any start-up businesses, which do emerge, have the necessary skills and resources to meet the challenge of achieving sustainable growth. Encouraging new businesses to start trading will not, in itself, be sufficient. The early years of operations are critical and many business failures occur because of the absence of an appropriate support infrastructure, which is sensitive and responsive to their needs.

Although Cornwall and Scilly have a high number of businesses and high levels of self-employment, there is a continuing need to encourage more people to establish new businesses. This is particularly the case for those with either high levels of skills and management experience or those with a particular interest in the use of ICT.

There is considerable untapped potential in Cornwall and Scilly. This includes women who continue to make up a minority of business owners and managers. In addition, the region now produces a regular supply of well-qualified young people from Further and Higher Education Institutions. Supporting the pool of talents of women and well-qualified young people will be an important theme.

Objective

The Objective for this measure is:

To increase the number and survival rates of new business starts through the provision of comprehensive business support services

Indicative activities

Support will be available, inter alia for revenue support associated with specialist start-up accommodation; business support services dedicated to supporting new starts, particularly where they are targeted on activities not highly represented in the business community; and support for the

identification of opportunities, either individually or collectively, in terms of research and market assessment of new areas of activity or opportunity, and including support for the dissemination of results; support to promote new business networks particularly those using ICT and seeking inward investors. Particular efforts will be made to increase the number of women setting up in business. This will include identifying and addressing constraints that act as barriers for women. This will include providing support to offset childcare responsibilities and the organisation of events and support at times and places which recognise the need for family friendly actions.

MEASURE 1.6: DEVELOPING SECTORS WITH GROWTH POTENTIAL

Background and Rationale

An over-dependence on declining sectors is one of the explanations for the relatively poor performance of the Cornwall economy. Action is needed to encourage innovation, product development, diversification and the development of clusters of activity in sectors that offer greater potential for long-term growth. This must seek, where possible, to build on the relative strengths of the region but must also encourage the development of critical mass in new and emerging sectors. Of particular relevance is the need to encourage activity and growth in higher value added and knowledge based sectors especially those which make best use of new and emerging technologies including ICT.

A number of factors will be used to direct the deployment of resources. These include the current base in growth sectors, the scale of opportunity available, and the relevance of the activity/sector to the Cornwall and Scilly situation. Emphasis will be placed on new sectors where knowledge and technical skills are at a premium compared to, for example, sectors where access to particular materials or large local markets are the determinants. This will allow Cornwall to develop sectors where employment and economic activity are genuinely sustainable.

Although there is an inevitable focus of attention on new sectors and innovative areas of activity, this Measure will provide support to existing sectors where further growth is forecast. Support may also be provided to clusters, where this is a more appropriate targeting mechanism than sectoral designation. A number of sectors have been identified as having considerable potential in terms of developing new opportunities. These include life sciences, marine engineering, renewable energies, tourism, food, environment and earth technologies and multi media. The PMC will identify relevant sectors or clusters to be supported using appropriate criteria including current strength of the business base, growth forecasts for the sector, and potential employment impact. The PMC will periodically review and up-date the list of eligible sectors to ensure that new opportunities and developments are identified at an early stage.

Objective

The Objective of this measure is:

To increase the number of businesses and employment in new and high growth sectors through the provision of targeted business support

Indicative activities

Support will be available for, inter alia, feasibility and risk assessment studies for SMEs to explore new business opportunities either in terms of innovative products or markets; the identification of opportunities, either individually or sectorally in terms of research and market assessment of new areas of activity or opportunity and trends or practices in the same or other sectors especially in relation to the use of new and emerging technologies and ICT; business support services aimed specifically at SMEs and individuals in new/growth sectors; the provision of advice and information on design, innovation, licensing, marketing and product development including technology transfer between academic/research institutions and business; support for business networks, industrial co-operation and inward investment; and support for the adoption of environmentally friendly products and processes, in particular the encouragement of environmental sciences, applied technology, energy efficiency and alternatives.

MEASURE 1.7: NEW EMPLOYMENT OPPORTUNITIES - ESF

Rationale and Background

The Cornish economy is overly dependent on sectors where a significant proportion of employment has, traditionally, been relatively low wage. Increasing the competitiveness of established sectors would be addressed by the Developing People Priority, directly supporting the European Employment Strategy and the fourth Policy Field. In order to raise the long-term prosperity of the area, however, there is a need to promote the growth of new sectors which are capable of providing significant numbers of higher paid employment opportunities. This measure will provide support to the development of skills needed for the sectors/clusters identified in Measure 1.6. As such, it will contribute to the adaptability and entrepreneurship Policy Field and be complementary to the support provided in the Developing People Priority. Measure level indicators and targets will be presented in the Programme Complement but, as a minimum, these will follow the relevant Policy Field indicators agreed in the Objective 3 Community Support Framework.

Technological, social and environmental changes are providing opportunities to diversify the economy - the environmental services industry, for example, is identified by the DTI as a very fast growing sector. The Programme Area is well -placed to take advantage of these changes and Measure 1.6 will provide a range of support activities to encourage the growth of businesses in these sectors.

A highly qualified workforce is required to enable these sectors to grow. Many of the employment opportunities created by the new and emerging sectors require higher level and/or technical skills. Although Cornwall and Scilly have a pool of people with technical and professional skills, there is a need to support further skills development both for existing employees and the potential workforce. A programme of continuing professional development will help to ensure that talented individuals are retained in the area. This will help ensure that the demands of growing businesses are met.

Objective

The objective of this measure is:

To facilitate the growth and development of SMEs in new and emerging sectors through appropriate training and HRD-related support

Indicative Activities

Support will be available, inter alia, for feasibility studies and research projects relating to skill needs and demand and supply of labour in new and emerging sectors and technology; provision of tailored careers information, advice, guidance and counselling; company-based anticipation activities; support for basic and intermediary skills, particularly but not exclusively in ICT; provision of skills training and development, particularly but not exclusively aimed at higher level skills; support for management and business training for supervisors, professionals and managers; the provision of tailored recruitment and training packages linked to new inward investment which complements provision under measure 1.6; support for business planning, general management and entrepreneurial skills.

PRIORITY 2: STRATEGIC INVESTMENTS

SUB PRIORITY: STRATEGIC SPATIAL DEVELOPMENT

SPATIAL PERSPECTIVE

Introduction

Although perceived as a rural County, Cornwall has a significant number of major towns. Although no single centre dominates, 31% of the population live in settlements over 10,000. The major towns are dispersed throughout the County, and are located along the strategic and primary road network. There are also the Isles of Scilly, located some 45 kms to the west of Cornwall into the Atlantic with their own dispersed island communities, all dependent on air and sea connections.

This dispersed settlement pattern is a major asset for Cornwall and Scilly. The number of major towns allows a policy of employment and economic growth to be pursued that takes account of the need to:

- provide jobs for people spread over a large geographical area; and
- protect the environment (a key economic asset).

Cornwall and the Isles of Scilly face the challenge of generating new and additional jobs (to take account of the numbers currently seeking employment, unemployed, returners and new entrants, and the forecast increase in the working age population), and generating higher quality and higher paid jobs to move away from a low value added, low wage economy.

To secure change requires the generation of significant additional employment. While SME and HRD support will play a role in creating new jobs, the severity of the problems facing Cornwall and Scilly is such that there is a need to generate major new investment and jobs. The aim of seeking opportunities of considerable scale needs careful consideration in a rural area where the natural environment is a key economic strength. The most appropriate approach is to concentrate on existing major centres with the infrastructure to deal with additional development and a limited number of specific locations with a particular advantage in realising major investments.

The need to secure major new developments, on a scale appropriate to Cornwall, is a key component of the new Programme. The location of investment is also important. Many opportunities are in the east of the region, while the greatest need is in the west. In addition, the large geographical distance and limited public transport means that people cannot easily travel to and from certain parts of the County. There is a need, therefore, to ensure that major new investment is spread throughout Cornwall and Scilly, offering opportunity to a large proportion of the population, and ensuring that development is not over-concentrated to the detriment of the environment. The important assets in this Priority are, therefore, the existing major towns with the capacity for growth. (Population over 10,000)

The major towns differ considerably and offer a variety of opportunities for development. There are a number where unemployment is high, and additional opportunities are required to generate substantial numbers of new jobs. Other towns have competitive advantages in particular areas, either because of a sectoral strength (such as tourism) or due to location. There is therefore, a range of opportunities around the towns of Cornwall that could be pursued to diversify and strengthen the economic base. This can be carried out in a manner that contributes to the three elements of sustainability – social, economic and environmental.

Major “central” towns

There are four major towns that are located in the heart of the County. They are **Newquay** (18,000) located on the north coast and the main holiday resort in the county; **St Austell** (21,000) the biggest town and the centre of the china clay industry; **Truro** (16,705) the main centre for local government, health services and the main shopping/commercial centre for the middle and west of the county; and **Bodmin** (12,775) located at the intersection of the two main trunk roads, the A30 and A38.

These towns offer considerable potential for employment creation in different spheres – Newquay in relation to tourism and the potential spin offs from the nearby airport; Bodmin with its location at a key

junction, with substantial development land potential nearby; Truro as the administrative capital of the County and St Austell due to its size and proximity to one of the largest 5(b) Programme investments which is the Eden Project.

The West of The County

In the west of the County, **Falmouth** is one of Cornwall's biggest towns with a population of 20,000. Its economy is varied with ship repairing and other industry complementing a tourist industry that has a relatively long season and attracts many prestigious events. It is also the location of the 5(b) support for the International Maritime Museum.

The Traditional Industrial Area

Camborne, Pool and Redruth (45,000) are the core of the historic mining and industrial area which is now the base for several important engineering companies. Since the 1960s considerable effort has been put into developing new industrial estates and many of Cornwall's newer manufacturing companies are located here. In spite of this, Camborne and Redruth have very high levels of unemployment.

The Far West and Isles of Scilly

Penzance (18,300) is one of Cornwall's biggest towns and enjoys a strategic location on the main line railway. It is the base for the ferry service and helicopter flights to the **Isles of Scilly** (2,000) and the built up area includes the major fishing port of Newlyn. St Ives and Hayle (17,400) are heavily dependent on tourism and other service activities; where residential and commercial development have been encouraged, partly to relieve pressure on Penzance.

The towns in the far west suffer from peripherality and securing new and additional jobs is a major challenge due to the location. This is also true for the Isles of Scilly where the community is dependent on tourism and agriculture, and the transport links to Penzance are critically important to the social and economic future of the Isles.

The North and East of The County

There are a number of towns where the economic links are as much to Plymouth and Devon as to Cornwall, and they are located in the north and east of the County. They are mainly market towns with the largest being **Saltash** (15,380). The settlements in the east of Cornwall are well placed to take advantage of their close proximity to the Plymouth/Exeter sub regional economy.

Clusters

The potential to develop key locations/towns around a concentration of companies, or the objective of establishing a cluster will be available within this Priority. Although the Cornwall and Scilly economy is much smaller than the larger urban economies normally associated with cluster development, the potential exists in a number of sectors for the spatial concentration of business development. Potential cluster based developments include marine and related engineering, food and drink, tourism and cultural industries, and environmental research and development.

The possible development of Higher Education provision and the University would greatly assist the development of key clusters, and the links to, and services for, small businesses that such a facility could provide would be an added benefit from such a development.

Sites/Locations

The County Structure plan identified the need for over 400 hectares of industrial land and only a proportion of this has been made available and serviced. There is potential for a number of major developments including a University Science Park, a Marine Park and an Energy Park. There would be a need for the development agencies to take responsibility for site assembly, access provisions and infrastructure provision, in order for the private sector to have sufficient confidence to invest.

Links To The South West Region

The Baseline Analysis carried out by independent consultants for the Regional Strategy categorised Cornwall and Scilly as “Extreme Remote” and noted that the Programme Area was in labour market terms, relatively self contained. A focus of this Priority will be to contribute to linking Cornwall and Scilly into the wider region, particularly the Plymouth – Exeter area where there is a large and growing economy. The exception to the Extreme Remote category was the district of Caradon, in the east of Cornwall which already has close economic links to the wider Plymouth economy. Again, this priority offers the opportunity to take advantage of the much larger sub-regional economy based around Plymouth.

Constraints To Growth

There are a series of issues that constrain economic growth and employment creation needed to contribute to the overall strategy for Cornwall and Scilly. These relate to a variety of factors that have impeded development and are closely linked to constraints listed later under Measure 2.4:

- Piecemeal investment with insufficient mass to make a significant impact;
- Absence of credible masterplans with a clear vision and realistic investment plan;
- Insufficient resources to tackle problems in a holistic manner;
- Lack of public private sector partnership;
- Lack of high quality business parks; and
- Lack of investment in high quality business accommodation.

The potential of Cornwall and Scilly is considerable. To realise this potential, positive conditions for investment have to be created that build on the strength of the towns and their location and capitalise on any sectoral advantage.

The Integrated Approach

This Priority is focussed on a truly integrated approach with an emphasis on:

- Comprehensive development plans;
- Articulation of links to SMEs and local suppliers;
- A clear commitment to embedding the benefits through revenue funded activities alongside capital investment;
- Environmentally positive developments;
- A partnership approach to project/plan development and implementation.

POLICY CONTEXT

The Table below presents the key policy context that will influence this Priority. Where appropriate, the PMC may incorporate aspects of the objectives the relevant guidance or strategies into the appraisal system. Given the importance of the spatial perspective more detailed information on the Draft Regional Planning Guidance is presented in this section.

POLICY CONTEXT		
EU	UK	Regional
European Spatial Development Perspective	A Better Quality of Life: A Strategy For Sustainable Development	Regional Planning Guidance Regional Strategy County Structure Plan
Note: See Chapter 6 for detailed coverage		

Regional Planning Guidance

The achievement of Regional Planning Conference’s long-term vision of a Region of high quality and diversity, where development will be sustainable is closely linked to the spatial pattern of development.

The Strategy states that the west of the Region currently experiences problems of peripherality and a large area is designated by the Key Strategy Diagram for investment to address regional economic imbalances.

The Regional Planning Guidance supports the need to reduce peripherality, to increase employment in Cornwall, to plan economic growth to take account of sustainable development issues, and to increase employment through the regeneration of key settlements. It also endorses the need for Cornwall to develop closer links with the western parts of the South West region, notably Plymouth and Exeter.

South West of England RDA Regional Strategy

The South West of England RDA recognises the above RPG policy and states:

“It is important that the strands of competitiveness, regeneration and regional coherence combine and work together. ”,

With the specific objective to:

”Increase prosperity through improving business competitiveness”.

The South West will be a region in which businesses become better before becoming bigger; where risk is encouraged, change supported and entrepreneurs are nurtured. Businesses through the South West will be supported in becoming more efficient and more competitive. It is business that creates most of the wealth in the economy and business that innovates to bring new ideas to the market place. By increasing the competitiveness of existing and incoming businesses, we can ensure that there is greater prosperity to be shared around the region. There is an implicit understanding that we have to create wealth in order for that wealth to be used for wider benefits.

Illustrative measures:

Provide the physical infrastructure necessary to allow for the strengthening of the business sector;

Develop and support key industrial sectors that will underpin a strong regional economy;

Improve the quality and targeting of business support;

Encourage a 'learning' culture in people and businesses.

PRIORITY OBJECTIVE

A number of major opportunities exist to secure significant employment growth within the region. There are three types of opportunities envisaged:

1. Sites/centres/locations which have already been identified as of strategic importance and of sufficient scale to support significant investment;
2. Sites/centres/locations where there are known major business opportunities as a result of current/future investments; and
3. Centres/locations which have considerable potential, based round a sector or theme.

Integrated Area Development Plans

The intention is to implement the Priority through Integrated Area Development Plans that will take the area from the drawing board to the realisation of the employment benefits. This will include associated business development and HRD activities to maximise the benefits and link new opportunities to the SME base.

The Objective One Programme has a nine year period of operation. It is not the intention to designate any area for the full nine years. This relatively long time span will allow concentrated support to be given to particular locations and towns, and once the investments have been secured, to then target other areas. The selection of areas will take into account both the opportunity and the link to infrastructure improvements.

The types of support are likely to involve: very large scale sites (exceeding 10 hectares) and site infrastructure related development; major one off projects, supported by a number of related investments; major infrastructure improvements accompanied by activities to exploit the benefits of the new facility; and packages of small and medium sized projects designed to develop a particular theme or sector around an existing urban settlement.

Strategic Spatial Development will be implemented through Area Development Plans, agreed in advance, following consultation with all interested parties. The key features of Area Development Plans will be: a 3 – 5 year time span; identified key projects/investment with a planned timetable for implementation; associated smaller scale capital projects designed to capitalise on major projects; associated business revenue and HRD projects designed to assist SMEs to take advantage of new opportunities; and identified sponsors/financial support for all of the elements of the ADP.

The strategic objective is:

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

It is the overall package of activity that will allow the strategic aim to be realised, with major synergistic benefits anticipated. This Priority will also make full use of workforce and HRD funds available through Priority 3 Developing People, provide new business opportunities for activities funded under Priority 1 SMEs and Micro-businesses, and make available employment opportunities relevant to the Priority 4 Community Economic Development.

While the provision of new sites and premises offers the potential for considerable employment gain, there is a need to support additional activities to maximise the gains for businesses and residents of Cornwall and Scilly. Major companies can have only a limited secondary impact on local economies unless pro-active steps are taken to ensure that unemployed and excluded groups have access to the employment opportunities; and local companies have the opportunity to be part of the supplier network. Securing these additional benefits is a key feature of this Priority and needs to be linked to Area Plans. Underlying this strategic objective will be the requirement to produce a balanced approach which integrates the environmental dimension into any investments or activities supported by the programme while also seeking to yield maximum benefit to local businesses or residents. This approach will be reflected fully in project selection criteria, indicators and targets which will be presented in the Programme Complement and approved by the first PMC.

MEASURES

The measures which will help meet the strategic objective are:

- Measure 2.1: Strategic sites and premises (ERDF capital and revenue) (large site-based);
- Measure 2.2: Employment growth centres (ERDF capital and revenue) (town-based);
- Measure 2.3: Embedding the benefits of new investment (ERDF).

KEY BASELINE DATA

The Table overleaf identifies the key baseline data for this Priority. In the case of sectorally focussed work, the baseline will be determined either within the Programme complements, or when a sector is prioritised for intervention. Where appropriate, Measure by Measure baseline data will be presented in the Programme Complement. The baseline data, wherever possible, will be up-dated each year in the Programme Annual Report.

PRIORITY 2: STRATEGIC SPATIAL DEVELOPMENT – KEY BASELINE DATA			
	Value	Year	Source
Hectares of Derelict Land	3,871	1993	DoE Survey

Number of SMEs	16,115	1997	IDBR
Number of VAT Businesses	16,450	1998	VAT Register
Number of SMEs in investment areas	Tbc	1998	AES
Number of people employed in investment areas ¹	Tbc	1998	AES
Access by foot, bicycle or public transport to sites	Tbc		
Baseline data by Measure are detailed in the Programme Complement			

FINANCIAL ALLOCATIONS, INDICATORS AND TARGETS

Financial Allocations

The following Table indicates the financial allocation at the Priority level, including the allocation to EU Fund, the Priority level UK Public and the private sector contributions. The allocations presented are for the lifetime of the Programme. The financial allocations at the Measure level are detailed in the Programme complement.

PRIORITY 2: STRATEGIC SPATIAL DEVELOPMENT – SUMMARY FINANCIAL TABLE (MEUROS)				
	Total Costs	EU	UK Public	Private
		ERDF 53,976	61,000	
		ESF		
		EAGGF		
		FIFG		
Total	114,976	53,976	61,000	-
Financial allocations by Measure are detailed in the Programme Complement				

This sub Priority has been allocated 115 meuros total project costs out of a Programme total of 1,181 meuro, some 10% of the Programme total. It has been allocated 54 meuro of EU support, 11% of the total EU support for the Programme and 18% of ERDF support.

The Financial allocation to each measure cannot be agreed until the Programme is approved and the PMC is convened. Nevertheless it is possible to present a likely range of financial allocation by measure.

Measure	Total Eligible Costs
Measure 2.1: Strategic sites and premises	10% - 15%
Measure 2.2: Employment growth centres	20% - 30%
Measure 2.3: Embedding the benefits of new investment	5% - 10%

Note: It is envisaged that 40%-50% of the total funds available for the priority will be allocated to the sub Priority Strategic Infrastructure. It should be noted that due to the variation in grant rates, the 40%-50% of total projects costs envisaged for Measure 2.4 is likely to represent a much smaller proportion of EU support within the Priority – ie, it is likely to be less than 35%.

Indicators and Targets

The key outputs, results and impacts for the Priority are detailed below. The results of Priority Level actions are presented against gross sales and gross additional jobs indicators. Impacts at the Priority Level are presented for net additional jobs and GDP indicators. Outputs, results and impacts at the Measure level are detailed in the Programme Complement.

This Priority will lead to the provision of 65 hectares of serviced land which, ultimately, will accommodate some 140,000m² of which a small proportion will be directly supported by the Programme. It will also support the implementation of 10 Area development plans.

The outputs funded by this Programme are geared to the creation of new jobs, rather than safeguarding, and the priority will lead to an increase in gross sales of £787m, of which £504m will be additional. The total gross employment effect will be 9,713, of which some 6,108 will be gross direct jobs created.

This priority will be a major generator of net jobs. In total, some 4,216 will be supported of which 2,696 will be net additional jobs created.

PRIORITY 2: STRATEGIC SPATIAL DEVELOPMENT – KEY OUTPUTS, RESULTS AND IMPACTS	
Indicator	Target
Outputs	
Number of Area Development Plans supported	10
Hectares of Serviced Land	65
Area of Premises (square metres) developed	10,000
SMEs assisted	500
Results	
Gross Direct Jobs Safeguarded	3,605
Gross Direct Jobs Created	6,108
Gross Sales Safeguarded	£283m
Gross Additional Sales	£504m
Impact	
Net Additional Jobs Safeguarded	1,520
Net Additional Jobs Created	2,696
Net Additional GDP Safeguarded	£34.9m
Net Additional GDP Created	£61.9m
Outputs, results and impacts are detailed by Measure are detailed in the Programme Complement	

MEASURE 2.1: STRATEGIC SITES AND PREMISES

Background and Rationale

Cornwall has the ability to attract major new investments to the region and also has a number of companies/sectors that could significantly expand their operation. As such, there is a need for a number of high quality, relatively large-scale locations to take advantage of these opportunities. Given the quality of the environment, major development cannot be allowed to develop on a piecemeal basis. If this were allowed to happen, then any additional benefits, would be offset by the negative environmental effects.

The intention of this Measure is to help to develop a number of major locations and to channel new investments, both inward investors and for the expansion of existing businesses, in a positive manner, ie, to locations where the infrastructure can support development, and where people will be able to access the employment opportunities.

The County Structure Plan identifies the need for over 400 hectares of employment land, and only a proportion of this requirement has been made available. The Plan also identifies the geographic spread of future provision, and this coincides with the aim of ensuring that new investment is distributed throughout the region, allowing the majority of the population to access some employment opportunities.

The draft Regional Planning Guidance identifies the importance of strategic sites. In Cornwall these should include Broadmoor Farm, near Saltash, identified in the Structure Plan for a major prestige business development serving a role within the wider South West region. Also, in the Camborne/Redruth/Pool area, identified in the draft Regional Planning Guidance as in need of regeneration, sites which are predominantly brown field and potentially amount to 90 hectares; the area is taking on an increasingly significant importance with the closure of the South Crofty Tin Mine.

The need to secure higher skilled and higher paid jobs is a key objective for the Programme and development of certain sectors is of particular importance. There are a number of opportunities to develop sectors or clusters and an important aim is the development of themed/specialist centres such as a University Science Park, a Marine Park and an Energy park linked to the Combined Universities in Cornwall. Developing a critical mass of companies is important in developing sustainable sectors where Cornwall can establish and maintain a competitive advantage, ensure technological transfer and increase its level of intellectual capital.

The types of development envisaged i.e. well located, with high quality business/commercial space set in a high quality environment will require some public sector investment to prepare the site and to undertake the building of premises.

The PMC will establish selection criteria to ensure that sites selected are truly strategic. This is likely to include, inter alia, market failure, employment potential, environmental contribution, links to

infrastructure, and fit with the Regional Strategy. The criteria will be reviewed by the PMC periodically and at least every two years.

The selection of individual locations will also take full account of both the Regional Planning Guidance and the County Structure Plan. A key feature of support will be a sustainability appraisal to ensure that benefits are positive on all three dimensions and that steps to mitigate any adverse effects are identified at the planning stage.

Objective

The objective of this Measure is:

To increase employment and investment through the development of a limited number of strategic sites to provide suitable locations for major new investment.

Indicative activities

Market demand, financial and technical feasibility studies; development of identified strategic sites; the provision of appropriate sites and premises infrastructure; the provision of high specification of business, industrial and commercial premises; the up-grading that is required to support the development of the site and the encouragement of inward investors.

MEASURE 2.2: EMPLOYMENT GROWTH CENTRES

Background and Rationale

Cornwall has a large number of towns with a significant employment base providing employment to wide catchment areas. Further development of the principal centres will allow new jobs to be created at appropriate locations, particularly in relation to sustainable development principles.

The towns of Cornwall have both strengths and weaknesses, all markedly different and dependent on a number of factors. This also applies to opportunities and threats. The opportunity exists to pursue a range of opportunities based on the variety of towns. This includes, for example, maritime and tourism at Falmouth, and tourism and airport developments at Newquay. Securing new opportunities is a medium to long-term exercise, particularly where infrastructure improvements are required to realise new investment.

A high priority will be given to building upon investments made under the 1994-1999 5(b) Programme. There are a number of capital investments that will be completed in the early part of the new Programme period, and where additional investment may result in additional benefits, and contribute towards the re-structuring of the Cornish economy.

This measure will develop a geographic spread of opportunities to ensure that a large proportion of the population will have access to new jobs especially those utilising ICT. These will be developed on an integrated masterplan basis with a three to five year development timetable. This approach will ensure a holistic development incorporating marine opportunities for those coastal towns with waterfront development. Account will be taken of the scale of the potential opportunity, the extent to which the benefits are sustainable, the likelihood of genuinely new activity being generated, the links to the economy and to the local economy, and to efforts made to link new employment opportunities to those most in need of employment.

Objective

The objective of this Measure is:

To maximise economic development by concentrating major development on towns, where integrated investment can lead to the maintenance and growth of employment in a sustainable manner based on economic growth centres.

Indicative activities

Market demand, financial and technical feasibility studies; development/re-development of identified locations and facilities; the provision of key infrastructure and other services to the location; the

provision of sites and premises, workspace leading to increased economic use within towns, particularly space above retail premises.

MEASURE 2.3: EMBEDDING THE BENEFITS OF NEW INVESTMENT - ERDF

Background and Rationale

Developing key sites and settlements and removing infrastructure constraints needs to be complemented with comprehensive support programmes if the maximum gain is to be achieved for the businesses and residents of Cornwall and the Isles of Scilly. Added value will be achieved by, firstly encouraging and facilitating investment whether from existing expanding businesses or inward investors. Secondly, the establishment of clusters will ensure a synergistic impact on the economy especially when linked to a local regional supplier base.

The above marketing activities will need a proactive style with appropriate aftercare support to ensure continued expansion of business activity within the key sites and town and the nurturing of growth activities. Part of this aftercare programme will be linkage and the liaison with those training organisations developing skills of the labour force to ensure employment opportunities for residents and a skilled workforce for the employer.

Objective

The objective of this Measure is:

To increase the benefits of major investments accruing to local people and companies through the provision of packaged actions in support of major capital work.

Indicative activities

Marketing, business development and aftercare initiatives; technical and feasibility studies; business services; links between new local and inward investment and employment pacts; studies for regeneration of towns; supply chain initiatives; promotional campaigns to encourage investors.

SUB-PRIORITY: STRATEGIC INFRASTRUCTURE

INTRODUCTION

Due to its location at the west of the South West region of England, commercial and transport infrastructure is a key concern for Cornwall. While some aspects of the infrastructure are adequate, there are a number of deficiencies that impede economic growth.

The infrastructure constraints which affect regional development relate to road, rail, air and sea. The ability of Cornwall and Scilly to secure major employment growth and to develop opportunities to re-structure the economy is hampered by inadequate infrastructure. The isolation of the region from the major markets, in both UK and European terms is a major handicap. There is a need to significantly improve key elements of the economic infrastructure where there are additional economic benefits to be realised, including road, rail, air and sea, to ensure that Cornish companies have access to the full range of services available elsewhere in the UK. This measure will place an emphasis on addressing constraints and bottlenecks that impede the realisation of the objectives and success of activities funded in other Measures and Priorities.

INFRASTRUCTURE

Roads

There are several road improvements that would significantly reduce journey times, improve the attractiveness of Cornwall to outside investors, and make it easier for businesses to move goods and people to the rest of the UK. At the strategic road level, the dualling of the final sections of the A30 is of paramount importance. Other route improvements on the A38, A39 and other primary routes, such as A390, have been identified as being important to the Cornwall economy and environment. The Structure Plan for Cornwall states that *"the network will not be fully effective in terms of serving the*

strategic, commercial and local traffic needs until the remaining deficiencies (in the primary network) are tackled". These improvements would address particular bottlenecks, although they would not produce a significant increase in capacity. The important action for the A30 is to remove the bottleneck at Goss Moor, created by a single lane between two existing lengths of dual-carriageway on the main strategic route for the region.

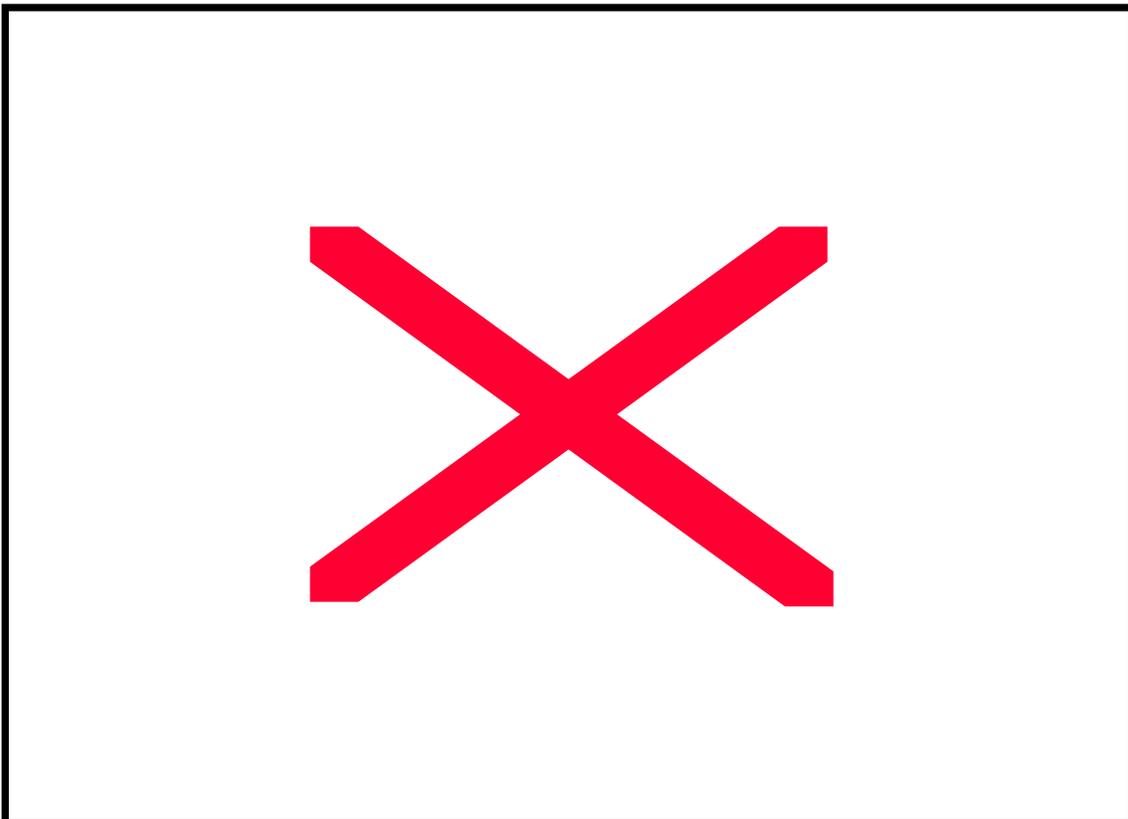
A recent study "Economic Impact of Mid Cornwall Road and Rail Investment" concluded:

Current traffic flows on the A30 Bodmin Bypass – Indian Queens section (**See Fig 1**) lead to operating conditions at or above capacity for significant parts of the year, and these flows include significant levels of road freight traffic. These conditions can lead to delays and lack of reliability in delivery of goods, and contrast strongly with conditions on the dual carriageway sections of the A30 on either side of the Goss Moor section, where capacities are much higher.

There is strong evidence that delays and lack of reliability affects businesses across Cornwall, even those generally trading within the County, but with particular effects on businesses receiving supplies or "exporting" to outside the County. This includes important sectors of the economy such as food and drink, printing and packaging, and other sectors of manufacturing.

On that basis we estimate that potentially around 1,300 additional jobs could be generated specifically from growth facilitated by road improvements. It is possible that higher numbers could be facilitated, particularly if the road improvements work within a co-ordinated package of measures which ensure land availability (of the right type, size, location, etc); business confidence, support and investment; and a focus on key growth sectors.

Employment impacts in the tourism sector are harder to estimate without more detailed information about visitor response, but it may be that there is little direct effect on the total volumes of visitors and their spend in the County. However, there may be negative effects from the current situation due to additional costs to services and supplies to the industry caused by congestion and lack of reliability.



Rail

The rail system is a key regional asset, with the Penzance-London route important for business and tourist visitors. This route feeds into the Trans-European transport Network –TEN), and there are 5 branch lines, helped by the Devon and Cornwall Rail Partnership. The journey time from London is affected by a number of track infrastructure constraints, and this considerably reduces the benefit of high-speed trains

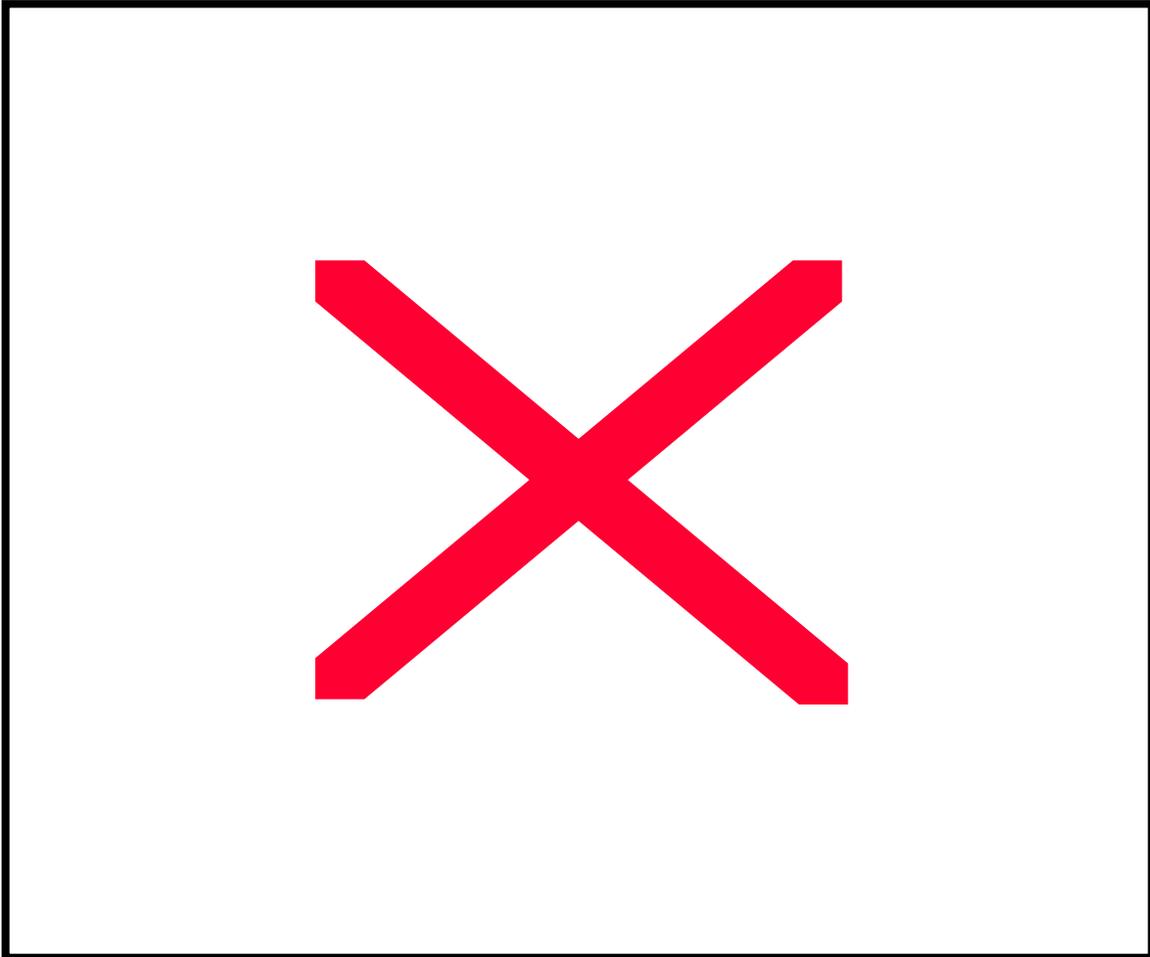
The rail network also has the potential to accommodate more freight, thus allowing the economy to expand without putting as many additional lorries on to the roads as would otherwise be required. The County does not have an inter-modal freight terminal and this is now a key “gap” in the infrastructure assets, and affects the ability of organisations to promote sustainable transport policies, and disadvantages a number of sectors where transport costs and services are critical to competitiveness. **(See Fig 2)**

Air and Sea

Newquay is the only airport in the County with scheduled services to London, one of the key communication routes for business travellers. Maintaining these services is of critical importance to the region. There are additional business opportunities that could be developed in and around the airport

There is a heliport at Penzance and a heliport/airport on the Isles of Scilly. In the case of the Isles of Scilly the air service is the only passenger route in the winter, and substantial visitors use the service in the summer. As important, the air link is a lifeline service of the community, essential for health and other emergency services.

Sea transport also provides a vital link to the Isles of Scilly, with freight and passengers travelling between Penzance and the islands. This is an essential service, and is vital to the economic prosperity of the islands. **(See Fig 2).**



Constraints to Growth

There are a series of issues that constrain economic growth and employment creation needed to contribute to the overall strategy for Cornwall and Scilly. These relate to a variety of physical and other factors that have impeded development: There are a number of infrastructure constraints, and these are affecting the investment climate around certain locations and towns; as such they are linked to the spatial perspective outlined earlier.

The key issues are:

- The perception and reality of bottlenecks in the transport system, which undermine reliability and increase the journey time for both rail and road passengers and freight distributors including the absence of an intermodal freight terminal;

- Infrastructure and access constraints around key sites including port facilities

- The need for major public investment as a pre-requisite for private sector investment

POLICY CONTEXT

The Table below presents the key policy context that will influence this Priority. Where appropriate, the PMC may incorporate aspects of the objectives the relevant guidance or strategies into the

appraisal system. Given the importance of the spatial perspective, more detailed information on the Draft Regional Planning Guidance is presented in this section.

POLICY CONTEXT		
EU	UK	Regional
European Spatial development Perspective EU Guidance on Transport infrastructure, Energy, Telecommunications, Infrastructure for a High Quality Environment	A Better Quality of Life: A Strategy For Sustainable Development	Regional Planning guidance Regional Transport Strategy Regional Strategy County Structure Plan
Note: See Chapter 6 for detailed coverage		

Regional Planning Guidance

The achievement of Regional Planning Conference's long-term vision of a Region of high quality and diversity, where development will be sustainable, requires the development and implementation of more sustainable transport policies, that is:

supporting transport patterns which meet the needs of residents, businesses and visitors whilst minimising impact on the environment and human health

encouraging a more 'self-sufficient' settlement pattern with a close integration between transport and land use

maintaining and improving mobility and accessibility, to sustain the Region's economy and to give all residents full access to education, training and essential facilities

reducing both the need to travel and reliance on the motor vehicle (especially the private car) by encouraging a shift towards alternative modes such as walking, cycling, improved public transport, also increased movement of freight by rail and sea.

PRIORITY OBJECTIVE

The ability of Cornwall and Scilly to generate and sustain significant growth of higher paid and skilled employment has been constrained by the region's peripherality from major markets, compounded by the poor quality of regional economic infrastructure. Thus, certain parts of the road network act as a constraint to industrial and commercial development; the rail infrastructure increases the journey time to the rest of the South West and other parts of the UK considerably; and air links are limited.

This sub Priority will seek to address strategic bottlenecks in the economic infrastructure of Cornwall and Scilly. As such improvements to minor roads will not be supported.

The strategic objective is:

To increase employment and investment opportunities through the removal of infrastructure constraints

MEASURE 2.4: STRATEGIC REGIONAL INFRASTRUCTURE (ERDF)

Financial Allocations

The following Table indicates the financial allocation at the Priority level, including the allocation to EU Fund, the Priority level UK Public and the private sector contributions. The allocations presented are for the lifetime of the Programme. The financial allocations at the Measure level are detailed in the Programme Complement.

PRIORITY 2: STRATEGIC INFRASTRUCTURE– SUMMARY FINANCIAL TABLE (MEUROS)				
	Total Costs	EU	UK Public	Private
		ERDF 20,000 ESF EAGGF		

Total	107,000	FIFG	20,000	28,000	59,000
Financial allocations by Measure are detailed in the Programme Complement					

This Priority has been allocated 107 meuros total project costs out of a Programme total of 1,181 meuro, some 9% of the Programme total. It has been allocated 20 meuro of EU support, 4% of the total EU support for the Programme, and 7% of ERDF funds.

The Financial allocation to each measure cannot be agreed until the Programme is approved and the PMC is convened. Nevertheless it is possible to present a likely range of financial allocation by measure.

Measure	Total Eligible Costs
Measure 2.4: Strategic Regional Infrastructure (ERDF)	40% - 50%

It should be noted that balance of Priority resources has been allocated to the sub Priority Strategic Spatial Development.

Indicators and Targets

The key outputs, results and impacts for the Priority are detailed below:

PRIORITY 2: STRATEGIC INFRASTRUCTURE – KEY OUTPUTS, RESULTS AND IMPACTS	
Indicator	Target
Outputs	
Number of ports improved	5
Kilometres of railway track improved	13
Kilometres of road improved	10
Number of airports up-graded	3
Number of public transport services improved	10
Results	
Journey time saved to London	14 minutes
Passenger Business NPV	£28m
Freight business NPV	£29m
Impact	
Net Additional jobs Safeguarded	Programme Complement
Net Additional Jobs Created	Programme Complement
Net Additional GDP Safeguarded	Programme Complement
Net Additional GDP Created	Programme Complement
Outputs, results and impacts are detailed by Measure in the Programme Complement	

MEASURE 2.4: STRATEGIC REGIONAL INFRASTRUCTURE - ERDF

Background and Rationale

The geographic location of Cornwall and Scilly offers some advantages but these are outweighed by the area's distance from the major UK and European markets. Even a centre such as Bristol is at least three hours drive from Truro, the commercial capital of Cornwall. This distance means that transport infrastructure is crucial to the regional economy and to any developments to attract new investment secure re-investment from companies already located in Cornwall, and Scilly, and efforts to increase economic linkages to the wider regional and national economies.

The transport links to the Isles of Scilly are essentially a continuation and conclusion of the strategic network comprising the A30 and the railway to Penzance. The transport links to the Islands are of strategic importance to the survival and growth of the Islands and make a substantial contribution to the economy of Penzance and West Cornwall.

A study commissioned to assess the strengths of the IT infrastructure concluded that the majority of business sites and premises can obtain high quality, services and thus obtain ISDN 2e and ISDN 30 or equivalent services for multimedia, video conferencing and Internet use. The area with limited access is in the West of the County, as the BT band width there is currently lower than elsewhere.

Installation of backbone infrastructure will be funded where a lack of private investment is causing competitive disparities within the sub-region to grow, and where such installation will increase the development of new employment opportunities as well as allowing access to learning.

The need for improved infrastructure has been recognised in the County Council Structure Plan, agreed after detailed research and consultation. This includes improvement to the strategic “A” road network, and the rail infrastructure, with reduction in the Penzance-London journey time an important objective. These investments are suggested as a means of contributing to sustainable development principles, and in the case of roads whilst improvements would increase the efficiency of the system, it is unlikely that these would, in themselves, lead to a significant increase in the number of journeys.

There are certainly serious constraints to sustainable economic development resulting from the strategic transport networks (ie the main A roads and the main railway line). For example, it is not possible to drive a full height lorry into West Cornwall down the A30 because of a low bridge at Goss Moor; nor into East Cornwall via the A38 because of a low railway bridge at Trerulefoot. The main railway line does not have sufficiently high standard of freight gauge to accommodate the latest container traffic. Several accesses to ports are also constrained by low bridges and inadequate roads.

There would be several positive impacts if these constraints were removed, particularly improvements in efficiency and reliability, as well as environmental benefits. On roads, there would be fewer diversions off the better quality road network and there would be increased reliability of journey times. Given the distance from markets and the drivers’ hours regulations, any time savings give greater confidence that deliveries can be made on time and without additional costs of extra drivers or driving time. More effective travel also means that vehicles are working more efficiently and produce less pollution.

The removal of constraints on the rail network would mean that rail travel would be more attractive and thus provide a more sustainable (economic, environmental and social) transport choice. This is important if the Objective 1 Programme is going to minimise any adverse environmental effects of economic growth.

Although the development of new infrastructure is closely linked to securing employment growth around key centres, the rural areas will also be able to benefit. Local people and companies will benefit from reduced journey times into and out of the region, and many of the jobs secured through development linked to infrastructure improvements will be taken by people living outside of the major towns.

Strategic infrastructure will be supported under this Measure. This will restrict road investments to the Strategic Networks and for integrating transport systems.

The PMC will adopt detailed criteria for the identification of suitable projects for these Measures, and this will be reviewed periodically. Prioritisation will place an emphasis on addressing constraints in the current systems which lead to bottlenecks, the scale of the constraint and potential benefits, both environmental and economic, and the extent to which any activity will contribute to activity supported under measures 2.1, 2.2 and 2.3. The criteria will include a method for defining and assessing bottlenecks, as well as a method for identifying the scale of benefits. The PMC will be continually monitoring the development of potential projects under this Measure since it is recognised that the lead time could be longer than with other activities in the Programme and at this stage it is envisaged that the majority of spending will be in the second half of the Programme.

Objective

The objective of this Measure is:

To remove infrastructure barriers that act as a constraint to the realisation of the full beneficial impact of projects and plans.

Indicative Activities

Market demand, financial, and technical feasibility studies; improvements to the road network required to access new development opportunities; improvements to the rail network required to secure access for development opportunities or where the improvements in journey times will lead to demonstrable economic benefits to Cornwall and Scilly; inter modal freight facilities required to allow Cornish

businesses to grow; improvements to air transport facilities necessary to access additional economic opportunities; improvements to harbour and port facilities related to the needs of Cornish businesses; investment to improve integration of transport systems; ICT provision where there is clear evidence of market failure; innovative schemes to provide renewable energy infrastructure and waste management where the relevant Waste Plans have already been prepared in accordance with the requirements of the Waste Directives; support for transport and communication links between the islands of Scilly and between Scilly and the mainland of Cornwall.

PRIORITY 3: DEVELOPING PEOPLE

BACKGROUND AND RATIONALE

As the socio-economic profile has demonstrated, the economies of Cornwall and the Isles of Scilly are undergoing significant change. Whilst trends in employment and unemployment have been positive over the past five years, relative disparities in income and wealth between the County and regional and national averages have widened. Average earnings are approximately 30% below the GB average. Employment in Cornwall grew by 10% (13,400 jobs) between 1991 and 1997, albeit 20% of these new jobs were part-time. In contrast to longer-term trends, manufacturing employment increased significantly, as did employment in the construction sector.

Despite the growth in industrial employment, employment in Cornwall and Scilly is dominated by the service sector, accounting for 78% of employees in employment. A large proportion of service sector employment is in hotels and restaurants, which continued to grow during the 1990s. The number of jobs in banking and finance fell, however, between 1991 and 1997, a decrease that is all the more surprising given the continued expansion in financial employment in the national economy.

Sectoral employment projections suggest the growth in manufacturing employment in Cornwall will be reversed, whilst the long-term decline of agricultural employment will continue. These losses, however, will be more than outweighed by the further expansion of the service sector, particularly business services, health and tourism.

The occupational structure of the workforce in Cornwall and Scilly remains characterised by relatively high numbers of individuals in low skilled occupations. In 1997 – 17% of the Cornish workforce were employed in semi or unskilled occupations compared to only 12.5% nationally. Conversely, only 21.6% were in managerial/professional occupations in Cornwall as against 26.5% nationally. This occupational structure partly explains the low levels of average earnings, which exist across the County.

Evidence from employers in Cornwall indicates that the attributes and qualifications of the existing workforce are insufficient to meet their needs. Almost a third reported in 1998 that skills deficiencies existed within their current staff, whilst 72% of those seeking to recruit new staff experienced difficulties with their recruitment, largely due to skill shortages. Skills gaps were identified across a range of occupations including catering, health, construction, and sales.

Competitive Companies

Whilst traditional industries are at risk of decline, they provide the backdrop for the future regeneration of the area. The potential for up-grading and revitalising these industries, where they are sustainable, will be vital to the future success of the economy. Investment is needed to upgrade the skills and expertise of employees in order to contribute to improved business competitiveness. Research amongst Cornish employers indicated a positive relationship between provision of training/personal development and business performance. The Priority will seek to address the needs of existing businesses through the development of both the existing and the potential workforce. A culture of innovation and lifelong learning will be required to ensure the continuous improvement and competitiveness of these industries. The competitiveness of current and future SMEs is a key driver within the Programme and this priority is designed to ensure that the competitiveness of individuals is similarly supported.

Employment growth in existing industries in Cornwall and Scilly is, however, unlikely to significantly narrow existing disparities in wealth and income. The growth of ICT and the knowledge economy, as well as other social and cultural changes provide significant opportunities for the County to generate a large number of well-paid, sustainable jobs. Many of these new jobs will require new specialist skills – often at a high level. Although the proportion of the Cornish workforce qualified to NVQ4 or equivalent has increased since 1994, the County continues to lag behind national and regional averages.

The importance of agriculture in Cornwall has traditionally meant the County has been characterised by a high level of self-employment. During the 1990s, however, the number of self-employed people in Cornwall fell by more than 4,000, although a large proportion of this fall will be accounted for by changes in taxation rules which made self-employment less attractive. Outwith the agricultural sector,

rates of new firm formation in Cornwall are much lower than the national average, resulting in a lower number of businesses per head of the population relative to the UK.

Limited individual skills eg, financial planning can prevent new businesses being established or constrain their development in the initial phase. The Priority will facilitate the creation of greater numbers of new enterprises, whether conventional businesses, community/social enterprises or individuals wishing to become self-employed.

In addition, efforts will be undertaken to create a broadly based entrepreneurial culture, in line with UK government objectives. In the past, enterprise in Cornwall has been under-played due to a long-standing employee culture based on a career lasting a full working life in traditional industries such as tin mining. Changing attitudes and perceptions will not, however, occur quickly with activities necessary across a range of groups including school pupils and students as well as under-represented groups such as women.

UNEMPLOYMENT

The trend in unemployment has been positive. The claimant unemployment rate fell from 10.3% in January 1996 to 6.3% in January 1999, equating to 8,000 fewer individuals out of work. The proportion who have been unemployed for more than a year is significantly below the UK average, a positive indicator given the correlation between time out of work and likelihood of obtaining employment.

The positive unemployment picture masks the continued seasonality of unemployment, where a large number of individuals obtain work during the summer months only to return to the unemployment register in the winter. In practical terms, the employability of these individuals is unlikely to be broadly equivalent to those who are classified as long-term unemployed. In addition, there are significant numbers of people who are seeking work but for a variety of reasons are not registered unemployed – the broader Labour Force Survey measure of unemployment recorded 16,500 individuals who were seeking employment at the start of 1999.

Unemployment in Cornwall is dominated by males, accounting for 73% of those registered as unemployed (although women out of work are much less likely to be on the unemployment register than men). Those who have been out for longer periods are increasingly concentrated in older age cohorts – 30% of the total pool of unemployed are aged over 45, with this group accounting for 52% of those who have been out of work for more than a year.

Raising the employability of those out of work will be a key aspect of the Priority. Employment projections over the lifetime of the Programme indicate, that the vast majority of new jobs will occur in the service sector; yet many of those out of work, particularly males, are seeking employment in occupations which dominate in the industrial sector, such as plant and machinery occupations, or craft-related occupations. Developing the necessary skills to enable individuals to move between sectors is crucial.

A population imbalance is developing with young people leaving the area in search of education and employment opportunities. Research amongst young adults indicates that over half of those aged 18 did not expect to be living in Cornwall in the next five years. Whilst a proportion of those intending to leave would do so to attend university/college, in order for the economy to be revitalised new opportunities for young people must be created to retain this talent in the County. In addition, Cornwall must be able to attract new talent by the availability of high value occupations.

A concerted effort to ensure the inclusion of all the population in the new economy is required. With a highly dispersed population, the approach should be that of mainstreaming those at a disadvantage and encouraging their participation within every appropriate measure of the programme. It is unrealistic, however, to assume that special assistance will not be required to accommodate this integration and measure 3.4 is designed specifically to address these additional requirements.

Improving basic skills will be a key element in promoting economic and social inclusion. Estimates indicates that 15% of the Cornish population have either low or very low levels of literacy, with a similar proportion possessing low or very low numeracy skills. The need to improve IT skills is also a major priority – self assessment of current aptitudes amongst the Cornish and Scilly population indicates the average skills level as only fair, an assessment confirmed by employers in Cornwall and Scilly.

POLICY CONTEXT

Whilst the socio-economic review and SWOT analysis provides the main rationale for Priority 3 actions, the Partnership recognises the importance of national and EU policies in shaping the composition and structure of the Strategy. The following documents have significantly influenced the thinking of the Partnership in the development of Priority 3:

- European Employment Strategy;

- National Action Plan for Employment;

- European Social Fund Regulations; and

- The Department for Education and Employment Draft Policy Frame of Reference.

In developing the Strategy, the Partners have sought to ensure that all proposed actions are wholly consistent with these policies.

The European Employment Strategy (EES) requires Member State Governments to prepare annual National Action Plans (NAP) for Employment. The first UK NAP was prepared in 1998 and was subsequently updated and revised for 1999. The main purpose of the NAP is to provide a framework for the development of appropriate labour market strategies to boost employment and competitiveness.

The UK NAP for 1999 was prepared within the context of the 1999 Employment Guidelines agreed at the Vienna European Council in December 1998. The NAP identifies 22 guidelines that contribute to one of the four pillars of: improving employability; developing entrepreneurship; encouraging adaptability in businesses and their employees introduction and strengthening policies for equal opportunities between men and women

In England, the Department for Education and Employment Policy Frame of Reference provides the broad framework for Structural Funds support. The Policy Frame of Reference is consistent with the EES in outlining proposed activities within the five policy fields of active labour market policies; equal opportunities for all, and promoting social inclusion; lifelong Learning; adaptability and entrepreneurship; improving the participation of women in the labour market.

HORIZONTAL THEMES

In line with the ESF Regulations, the draft Policy Frame of Reference recognises the importance of broader principles which are applicable to all labour market and HRD actions. Four horizontal themes are identified:

- Sustainable development;

- Support for local development initiatives;

- Social and labour market implications of the Information Society;

- Equal opportunities, extending beyond gender-based considerations to incorporate other disadvantaged groups such as ethnic minorities and people with disabilities.

LOCAL AND REGIONAL POLICY CONTEXT

The Skills and Enterprise Council will be the key local/regional organisation providing the policy context for the deployment of ESF, in line with the National Employment Action Plan. Prior to the new council becoming operational, the strategy of Prosper, the Training and Enterprise Council will influence the use of ESF.

This priority will act in support of the Regional Strategy, produced by the South West of England RDA on behalf of the region. It will contribute directly to a number of the key objectives of the Regional Strategy notably “encourage a learning culture in people and business users, reducing barriers to employment and training”. These objectives cover both competitiveness and social exclusion. The South West of England RDA has also produced a Skills and Learning Action Plan, and this will assist

both Prosper and the Skills and Learning Councils to direct resources to areas of particular importance to meeting objectives of the Regional Strategy.

STRATEGIC OBJECTIVE

If the gap in prosperity between Cornwall and Scilly and the UK average is to be reduced, then the competitiveness of the area will have to increase, such that rates of economic growth exceed the national performance. A key factor in whether this convergence will be achieved is the extent to which the Cornish workforce is capable of meeting the demands and requirements of employers. The first consideration, therefore, must be to create an efficient labour market where employers are able to source sufficient numbers of skilled people, and individuals are able to access employment opportunities which their skills and expertise merit.

Merely developing the current workforce is likely, however, to be insufficient to generate prosperity for all individuals or groups in Cornwall and Scilly. Many individuals face significant barriers to re-entry to the labour market, and without dedicated support, are likely to remain excluded. It is imperative that disparities within the County are not allowed to widen in the pursuit of convergence with other regions.

To meet these challenges there is a need to develop a lifelong learning culture which influences all sections of the community, not only those in or seeking employment.

Although lifelong learning is geared to the needs and aspirations of the individual, it is inextricably linked to the economic performance of the region. This connection is reinforced by the perceived link between learning and income. This is a positive feature, and many people will be re-engaged through learning, or continue to undertake learning as a means of securing income. As such, the Programme aim is closely linked to the needs of the workforce and the employment opportunities available. As a result there is a close link between lifelong learning and the needs/performance of the regional economy.

The strategic objective of the Priority incorporates these considerations and is as follows:

“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 access for all groups in the labour market”.

In order to ensure that the strategic objective is achieved, six measure objectives have been established. The objectives have been formulated to fit closely with the Policy Fields in the ESF Regulation. Although there is an individual measure corresponding to each of the five Policy Fields, they are designed to be mutually-reinforcing. The National Action Plan for Employment recognises the need for an integrated and comprehensive approach to human resource development if competitiveness is to be improved and social cohesion. The Priority 3 strategy adopts a similar approach incorporating actions that span the range of labour market needs. Whilst elements of the strategy eg, vocational skills training will address short term difficulties, other elements eg, creating a culture of lifelong learning are much longer term ambitions. The six strategic objectives aim to collectively capture all of these aspirations.

Six measures have been agreed as follows:

- Measure 3.1 Active Labour Market Policies – ESF;
- Measure 3.2 Learning for Competitive Business and Enterprise- ESF;
- Measure 3.3 Lifelong Learning – ESF;
- Measure 3.4 Promoting Social Inclusion – ESF;
- Measure 3.5 Increasing The Participation Of Women – ESF;
- Measure 3.6 Infrastructure for Learning - ERDF.

HORIZONTAL THEMES AND LINKS TO MEASURES

All four themes have been taken into consideration by the Partnership in the development of the Priority 3 Strategy. The extent to which each principle, however, is a critical element of the strategy

varies by measure. In a human resources context, by facilitating the re-integration of disadvantaged groups such as the long-term unemployed, Priority 3 will contribute to reducing disparities and achieving social cohesion. Exclusion will also be addressed through Measure 3.6 Infrastructure for Learning which will improve access to training for individuals and communities across Cornwall.

Increasing the involvement of community organisations, voluntary groups and other local initiatives will be an important aspect of improving skills levels in Cornwall. Given the dispersed population profile of the County, and the substantial distances between population centres, local delivery of support will, in many cases, be the most effective mechanism.

It is recognised that a number of groups eg, people with disabilities, lone parents within the labour market face particular difficulties in accessing training and employment, thereby justifying specific activity to overcome these problems. Measure 3.5 in Priority 3 aims to ensure equality of opportunity between men and women across Cornwall. This measure solely, however, will not be sufficient to provide equality of opportunity. Equal opportunities considerations require to be integrated into all Priority 3 measures, as well as the other four Priorities, as part of a mainstreaming approach. Specific accompanying measures have been agreed for the other ESF measures which will promote access for a range of disadvantaged groups.

KEY BASELINE DATA

PRIORITY 3: DEVELOPING PEOPLE – KEY UNEMPLOYMENT BASELINE DATA¹			
	Value	Year	Source
Number of men/ women registered as unemployed for more than 6 months	2,705/ 836	January 2000	ES
Number of men/ women registered as unemployed for more than 12 months	1,509/ 420	January 2000	ES
Number of men/ women registered as unemployed for more than 1 year aged over 25	1,478/ 408	January 2000	ES
Number of men/ women registered as unemployed for more than 2 years aged over 25	669/ 158	January 2000	ES
Number of men/ women registered as unemployed aged 19 and under	754/ 507	January 2000	ES
Number of men/ women registered as unemployed aged 24 and under	2,138/ 1,178	January 2000	ES
Number of men/ women registered as unemployed aged 24 and under, unemployed for more than 6 months	311/ 122	January 2000	ES
Number of men/ women registered as unemployed aged 24 and under, unemployed for more than 12 months	31/ 12	January 2000	ES
Number of men/ women registered as unemployed aged 45 and over	Tbc	January 2000	ES
Number of men/ women registered as unemployed for more than 1 year aged 45 and over	tbc	January 2000	ES
Total number of men/ women unemployed claimants	8,610/ 3,798	January 2000	ES
Unemployment rates for men/ women (claimant)	7.1%/ 3.8%	January 2000	ES
ES = Employment Service			

PRIORITY 3: DEVELOPING PEOPLE – KEY EMPLOYMENT AND BUSINESS BASELINE DATA¹			
	Value	Year	Source
Number of men in full time employment	61,947	1997	AES
Number of women in full time employment	39,198	1997	AES
Number of men in part time employment	11,990	1997	AES
Number of women in part time employment	40,428	1997	AES
Number qualified to NVQ III	102,000	End Feb 2000	Labour Force Survey
Number of men qualified to NVQ III	Tbc	End Feb 2000	LFS
Number of women qualified to NVQ III	Tbc	End Feb 2000	LFS
Number of SMEs ²	16,115	1997	IDBR
Number of VAT Businesses	16,450	1998	DTI
Number of companies with IIP status	86	1999	PROSPER
Number of new starts per annum	1,390	1997	DTI
Notes			
¹ An evaluation steering group for all ESF in the UK will be established for the 2000-2006 programming period. This group will agree a common framework for the evaluation of ESF, which will seek to ensure that comparable information is gathered to assess the impact of ESF with reference to the NAP; the group will also commission research so that lessons can be learnt and good practice identified, with a particular focus on the horizontal issues. The evaluation of ESF activity in Cornwall and Scilly will be carried out in line with the common framework.			
² This is the total number of businesses, less 3% considered to be large businesses.			

FINANCIAL ALLOCATIONS, INDICATORS AND TARGETS

The following Table indicates the financial allocation at the Priority level, including the allocation to EU Fund, the Priority level UK Public and the private sector contributions. The allocations presented are for the lifetime of the Programme. The financial allocations at the Measure level are detailed in the Programme complement.

PRIORITY 3: DEVELOPING PEOPLE – SUMMARY FINANCIAL TABLE (MEUROS)				
	Total Costs	EU	UK Public	Private
		ERDF 7,997 ESF 67,978 EAGGF FIFG		
Total	190,975	75,975	102,000	13,000
Financial allocations by Measure are detailed in the Programme Complement				

The financial allocation to each measure cannot be agreed until the Programme is approved and the PMC is convened. Nevertheless it is possible to present a likely range of financial allocation by measure.

Measure	Total Eligible Costs
Measure 3.1: Active Labour Market Policies	20% – 25%
Measure 3.2: Learning for Competitive Business and Enterprise	20% – 25%
Measure 3.3: Life-long Learning	10% - 20%
Measure 3.4: Promoting Social Inclusion	25% - 30%
Measure 3.5: Increasing The Participation Of Women	5% - 10%
Measure 3.6: Infrastructure for Learning	10% - 15%

INDICATORS AND TARGETS

The key outputs, results and impacts for the Priority are detailed below. The results of Priority Level actions are presented against gross sales and gross additional jobs indicators. Outputs, results and impacts at the Measure level are detailed in the Programme complement.

PRIORITY 3: DEVELOPING PEOPLE – KEY OUTPUTS, RESULTS AND IMPACTS	
Indicator	Target
Outputs	
Number of active labour market beneficiaries	26,000
Number of young people unemployed for less than 6 months assisted	6,000
Number of adults unemployed for less than 12 months assisted	12,000
Number of employees trained as part of adaptability	19,000
Number given Enterprise Training	2,000
Number of lifelong learning beneficiaries	11,000
Number of people trained from excluded groups	15,000
Number of women trained to increase participation	4,000
Results	
Active labour market beneficiaries securing a qualification	30%
Active labour market beneficiaries securing employment	40%
Employees trained securing a qualification	50%
Lifelong learning beneficiaries securing a qualification	60%
People trained from excluded groups securing a qualification	30%
People trained from excluded groups securing employment	35%
Number of new starts surviving for two years	1,800
Impact	
Net additional jobs	4,607
Outputs, results and impacts are detailed by Measure in the Programme Complement	

LINKS TO THE NATIONAL ACTION PLAN FOR EMPLOYMENT AND OBJECTIVE 3 COMMUNITY SUPPORT FRAMEWORK

The NAPE and Objective 3 ESF have influenced the development of this Priority, and the intention is to provide a similar breadth of coverage within Cornwall and Scilly. Although the CSF is only at the draft stage, a compatibility check has been carried out to ensure that there is a high degree of consistency between the Objective 1 SPD, and the Objective 3 CSF. The following Table highlights the consistency with the English Objective 3 Operational Programme and the NAPE and also identifies the key indicators and targets to be monitored.

LINKAGES			
English OP Policy Field	Objective 1 SPD Measures	Indicator	NAP Guideline
		Cross-cutting indicators % in work on leaving % gaining positive outcome on leaving % young people unemployed less than 6 months % adults unemployed less than 12 months % beneficiaries completing their courses % gaining a qualification	Pillar I Pillar I, III 1 2 6,11
Active Labour Market	3.1: Active Labour Market	Funding Number of beneficiaries Numbers receiving ESF "training" % of young people receiving help before 6 months % of women receiving support % of beneficiaries completing their courses % of adults receiving help before 12 months % working towards a qualification % positive outcomes on leaving (and at 6 months) % in work on leaving (and at 6 months) % moving into self-employment number of unemployed in work after ESF support (net of dead-weight)	1,2,3 3 1,2,3 1 19 - 2 Pillar 1 1,2 1,2 1,2,11 Pillar 1
Adaptability and entrepreneurship	3.2: Competitive Business and Enterprise 1.7: New Employment Opportunities 5.4: The Knowledge Driven Region	Funding number of beneficiaries getting self-employment help number of companies helped number of employees helped (given ESF 'training') number of trainers trained % of women receiving support % working towards a qualification survival rate of self employed after 18 months % of beneficiaries gaining a qualification net number of new businesses running after 18 months net number of jobs safeguarded by ESF support Net number of jobs created through support for self-employment	Pillar II and III 11 11 11 18 19 18 11 11 11 Pillar III Pillar III
Lifelong learning	3.3: Lifelong Learning	Funding Numbers participating in lifelong learning % of women receiving support % completing their courses % working towards a qualification Number of research/labour market analysis projects Number of trainers trained Number of capacity building projects % of leavers gaining a qualification % in work or further study on leaving (and at 6 month) net increase in participation in lifelong learning from ESF support	5,6 5,6 19 - Pillar 1 6 6 5,66 6, Pillar III 6
Equal Opportunities for all and promoting social inclusion	3.4: Social Inclusion 4.5: Area Based Pathways To Employment	Funding Number of beneficiaries Numbers receiving ESF "training" % of women receiving support number of trainers trained % working towards a qualification number of capacity building projects number of research projects % positive outcomes on leaving (and at 6 months) % in work on leaving (and at 6 months) % moving into self-employment	9 9 9 19 5 Pillar 1 5,6 5,6 9 9 1,2,11

		numbers in work 6 months after ESF support (net of dead-weight)	Pillar 1
Improving the participation of women in the labour market	3.5 Increasing the Participation of Women	Funding	Pillar IV
		Number of beneficiaries	19
		% women beneficiaries	19
		% of projects offering childcare facilities	21
		number of research projects	19
		% positive outcomes for women	19
		% of parents with children under 5 in work 6 months after ESF	20,21
		% of women setting up in business	11,20
		% of women trained in non-traditional occupations	20
		net % increase in female labour market participation of beneficiaries after ESF support	20

MONITORING OF ESF

In order to effectively monitor ESF support, and to assess the contribution to the UK Employment Action Plan, appropriate steps will be taken, prior to the commencement of the Programme, to put in place monitoring systems which guarantee the measurement of all ESF core indicators (and especially guidelines 1 and 2).

A Labour Market Assessment, based on the four pillars of the NAP will be produced annually. In the preventative context the LMA will monitor the annual progress towards delivering guidelines 1 and 2 and will report on:

The numbers of young people unemployed less than 6 months provided with Objective 1 ESF support, and the proportion this represents of the total number of young people in this category; and

The numbers of adults unemployed less than 12 months provided with Objective 1 ESF support and the proportion this represents of the total number of adults in this category.

The Labour Market Assessment will also report on:

Numbers and proportions of young unemployed who flow into unemployment of over 6 months; and

Numbers and proportions of adult unemployed who flow into unemployment of over 12 months.

MEASURE 3.1: ACTIVE LABOUR MARKET POLICIES

Rationale and Background

The move to active labour market policies follows one of the main policy principles of the European Employment Strategy through *“a shift towards prevention and early activation in employment policies.... helping people before or as soon as they become unemployed, rather than addressing their needs only once they have been out of a job for some time”*. By doing this, the Strategy aims to contribute to its goals of high levels of employment for all groups in the labour market and the goal to move away from the passive fight against unemployment towards promoting sustained employability and job creation.

The UK Community Support Framework, the UK Employment Action Plan and the English Operational Programme all point to changes in the UK labour market over the last 50 years. The UK labour market assessments highlight that “the traditional approach to employment was geared towards full time male employment in traditional industries” where the majority of those seeking work found it relatively quickly, and where there were plentiful job opportunities for those without qualifications. Active labour market policies reflect that this situation is no longer the case and that there is a need to “keep the unemployed in touch with employment opportunities, that help those without the necessary basic skills to acquire them, and that help those in work stay in work, by improving and updating their skills”.

More recently, over the last four years, employment rates in England as a whole have increased and unemployment rates have fallen to the lowest level since 1980. However, this masks areas of concern, since at the same time unemployment and lack of work have become increasingly

concentrated amongst groups and households, and significant numbers remain unemployed, including young persons and long-term unemployed.

Active labour market policies are therefore based on the recognition that the nature of work has changed and continues to change rapidly and that individuals need to update and improve their skills continuously in order to secure and maintain employment. There is a clear focus on employability to integrate new labour market entrants and the unemployed into the labour force, to which national policies such as New Deal will input. The key areas of support are guidance, counselling, training, retraining, work practice, and job search assistance.

The concern to increase the employability of the workforce is reflected in the DfEE report 'Employability: developing a framework for policy analysis'. This states that 'employability is about having the capability to gain initial employment, maintain employment and obtain new employment if required'. This requires assisting the individual to possess the requisite knowledge, skills and attitudes for entry/ re-entry into the labour market, as well as encouraging a climate where the individual's personal circumstances and the labour market structure itself are conducive to employment.

For Cornwall, active labour market policies are necessary to address low levels of employability and to tackle seasonal employment patterns which mask the true extent of long-term unemployment. Cornwall also has significant numbers in excluded groups that are especially disadvantaged in the labour market, groups which are more susceptible to long-term unemployment.

Support in this measure is aimed at two categories of those out of work:

Individuals who have recently been made unemployed to prevent them from either entering long-term unemployment or from developing a pattern of seasonal employment (preventative), and

Those individuals who are at risk of exclusion or facing barriers to integration into the labour market activation.

Unemployment

The unemployment picture in Cornwall is clouded by the high incidence of seasonal employment which results in many individuals obtaining work for the summer months only to return to the unemployment register again in the winter. The proportion of those who are long-term unemployed in Cornwall is much lower than the national average and masks to an extent the true level of unemployment and the low level of employability.

The latest claimant count unemployment data for Cornwall indicates that in April 1999, there were 12,276 people out of work (the more broadly based ILO measure recorded 16,000 people looking for work in the third quarter of 1998). Of these, 80% have been out of work for less than a year, with numbers concentrated in the three-nine month duration cohort.

The profile of this unemployed group indicates a high proportion of individuals whose previous occupation was either semi or un-skilled. A quarter of those registered unemployed were seeking "other" ie, largely unskilled occupations, with a further 37% seeking employment in the plant and machinery, and craft sectors. Unsurprisingly, there is a strong correlation between the usual occupation of those unemployed and the occupation which they are seeking. The first part of this measure aims to equip those out of work with the requisite skills to promote their re-entry to employment, addressing the improving employability pillar of the UK Employment Action Plan.

A high proportion of the unemployed have few or no formal qualifications and have skills levels which are far lower than those in employment. Data for the South West as a whole indicates that a very low proportion of the ILO unemployed of working age are qualified to NVQ Level 3 and above. In 1997, it was estimated that 3% of the unemployed in the South West region possessed these levels, compared to in excess of one in four of those employed.

Specific emphasis will be placed on enhancing the employability of young people and older unemployed, as both groups can face specific barriers in obtaining employment. Despite the introduction of new initiatives such as New Deal specifically aimed at reducing unemployment amongst young people, a quarter of those unemployed in Cornwall (3,000 individuals) are aged under 25. In contrast to other regions, population projections indicate that the proportion of people aged 15-

24 in Cornwall is forecast to increase, albeit marginally, strengthening the rationale for a focus on this group.

For older unemployed people, a combination of outdated skills and discrimination in the labour market in favour of younger people can often result in significant difficulty in obtaining new employment. In Cornwall, 30% of those registered unemployed are aged 45 or over, with this age group comprising more than half of those who have been unemployed for more than a year. If this group is not to become economically inactive or otherwise excluded, targeted support is necessary to enhance employability, particularly core skills such as IT competence. Self-assessment of average IT abilities amongst older individuals in Cornwall is much lower than for younger age groups.

This measure will particularly target resources at those young people unemployed for less than 6 months and at those adults unemployed for less than one year. The monitoring system will report on both of these target groups.

Preventing Exclusion

The second dimension of this measure aims to identify those individuals who are most likely to remain unemployed for some time. This includes young people with little or no experience, young people with no relevant qualifications, adult unemployed with no relevant qualifications, people who have experienced a number of periods of unemployment in the last five years and older workers (more likely to remain on the register for some time).

Objective

The objective of the measure is:

To improve the employment prospects of unemployed or other economically inactive people, returners to the labour market and young people, through the provision of appropriate actions including guidance and support to improve their employability and vocational skills.

Indicative Activities

Activities under this measure will support national active labour market policies. They will enhance and expand national programmes and provide support for additional activities, which address the special needs of Cornwall and Scilly. Relevant national policies include Job Seekers Allowance, National Traineeships, New deals, Work Based training for Adults, Modern Apprenticeships, National Childcare Strategy.

Support will be available, inter alia for provision of careers information, advice, guidance and support for job-seeking skills, developing basic and intermediate skills and improving attainment levels among young people and adults, including those who are unemployed; measures aimed at individuals to support them in making informed choices and take up training and employment opportunities. Additional support will be available to address specific barriers to participation in activities supported under this measure eg, dependent and childcare costs etc.

The Programme Complement will present indicators and targets at the Measure level. It will present, as a minimum, the indicators agreed for each Policy Field in the UK Objective 3 Community Support Framework.

MEASURE 3.2: LEARNING FOR COMPETITIVE BUSINESS AND FOR ENTERPRISE – ADAPTABILITY AND ENTREPRENEURSHIP

Rationale and Background

The more highly skilled and motivated the workforce the more likely businesses are to be competitive. This applies to the existing workforce, who are continually required to respond to the changing needs of employers, and to unemployed individuals who require the necessary skills to enter employment or self-employment. The Measure is therefore focused on improving the adaptability of the workforce and unemployed individuals to meet employer demand at all skills levels.

A competitive economy also requires a culture of entrepreneurship, so that individuals are encouraged to learn and where businesses are helped to innovate thus enabling them to expand and create new employment opportunities. This requires both addressing the deficiencies in entrepreneurial skills, and encouraging small and medium sized firms to engage in training and employee development activity, which is frequently seen as prohibitively time consuming and expensive.

The two themes of adaptability and entrepreneurship are central to the European employment Strategy where one of the goals of the Strategy is to promote a new approach to work organisation that enables businesses to cope with economic change whilst improving the security of employment and the adaptability of the workforce. In addition, adaptability and entrepreneurship are combined as one of the five policy fields in UK Employment Action Plan. Both themes are supported by the principles of Lifelong Learning, Measure 3.3.

Both components are essential to Cornwall where there are low skills levels and low levels of innovation resulting in low rates of new firm formation. Cornwall has deficiencies in both basic and higher level skills, including ICT skills, as well as low levels of entrepreneurial awareness with a traditional emphasis on an employee culture.

Adaptability

Whilst progress has been made in improving workforce qualifications in Cornwall and Scilly, the area continues to lag behind national and regional averages. 45% of the workforce are qualified to NVQ3 or above, 25% are qualified to NVQ4 or above – well below the national targets of 60% and 30% respectively.

Improving business competitiveness requires increasing the pool of qualified individuals at all skill levels. Forecasts of labour demand by the Institute for Employment Research for Devon and Cornwall over the next five years suggest that 40% of jobs to be filled will be at NVQ Level 2 or equivalent with a further 22% at below Level 2. The challenge of this measure is to ensure that there is a sufficiently skilled workforce to take advantage of these opportunities, thereby addressing the third pillar of adaptability of the UK Employment Action Plan.

Whilst the attainment of vocational qualifications is a prerequisite for success in the future economy, other issues also require attention: Key skills, such as IT and interpersonal communications, will require to be updated in order to keep pace with technological change and the needs of employers. For others, improving core skills such as literacy and numeracy will be crucial in being able to take advantage of employment opportunities which will be created, many of which will be suitable for those with basic skills.

Evidence from both employers and the wider workforce in Cornwall and Scilly indicate substantial room for improvement in basic skills competencies. 66% of the workforce rated their numeracy skills as good or very good, whilst only 38% rated their IT skills as good or very good. The proportion of people who use a PC at work now approaches 50%.

The economy of Cornwall and Scilly is dominated by small firms. Of the 19,000 businesses in Cornwall in 1996, almost 95% had fewer than 25 employees. Despite the favourable economic conditions in the national economy over the past five years, the performance of Cornish businesses has been mixed. The 1998 PROSPER survey of Cornish and Scilly employers found that employment levels had either stayed the same or fallen in 70% of respondents in the previous year, whilst 37% of employers expected turnover to either decrease or stay the same over the next year.

As identified in Chapter 2, Cornwall and Scilly are over-represented in low value added and low wage sectors. Whilst some of these sectors are predicted to grow, a proportion of the jobs created, without significant support, will follow the tradition of being relatively poorly paid and/or part time. This measure will focus on training, HR, and employment measures to improve the competitiveness of existing sectors, for example, tourism.

One consequence of the relatively poor performance of many Cornish and Scilly businesses has been a reduction in training activity. Short-term trading difficulties often have a knock-on effect on the budgets and time made available for employee training – the proportion of employees in manufacturing in Cornwall, for example, receiving training fell by 10 percentage points over the last two years. Only one third of businesses currently have a dedicated training budget. Failure to invest

sufficiently in training and employee development will have significant implications for the future competitiveness of Cornish businesses across all sectors. Within the service sector, for example, factors such as customer care and relationship marketing, continue to increase in importance, creating challenges for many businesses.

This reluctance is partly explained by perceptions that training is, for example, expensive, time consuming and may only generate a modest impact on business performance in the short term. A number of studies have shown, however, that training and human resource development is a crucial determinant to long-term business competitiveness. In Cornwall businesses of all sizes, 86 businesses had been awarded liP, and a further 141 were committed to its attainment. There is clearly an opportunity to increase these numbers.

Despite the difficult trading conditions, more than 50% of businesses in Cornwall and Scilly express a desire to grow. Skills shortages, however, continue to act as a constraint, both on existing business performance and on future growth potential. - almost a third of Cornish employers identified skills gaps within their existing workforce, much higher than the UK average of 15%. Employers identified a range of occupations where skills need to improve including catering, health associates, construction trades and sales. Basic IT skills were seen as the most serious weakness.

Recruitment difficulties also have a knock-on effect on business performance - 72% of businesses who were active recruiters in the last year experienced difficulties with their recruitment, with skills shortages identified as the major difficulty rather than other factors such as the wage offered. Difficulties were reported across a number of occupations and sectors, ranging from catering occupations to electrical and construction trades. Basic skills were also an issue – 10% reported difficulties in recruiting unskilled individuals. For those who experienced recruitment difficulties, only 11% indicated that this had no adverse effects on the operation of their business.

In order to ensure the sustainability of results, and to encourage the social partners to play a more active role, support will be made available for capacity building of the social partners.

Entrepreneurship

Whilst many new jobs have been created in Cornwall in the past decade, these new jobs have been insufficient to prevent increases in unemployment resulting from the decline of traditional industries such as tin mining and agriculture. Given the ferocity of competition in attracting large scale inward investment, the future prosperity of the area will depend heavily on the ability of the area to generate substantial numbers of new firms.

Long-term factors such as an aversion to risk and an “employee culture” have resulted in low rates of new firm formation in Cornwall and Scilly. The need to increase awareness of setting up in business as an employment/lifestyle option as well as promote more positive attitudes to entrepreneurship generally have been recognised by economic development agencies in the area. Existing initiatives in this area, for example the Young Enterprise scheme, have begun to change attitudes and perceptions. This Measure will support additional work with school students to promote positive attitudes to enterprise.

If long-term cultural barriers are to be reversed, however, further efforts are required. The first aim of this measure will be to engage a larger number of individuals in enterprise activity through awareness raising and related actions. Particular emphasis will be given to young people and groups such as women who have traditionally faced even greater barriers in considering self-employment or starting up in business.

Much of the activity to raise awareness and change attitudes will, however, only reap benefits in the longer term in the number of potential entrepreneurs. In the short term, there is a need to support those who have suitable business ideas, but lack the necessary skills to fully exploit these ideas. This measure will provide a range of guidance, training and related HR support to assist and enable the entrepreneur to formalise his or her plans to a recognised business unit. Support will be provided for self-employment, commercial and community businesses. .

Whilst the gap has been narrowing, self-employment rates amongst women in Cornwall are significantly lower than men. This has been largely due to the rate for men falling, however, rather than a significant increase in the number of women taking up self-employment or starting up in business. Gender stereotyping, amongst other barriers, has been a key factor in constraining the

number of women entrepreneurs. A key aspect of this measure will be specific actions to increase the number of women becoming self employed or starting up in business.

Although Cornwall and the Isles of Scilly have much higher than average rates of self-employment (largely due to the categorisation of many agricultural workers as self-employed), the area continues to lag behind on measurements of new firm formation. Excluding agriculture, Cornwall and Scilly had fewer VAT-registered businesses per head of the population in 1997 than the GB average. Despite the favourable conditions in the national economy, there were more VAT de-registrations than registrations in Cornwall and Scilly during 1997.

This Measure is complemented by activity provided under Measure 1.7, where resources will be targeted at identified key sectors. This measure will support all other entrepreneurial development outside the key sectors identified within Measure 1.7.

Objectives

The objectives of this measure are:

- 1. To improve the competitiveness of SMEs through development and upskilling of the workforce in established SMEs and the availability of appropriately trained and qualified labour through the provision of skills training linked to known or anticipated labour market needs**
- 2. To increase the number and quality and improve the durability of new start businesses**

Indicative Activities

Support will be available for, inter alia, promotion, advocacy and awareness raising actions to increase SME and individuals commitment to training, professional development and lifelong learning; feasibility studies and research projects and labour market assessments; sectorally based anticipation activities, including training needs analyses, benchmarking, company-based skills reviews and HRD planning; development of new training packages and guidance material, including new methods of delivery; career advice, information, guidance and counselling to those in employment or seeking employment; support for the improvement of basic skills; vocational training; enhancing skills and boosting human potential and facilitating the transfer of know-how and individuals from the educational sector into the SME sector and vice versa; development and enhancement of education/business links, partnerships and other activities aimed specifically at young people; development of appropriate promotional and entrepreneurship learning materials; provision of grants, allowances and training to support individuals becoming self-employed or starting up in business; support for capacity building of social partners; support for new approaches aiming at the modernisation of work organisation.

The Programme Complement will present indicators and targets at the Measure level. It will present, as a minimum, the indicators agreed for each Policy Field in the UK Objective 3 Community Support Framework.

MEASURE 3.3: LIFELONG LEARNING

Background and Rationale

The rapidly changing labour market and the concept of employability have driven the need for continuous updating of skills and qualifications. The move to a lifelong learning agenda is a direct response to the demands of the increasingly knowledge based economy and the requirement for skills based solutions to labour market needs.

The GB CSF states that knowledge has always been important, and identifies four processes increasing its importance for prosperity: science and technological advance (including ICT); global competition, including information transfer; the need for businesses to innovate quickly to remain at the cutting edge; and changing demand as incomes rise and attitudes change, which requires improving the basic employability of the labour force and maintaining that employability over the long-term.

Nationally, and in all regions, the proportion of the workforce holding some form of qualification has increased dramatically as the numbers staying in education continue to rise and older persons with no qualifications retire. However, skills gaps remain – employers report skills gaps within their workforce, a high proportion of the adult population lack basic skills and large numbers of young people leave school without formal qualifications.

Lifelong Learning

For Cornwall, the area continues to lag behind national and regional averages, despite progress made in improving workforce qualifications. 45% of the workforce are qualified to NVQ3 or above, 25% are qualified to NVQ4 or above – well below the national targets of 60% and 30% respectively.

Key skills, such as IT and interpersonal communications, also require to be updated in order to keep pace with technological change and the needs of employers. Measurements based on self-assessment in Cornwall and Scilly show that the workforce has less ability in IT compared to all other key skills.

For others, improving core skills such as literacy and numeracy will be crucial in being able to take advantage of employment opportunities which will be created, many of which will be suitable for those with basic skills. Numeracy and spoken and written communication are two important key skills. There is, however, a substantial minority in the adult population who have very low/low literacy and very low/low numeracy skills. 14.5% of adults in Cornwall have low or very low literacy, and 18.5% have low numeracy skills.

Evidence from both employers and the wider workforce in Cornwall and Scilly also indicate substantial room for improvement in basic skills competencies. 66% of the workforce rated their numeracy skills as good or very good, whilst only 38% rated their IT skills as good or very good. The proportion of people who use a PC at work now approaches 50%.

There are large proportions of the unemployed that lack formal qualifications – around 20% of the ILO unemployed possessed no qualification in the South West as a whole in 1997. Lifelong learning encompasses those who are not traditionally switched on to participation in learning activity.

For young people, school pupils' GCSE attainment levels are above the national average, which drops back only slightly to be in line with the national average for A/AS level attainment. In addition, those pupils achieving no GCSEs are below national averages. However, young people must be encouraged to continuously update their knowledge and skills throughout their adult lives, and the proportion of pupils who leave with no graded qualifications must be encouraged to take up learning.

For higher level skills, there is evidence from the Institute for Employment Research for Devon and Cornwall that 40% of jobs over the next 5 years will be filled at NVQ Level 2 or equivalent. There is a requirement to ensure that there are sufficient numbers with these level skills to take advantage of the employment opportunities.

Wherever possible ESF will be used to extend and improve the support available to the individual through national initiatives such as Ufl and Individual Learning Accounts. This will allow residents of Cornwall and Scilly to begin to bridge the gap with the national situation. This element of value added will be a key feature of the Measure

Objective

The objective of this Measure is:

To enable young people and adults to continue to develop their knowledge and skills throughout their lives.

Indicative Activities

Activities under this measure will support the national policy of Lifelong Learning and will contribute towards the achievement of the National Learning Targets*, providing additional support, where necessary, to address the specific needs of Cornwall and Scilly. Relevant national initiatives include Business Education links, Employee Development Schemes, Individual Learning Accounts, Investors in People, University for Industry.

Support will be available, inter alia, for: measures to promote the concepts of lifelong learning to individuals, employers and communities at large, and measures to implement them; support for research and identification and dissemination of good practice with regard to lifelong learning; measures to increase the flexibility of learning provision; support for strengthening the links between educational establishments and employers; measures to upgrade the skills and educational attainment levels of individuals in accordance with the changing demands of a knowledge-based economy; and support for special measures to improve access to and widen the range of high level learning opportunities

Additional support will be available to address specific barriers to participation in activities supported under this measure eg, dependent and childcare costs.

The Programme Complement will present indicators and targets at the Measure level. It will present, as a minimum, the indicators agreed for each Policy Field in the UK Objective 3 Community Support Framework.

MEASURE 3.4: PROMOTING SOCIAL INCLUSION

Rationale and Background

One of the principal developments in the labour market of the UK over recent decades has been the increased concentration of disadvantage, either geographically or amongst certain groups in society. Therefore, “although unemployment rates are declining in Great Britain, certain groups are harder hit than others through higher incidence of inactivity and unemployment (tending often towards long-term unemployment)” (England Operational Programme, Objective 3 2000-2006).

The European Employment Strategy makes it clear that one of its over-arching goals is to achieve a high level of employment in the economy and for all groups in the labour market. Similarly, the second of the five Policy Fields identified in both the GB CSF and the England Operational Plan for ESF is entitled ‘Equal Opportunities for All and Social Inclusion’. These policy directives directly take into account the needs of disadvantaged groups, and make explicit that their integration into the labour market is required. Such integration has benefits not only for the individuals themselves, but for the wider economy as a whole as unemployment levels fall and economic inactivity is reduced.

Achieving economic and social inclusion is not straightforward. Those faced with the greatest disadvantage in the labour market frequently lack the basic skills required by employers and have limited experience of modern work practices. It is therefore necessary to increase basic skills levels, including improving literacy and numeracy skills, as well as key skills including communications and inter-personal skills.

Disadvantaged groups include ethnic minorities, people with disabilities, women, young people, older workers, homeless, refugees, ex-offenders, lone parents, carers and returners. Frequently these groups face additional disadvantages through the discriminatory attitudes of employers, who must be encouraged to overcome these negative attitudes.

The measure aims to address the specific issues involved in securing re-entry to the labour market of the excluded groups. In contrast to many urban areas where these groups are geographically concentrated, the incidence of labour market exclusion is spread across Cornwall and Scilly. Emphasis will be given to those who have been out of work for more than a year. Claimant count data for April 1999 indicates that 2,500 individuals in Cornwall and Scilly are long-term unemployed, two-thirds of whom are male. Given the availability of seasonal employment opportunities in the County, many in this group will require concentrated support to enable them to access employment.

Significant potential exists to increase the labour market participation of people with disabilities – estimates for Devon and Cornwall suggest that the participation rate of this group is less than half of that for the non-disabled group. In this instance, people with disabilities are defined as those people of working age with a health problem which affects the kind of paid work they can do.

In 1997, the number of people meeting this criterion in Cornwall was estimated at 39,321 - 13.4% of the working population. Of these, 15,700 (43%) are estimated to be economically active. There are 18,000 people who are not actively seeking entry into the labour market but a proportion will do in the future if judged fit for work.

Lack of, or inadequate, basic skills remains a significant problem for many people of working age in Cornwall. Data from the Basic Skills Agency indicates that in 1997, 38,827 people of working age were identified as having low or very low levels of literacy, whilst 86,495 people were identified as having low or very low numeracy. To place these numbers in context, the labour force in Cornwall is estimated at 220,000 persons – almost 40% are estimated to have inadequate numeracy skills. In contrast the number of ex-offenders and those awaiting release from a custodial sentence is small, although precise numbers are difficult to determine. The number of court order supervisions in Cornwall in 1997 was 802, the lowest in the South West, with a further 200 people on pre-release.

The incidence of homelessness in Cornwall and Scilly is difficult to determine accurately, with only partial coverage given by the available statistics ie, local authority activity under the homelessness legislation which excludes the majority of single homeless people. Available data for Cornwall indicates 1588 family units in Cornwall claimed homelessness in 1997, equating to approximately 4000 individuals or 0.8% of the population.

Economic activity rates amongst women in Cornwall and Scilly are already higher than the national average, still below that of males. During the 1990s, the number of females in the labour force in Cornwall increased from 91,000 to 94,000 (3%) compared to an increase in males of 7,000 from 119,000 to 126,000 (6%). In spite of this smaller increase in female participation, forecasts suggest that the number of women in the labour force will increase over the next decade. Nationally, women are expected to account for 49% of the labour force by 2006. In Cornwall and Scilly, the current rate of 42% can be expected to increase in line with national trends. In 1997, 71% of females of working age in Devon and Cornwall were in employment, compared to 68% nationally. Nevertheless, there remains scope to increase the participation of women who wish to return to employment – overall, 25% of females of working age are economically inactive.

Specific support under this measure will directly support guidelines 1,2,3, and 9 of the European employment Strategy and will provide a strong preventative approach to stop the drift into long-term unemployment.

This Measure will establish a Local Social Capital Fund in line with Article 4(2) of the ESF Regulation, distributed via a global grant mechanism. A minimum of 1% of the total ESF allocation to the Programme will be made available. The approach will target under-represented groups, with an emphasis on ease of access for small grants to support local community initiatives. The Local Social Capital Fund will be established in line with the requirements of Article 27 of the Council Regulation for the Structural Funds.

The intention is to develop a system whereby intermediary organisations, which are able to provide the required match-funding, make grants available to non-governmental organisations. The intermediary organisations will have to demonstrate a proven track record in working with the target group, they will also need to ensure that the majority of the funds are spent on the direct grant, with a maximum of 20% of the total project budget being spent on the running costs and 80% being received by the NGO.

The grants will be made available for the following type of projects:

Responding to an identified need which cannot be met through mainstream ESF funding;

Development of enterprise and the social economy: individual business start ups; micro-businesses; co-operative ventures; initiatives which seek to develop the wealth of the area for the benefit of the local community;

Projects which seek to restore social cohesion. Socially useful activity could be encouraged to improve the quality of life and of the local environment or to strengthen mutual assistance communities or networks of exchanges of products and local services.

The precise arrangements for implementation will be agreed with the PMC.

Objective

The objective of this measure is:

To identify and overcome barriers that exclude individuals from learning and employment opportunities.

Indicative Activities

This Measure will provide resources to national schemes relevant to the situation in Cornwall and Scilly. This will include Employment Zones, New deal For 50 Plus; New deal for Communities; New deal For Lone Parents; New Deal For The Disabled; Youth Support service and Specialist support provided by the Employment Service.

Activities eligible for support in this Measure will include, inter alia, intensive support to enable target groups to reach basic skill and employability levels, pre-entry training; integrated packages to meet the needs of particular groups such as lone parents; customised training tailored to the needs and circumstances of the individual, mentoring, and capacity building. Support will also be provided for related activities which remove barriers to excluded groups from taking up opportunities provided by this measure, including support for childcare.

The Programme Complement will present indicators and targets at the Measure level. It will present, as a minimum, the indicators agreed for each Policy Field in the UK Objective 3 Community Support Framework.

MEASURE 3.5: INCREASING THE PARTICIPATION OF WOMEN

Rationale and Background

In spite of the progress made over the past decade, women in the South West continue to lag behind men on a number of labour market indicators. Average weekly earnings of full time female employees in Cornwall and Scilly are only 76% of earnings of male employees, although this compares to 72.7% nationally. This apparent improvement was in fact a result of the increase in male earnings between 1995 and 1997 being significantly lower than the national increase. Both men and women recorded a lower increase in earnings between 1995 and 1997 than their national change. The gender wage gap is substantial, and closing the gap will in part be addressed by ensuring that women have equal access to many of the employment opportunities provided by other Priorities in the Programme. Appropriate targets have been established to ensure that this objective is achieved.

Recent employment trends have not significantly altered the structure of the labour market. During the 1990s, male full time employment increased by 10.2%, whilst female full-time employment rose by 10.4%. Many sectors continued to be dominated by one gender or the other, in employment terms - eg, the majority of the additional manufacturing jobs were taken up by males in the period from 1991 to 1997. In 1997, 75% of full-time jobs in manufacturing in Cornwall and Scilly were held by men. Even where females comprise a majority of employees eg, hotels and restaurants, females often account for a disproportionate share of the low paid jobs.

The occupational profile highlights a number of gender differences with 21% of men in the corporate managers and administrator category, compared to only 8.5% of women. Similar proportions of men and women are in the professional category, while a higher proportion of women are in the associate professional category. The net result however is that a significantly lower proportion of women are in the higher skilled (and paid) occupations.

Participation rates between men and women in Cornwall and Scilly have, however, continued to narrow in 1998/99. In 1999 71% of females of working age in Cornwall were in employment (the national figure was 68). In spite of this 25% of all females of working age were inactive. Women continue to make up the vast majority of part time employment, and while this is by choice in the majority of cases, the research evidence suggest that a number of women would seek full time work if constraints were removed.

Objective

The objectives of this Measure are:

- 1. To improve the participation of women in the labour market by providing specialist support to overcome specific gender-related barriers to entry to employment/self-employment and learning opportunities.**
-

2. To reduce vertical and horizontal gender segregation in the labour market through increasing the number of employers adopting active equal opportunities strategies and family-friendly policies.

Indicative Activities

Activities under this measure will provide support to the National Childcare Strategy, providing additional support, where necessary, to address the specific needs of Cornwall and Scilly.

Support will be available, inter alia, for: research projects; provision of careers information, advice and guidance; special measures to address specific gender-related barriers to access to learning and employment opportunities; specialist support to employers to develop equal opportunity and family-friendly strategies, policies and practices; financial incentives to employers to employ individuals under-represented in sectors and occupations and to provide specialist arrangements for child and dependent care, where appropriate.

The Programme Complement will present indicators and targets at the Measure level. It will present, as a minimum, the indicators agreed for each Policy Field in the UK Objective 3 Community Support Framework.

MEASURE 3.6: INFRASTRUCTURE FOR LEARNING – ERDF

Background and Rationale

The development and retention of a well qualified and adaptable workforce in Cornwall and Scilly requires a range of appropriate facilities and services which enable equal access for all. Despite the County possessing five Further Education Colleges as well as a number of vocational training providers, attainment of qualifications in many parts of Cornwall is significantly below the national average – fewer than 30% of the workforce have attained NVQ3 or equivalent in Penwith and Restormel districts, for example, compared to more than 40% nationally.

Demand for training provision amongst employers continues to expand. Results from the 1998 PROSPER Employers Survey show that the volume of training was increasing in 42% of businesses compared to only 2% where the volume of training was falling. Given that two thirds of Cornish and Scilly businesses currently provide off the job training for their employees, it is crucial that sufficient facilities exist to enable employers' needs to be met. Emphasis will be given to facilities which meet the needs of new and emerging sectors such as multimedia as well as to enhance the competitive prospects for existing sectors of importance in Cornwall and Scilly such as tourism.

The development of new information and communications technologies also presents challenges for the County, both in relation to the need to improve IT skills but also utilising the technology to develop new ways of involving individuals and companies in learning eg, on-line delivery.

The 1994-1999 Objective 5(b) Programme for Devon and Cornwall has supported a number of projects to improve vocational training facilities in Cornwall including an Information Technology Centre at Truro College, and the Falmouth Open Learning Centre sponsored by Cornwall College. Many gaps in provision remain, however, which constrain access to learning opportunities.

The measure will provide scope for both new facilities and enhancement of existing buildings and facilities, where necessary, to enable training and other support to be delivered. Significant potential exists in Cornwall to use existing learning centres, such as schools, to accommodate additional vocational provision such as out-of-hours courses. ERDF will be available for both capital expenditure as well as ongoing revenue expenditure, although projects will be expected to demonstrate, where appropriate, long-term financial viability.

Specialist centres and additional facilities may be part of the Combined University project, and this would bring higher level training facilities to SMEs. This would allow higher level training, and support for technology transfer and innovation to be provided, linked to sectors or activities where the area has a competitive advantage. These activities will be complementary to the measures within Priority 5

Outwith mainstream vocational training facilities, specific consideration for infrastructure is needed in Cornwall to support the labour market integration of disadvantaged and excluded groups. Research amongst people with disabilities, for example, has shown more than half of those who are

economically inactive are keen to re-enter employment, given access to the appropriate facilities and support to update their skills. Limited availability of childcare is an important barrier for many seeking to participate in training. The measure will seek to ensure equality of access by supporting new and improved childcare facilities.

Objectives

The objectives of this measure are:

to provide appropriate facilities, infrastructure and support which complements the training and HRD activity in the remainder of Priority 3.

Indicative Activities

Support will be available, inter alia; the provision of new and enhanced vocational training facilities, aimed particularly at the needs of the labour market; enhancement and development of ICT facilities, including associated equipment and materials, for the delivery of IT, multimedia and related training and support; provision and support of a managed network and common learning platform and protocol to support training and skills development; conversion and enhancement of existing buildings and facilities to enable community access to training, careers advice and employment information; development of facilities and equipment, including ICT local access infrastructure, which enable the delivery of training and related HR support at locations and times to suit the needs of individuals and SMEs; provision of facilities for childcare, and care of other dependants, where this facilitates access to training, education or learning opportunities; provision of infrastructure and facilities, with associated revenue support, to encourage the participation of disadvantaged groups in the labour market.

PRIORITY 4: COMMUNITY ECONOMIC DEVELOPMENT AND RURAL STRUCTURAL ADJUSTMENT

SUB - PRIORITY : COMMUNITY ECONOMIC DEVELOPMENT

BACKGROUND AND RATIONALE

A number of communities have their roots in the former industrial sectors that were once so vitally important to the Cornish economy. Partly as a consequence of the decline of these sectors, Cornwall has a number of areas where unemployment and social deprivation are persistently high, even though these characteristics in the UK are predominantly an urban phenomenon. Four of the worst 20 TTWAs in the UK are within the County. These areas are now characterised by relatively high unemployment, and there is a concentration of problems in a small number of major settlements.

The Index of Multiple Deprivation allows the severity and concentration of disadvantage to be assessed using a combination of economic and social indicators. Individual wards/districts are scored against each indicator and then ranked for England, with 1 being the most disadvantaged district down to 354 as the least disadvantaged. The Index uses a wider range of variables than the previous Index of Local deprivation. The results for Cornwall and Scilly are represented below.

INDEX OF MULTIPLE DEPRIVATION 1999					
	Rank 1-354 (where 1 equals the most deprived district)				
	Degree	Extent	Intensity	Income Scale	Work Scale
Penwith	27	90	82	181	176
Kerrier	58	49	103	140	134
Restormel	71	-	187	154	152
Carrick	97	126	169	175	175
North Cornwall	89	-	170	193	202
Caradon	159	-	252	224	221
Isles of Scilly	315	-	353	354	354

The new Index confirms the presence of serious deprivation problems in a number of districts, notably Penwith and Kerrier. Although the new Index uses a broader range of indicators, it still does not fully capture the presence of deprivation in a rural context, and to present a more relevant analysis a comprehensive analysis of local deprivation indicators was undertaken to establish the spatial prioritisation of Community Economic Development for Cornwall and Scilly.

The 6 selected indicators, and the thresholds applied, were:

Unemployment Rate (current) : Wards with Rate greater than 8%;

Households with Incomes less than £10,000/year : Wards with more than 40% of Households with this level of income;

Income support : Wards with more than 10% of Households receiving Income Support;

Economic Activity Rate : Wards with less than 50% of the adult population economically active;

Index of Local Deprivation : Wards with an ILD score of greater than 4;

Illness Ratio: Wards with a standardised Illness Ratio of greater than 110.

10 Wards across Cornwall with 4 or more of the indicators totalling a population of 53,226 (10.9% of the population) were identified, predominantly in the West. To even up geographical disparity and ensure an opportunity to build capacity in Community Economic Development, 2 additional Wards, marginal between 3 and 4 indicators may be added totalling 61,129 (12.5% of population).

Concentrated support is necessary to reverse the long-term decline of these local economies. This additional level of activity will be based on an integrated multi-agency approach piloted by the West Cornwall Territorial Employment Pact (TEP). The West Cornwall TEP has introduced partners to the Third System and the strategic approach to minimising social exclusion through Community Economic Development. A key element of this approach is to build local capacity with a range of tools including

training and personal development, local social capital, social firms in the Intermediate Labour Market, financial instruments such as Credit Unions and partner prioritisation.

Participation in the UK and European TEP network has given an insight into the various approaches adopted by local community groups in creating employment and minimising social exclusion. Experience to date in West Cornwall has shown that the efficient use of resources and collective partner prioritisation of action is a major challenge that is being addressed during the implementation of this measure.

It is envisaged that the list of targeted communities will be subject to annual review and evaluation with major appraisal of the Programme impact at the mid-term review and wards added/deleted as local needs change.

The common themes that link these groups are the need to regenerate and re-vitalise local communities, the need to build capacity to ensure that sustainable communities are established, and the need to stabilise employment in traditional sectors and/or create additional jobs from new economic activity. The targeted communities will implement support through a coherent strategy/delivery plan developed along the lines of action plans developed for the URBAN Community Initiative.

POLICY CONTEXT

POLICY CONTEXT		
EU	UK	Regional
Economic and Social Exclusion Guidance	A Better Quality of Life: A Strategy For Sustainable development Single Regeneration Budget New Deal For Communities	Regional Planning Guidance Regional Strategy of the South West of England RDA
Note: See Chapter 6 for detailed coverage		

PRIORITY OBJECTIVES

Although regarded as a rural County, Cornwall has a number of market towns, a number of which demonstrate urban-type problems. The County is unusual amongst rural areas in the persistence of very high unemployment levels in a number of TTWAs, even though high unemployment is usually an urban phenomenon. The detailed review of the County highlighted a degree of spatial concentration of unemployment and deprivation. There is evidence that these problems have persisted for some considerable time suggesting that targeted support is required to assist these communities access opportunities.

The Priority also targets the most disadvantaged areas. Although these communities are often located within the major towns, they face particular difficulties accessing opportunities. Like rural communities, they face the problems associated with exclusion, and support is necessary to assist individuals back into the mainstream economy. As with rural development, this requires activity that is both local and of an appropriate scale in nature.

A key theme in the Priority will be the need to build capacity ie, to ensure that communities can plan and market their own strategies, effectively taking ownership of their own community development plans ultimately leading to sustainable development.

The strategic objective is:

To address the problems of geographical concentrations of economic and social exclusion through the provision of targeted supported on the most disadvantaged communities.

The Measures are:

- Measure 4.1: Community Economic Development (ERDF capital and revenue);
- Measure 4.2: Area Based Pathways To Employment (ESF).

Expenditure under this sub-priority will take place within the targeted wards as defined in the programme complement. These wards will account for no more than 12.5% of the population of the Objective 1 area. CED expenditure within these communities is additional to activity which can be funded from the rest of the programme.

KEY BASELINE DATA

The Table below identifies the key baseline data for this Priority. In the case of sectorally focussed work, the baseline will be determined either within the Programme complement, or when a sector is prioritised for intervention. Where appropriate, Measure by Measure baseline data will be presented in the Programme Complement. The baseline data, wherever possible, will be up-dated each year in the Programme Annual Report.

PRIORITY 4: COMMUNITY ECONOMIC DEVELOPMENT – KEY BASELINE DATA			
	Value	Year	Source
Number of residents in targeted areas ¹	53,236	1999	Cornwall County Council
Number of people employed in targeted areas ¹	tbc	1998	AES
Number of people unemployed in target areas ¹	tbc	1999	Claimant Count
¹ Dependent on PMC confirmation of targeted areas			
Baseline data by Measure are detailed in the Programme Complement			

FINANCIAL ALLOCATIONS

The following Table indicates the financial allocation at the Priority level, including the allocation to each EU Fund, and the Priority level UK Public and Private Sector contributions. The allocations presented are for the lifetime of the Programme. The financial allocations at the Measure level are detailed in the Programme complement.

PRIORITY 4: COMMUNITY ECONOMIC DEVELOPMENT: SUMMARY FINANCIAL TABLE (MEUROS)					
	Total Costs	EU		UK Public	Private
		ERDF	11,003		-
		ESF	7,997		-
Total	38,000		19,000	19,000	-
Financial allocations by Measure are detailed in the Programme Complement					

The Financial allocation to each measure cannot be agreed until the Programme is approved and the PMC is convened. Nevertheless it is possible to present a likely range of financial allocation by measure.

Measure	Total Eligible Costs
Measure 4.1: Community Economic Development	5% - 10%
Measure 4.2: Area Based Pathways To Employment Capacity	06%

The key outputs, results and impacts for the Community Economic Development Priority are detailed below. The results of Priority Level actions are presented against gross sales and gross additional jobs indicators. Impacts at the Priority Level are presented for net additional jobs and GDP indicators. Activity, results and impacts at the Measure level are detailed in the Programme complement.

This Priority will directly contribute to addressing the problems of disadvantaged rural communities. This will include substantial support with regard to training and guidance, and in total some 4,000 people will benefit. Similarly substantial numbers of micro-enterprises, self employed and social economy companies will also benefit. It is anticipated that a total of 1,500 such enterprises will be assisted, a number of which will benefit from the 27,000m² of small workspace provided.

The forecast results include over 1,500 gross jobs safeguarded and 850 gross direct jobs created. In addition 1,000 training beneficiaries will secure employment. The net effects are significantly reduced due to the high level of displacement and substitution. Nevertheless, the benefits to the target groups

are considerable. It should be noted that jobs created and safeguarded do not capture the full effects of many of the activities funded under this Priority.

PRIORITY 4: COMMUNITY ECONOMIC DEVELOPMENT – KEY OUTPUTS, RESULTS AND IMPACTS	
Indicator	Target
Outputs	
Number of people trained	2,000
Number of people provided with guidance	2,000
Number of micro-businesses supported	500
Number of community enterprises established	30
Area of workspace provided	7,000m ²
Learning centres improved/established	4
Environmental improvements undertaken	10
Number of transport initiatives supported	6
Results	
Gross Direct Jobs Safeguarded	330
Gross Direct Jobs Created	300
Gross Sales Safeguarded	£16.6m
Gross Additional Sales	£15.0m
Beneficiaries securing a VQ (or module towards a VQ)	600
Beneficiaries securing employment	600
Beneficiaries securing a positive outcome	1,200
Impact	
Net Additional Jobs Safeguarded	127
Net Additional Jobs Created	115
Net Additional GDP Safeguarded	£1.9m
Net Additional GDP Created	£1.7m
Residents securing employment, still in employment 2 years after support has ended	400

MEASURE 4.1: COMMUNITY ECONOMIC DEVELOPMENT - ERDF

Background and Rationale

The detailed socio-economic analysis of Cornwall identified significant areas of high unemployment, and incidences of deprivation, even though deprivation indicators do not fully capture the disadvantaged in rural areas. The presence of four Cornwall TTWAs in the top 20 TTWAs ranked by rates of unemployment clearly illustrates the severity of the problem.

There is a spatial concentration of economically and socially excluded groups in a number of the major settlements. In most cases, whole wards or parts of wards have been identified. The level of in-migration to the County is such that even in relatively prosperous times, when the absolute number of jobs is increasing, certain communities are unlikely to benefit unless additional and targeted support is made available to assist the entry of residents back into the labour market.

This Measure closely complements the ESF support provided in Measure 4.2. Initiatives such as URBAN and LEADER have demonstrated the need for locally-based action and a commitment to capacity building to ensure the full ownership of development and regeneration plans.

Although this Measure will concentrate on efforts to increase employment for local residents of targeted areas, given the severity of problems, this will involve a wide range of actions, including the development of the social economy and community enterprises, and the provision of facilities and services that remove barriers to engagement in the mainstream economy.

Up to 12.5% of the population will be covered by targeted areas. This Measure will involve integrated regeneration plans to encourage co-operation and collaboration between organisations and agencies and encourage the use of ICT.

Objective

The Objective of this Measure is:

To provide employment and income-generating opportunities for those communities where deprivation is geographically concentrated.

Indicative activities

Support for feasibility and research studies; support for animateurs and other support staff necessary to help undertake community regeneration activities, based on the LEADER and (where relevant) URBAN models; support for childcare and transport services where these act as a barrier to people accessing training and employment opportunities; support for increased access to ICT and the development of related skills; support for the development of the public transport system to link residents of target areas to centres of employment and learning where the market will not provide appropriate services, or where pump priming is required to develop new services; specialist support for community enterprises and social economy enterprises, including animateurs and mentors, grants and loans, and relevant business advice and guidance.

The provision of community facilities for the delivery of training, employment and enterprise services; small scale workshops and business space, the improvement of key sites/centres within targeted settlements, where environmental and other improvements are clearly linked to a regeneration plan; support for an integrated approach from health, education, social services, crime prevention and community development to improve access to information through increased use of ICT and the quality of life including combined facilities.

MEASURE 4.2: AREA BASED PATHWAYS TO EMPLOYMENT - ESF

Rationale and Background

Previous Programme experience has highlighted the key role played by ESF in community regeneration, both in an urban and rural context. The support provided under this measure is required to support some of the most disadvantaged groups to access training and employment opportunities, and as such this measure complements activity supported under Priority 3. A key feature of this measure is the spatial concentrations of disadvantaged groups, characterised by high unemployment and deprivation.

This measure will provide support to those most remote from the labour market. The support will provide a Pathway geared to the needs of the individual, and recognising that in many cases, several periods of help may be required to secure employment. The measure will focus on helping people make progress towards re-entering the workforce.

The provision has been made to support local social capital projects through access to a global grant mechanism in Measure 3.4. It is expected that community groups from these targeted areas will be treated as a high priority for support.

This measure is complementary to support provided under Priority 3 Developing People. It is focussed on addressing the problems of social exclusion, and will contribute to equal opportunities and to lifelong learning.

Objective

The objective of this measure is:

To facilitate the re-entry to the labour market of those out of work in targeted areas through integrated and locally based regeneration plans.

Indicative Activities

Support will be available, inter alia; for capacity building for social partners, community and voluntary organisations, and those involved in the social economy; feasibility studies and research projects; provision of careers information, advice and guidance; development of training materials and new methods of delivery, eg, on-line; development of key transferable skills, eg, literacy, numeracy and ICT; vocational training/reskilling including work-related experience and mentoring; particularly, but not exclusively, for social enterprise/co-operative development for disadvantaged groups; and aftercare activities.

SUB PRIORITY: RURAL STRUCTURAL ADJUSTMENT

BACKGROUND AND RATIONALE

Cornwall and Scilly have a number of different types of communities. These include coastal and island communities reliant to a large extent on fishing and tourism, smaller rural settlements reliant on agriculture and tourism, and a number of major settlements characterised by relatively high unemployment. The structural adjustment in agriculture and fishing is having a profound affect on many communities, but particularly those outside of the major towns. The major towns have gradually built alternative employment bases often centred on a combination of manufacturing and commercial and other services. The second tier towns, and smaller communities remain dependent in part on agriculture and fisheries employment, and the considerable secondary industries which primary production supports.

There is a need to develop support which assist agriculture and fisheries enterprises to adapt to new economic conditions, with an emphasis on competitiveness and adding value to local produce. In order to develop sustainable communities, these activities have to be accompanied by efforts geared to the strengthening of the local economy, involving diversification activities that relate to new opportunities. This dual approach recognises both the continuing importance of employment in the primary industries and associated enterprises, along with the need to strengthen and broaden the employment base in local economies.

RURAL/AGRICULTURAL COMMUNITIES

In 1998 over 15,000 people were directly employed in some capacity in agriculture. This total is only slightly lower than the numbers employed in manufacturing, although there is a high incidence of part-time and seasonal employment in agriculture. Agriculture is important to many of the smaller communities within Cornwall. As such, the economic well-being of the rural communities is inextricably linked to the ability of the agricultural sector to adapt to the rapidly changing market conditions resulting, in part, from public policy shifts at European Community and national levels, and world trade development.

Numbers employed in agriculture are very unlikely to increase and those settlements traditionally dependent on agricultural employment will have to identify and develop new opportunities, both as communities and as individuals. There is a need to provide complementary support for agricultural diversification, to ensure that the economic base of rural communities can restructure and diversify taking account of new developments such as ICT opportunities. This may involve investments in the physical infrastructure of smaller towns and villages, and in the development of new opportunities to maintain and extend income.

THE NATURAL ENVIRONMENT

Cornwall's special and unique identity has been shaped by primitive natural forces - rock, sea and the climate - and by layers of history creating a landscape of endless incident, richness, splendour and beauty. The Cornish landscape today has been determined over many centuries and is the combination of physical factors, notably geology, geomorphology, climate, soil types and vegetation, as well as the impact of human activity. The interaction of people and their environment over the years builds up the landscape. The development of agriculture has had a particular effect on the landscape, and farmers continue to manage 86% of the natural environment of the region. The visual landscape is inextricably associated with a variety of natural and semi-natural habitats and their wildlife.

The preamble to Priority 5 fully explains the importance of this environment to the economy of the region. There are, therefore, strong links between the health of the environment and the wellbeing of rural communities, links which this Priority can help develop in the context of agriculture, forestry and related businesses.

FISHING COMMUNITIES

A similar situation applies to fishing, where the fleet has over 500 boats in operation with over 1,000 people directly employed. The industry has to adapt to take account of the Common Fisheries Policy, and this involves a degree of modernisation and rationalisation. While every opportunity will be taken to increase the value added from fishing (as with agriculture), it is unlikely that numbers employed will increase. Coastal communities will have to develop other opportunities to secure long-term viability, and this is likely to be linked to their maritime heritage. Again, support will be provided directly to the fishing industry, and also to the businesses and wider community of coastal towns and villages to develop alternative employment and income generating activities.

THE ISLES OF SCILLY

The Isles of Scilly is an archipelago of some 200 islands and rocky islets located some 45 kilometres to the south west of Cornwall and 60 kilometres from the port of Penzance. Of the 2,000 population, 1,600 live on St Mary's. The Islands are separate from Cornwall and are administered by the Council of the Isles of Scilly which has been in existence as a principal free-standing unitary authority for over 100 years. Basic services such as sewerage, water and waste disposal are for the most part, and uniquely in England, still publicly operated. They have to provide, not only for the resident population, but also for visitors who can triple the population for a large proportion of the year. In light of this, actions within this Priority for the Isles of Scilly will need to recognise their unique position.

FOCUSSED AND INTEGRATED SUPPORT

Investment will involve focussed action, although rural support will be targeted on geographically large areas, using the existing LEADER model as a template. This European Community Initiative has already demonstrated the value of integration. This will involve the local people of market towns and rural areas determining their collective needs and vision for the future and developing an Integrated Area Plan that incorporates their proposed actions. Support for the agricultural and fishing sectors will be linked to accompanying support activity funded by ERDF and ESF (from Priority 3 Developing People) to provide comprehensive regeneration strategies for particular communities. The Measures within this Priority are strongly linked to Priority 5, particularly those related to the environment as an economic opportunity. Where appropriate, a bottom up, community-led approach will be adopted, with resources made available for capacity-building.

The Community Regeneration ERDF Measure focuses resources on the rural areas of Cornwall and Scilly. These areas are defined as the parts of the Programme Area not covered by the major town/settlements covered by Priority 2 (population coverage circa 130,000).

In order to move away from a project by project approach, but to facilitate local involvement, it is proposed to develop a series of Integrated Area Plans, covering all of the eligible area. It is envisaged that between 8 and 10 Integrated Area Plans will be established.

Plans will be developed by local partnerships. They will not identify individual projects as such. Rather they will set the key types of activities that will be a priority for community regeneration, allowing partner organisations to develop projects relevant to local circumstances. This will allow individual projects to be developed and appraised within a local Plan, and allow a balanced set of activities to be supported.

The key elements of Integrated Area Plans will be:

- developed by local partnerships including the local authorities, the private sector, health sector, community and voluntary organisations;
 - the production of a detailed baseline, SWOT, identification of key objectives and priorities relevant to Priority 4;
 - identify other activities that may be supported under other Objective 1 Priorities and measures;
 - preparation of an indicative activity plan on an annual basis (although this would not identify all projects); and
-

the establishment of an IAP Management Group to review project submissions and make recommendations on approval.

IAP implementation would be supported by dedicated amateurs and development staff as necessary, funded through a conventional project application i.e., not Technical Assistance. Given the importance of development staff, and their front line role in making Objective 1 accessible, a higher grant rate would be available for “core resources” including staff and accommodation.

In the case of EAGGF, region-wide umbrella projects or programmes are likely to be the principle means of distributing support to farms and other rural businesses, with MAFF being the accountable body. However, the local IAP amateurs will play a key role in promoting such support and helping businesses and communities to access the umbrella projects. Facilitation and delivery will follow strategies agreed by the industry, environmental bodies and other key players.

POLICY CONTEXT

POLICY CONTEXT		
EU	UK	Regional
Common Agricultural Policy including Rural Development Regulation Common Fisheries Policy Economic and Social Exclusion Guidance	A Better Quality of Life: A Strategy For Sustainable development Single Regeneration Budget	Regional Planning Guidance Regional Strategy of the South West of England RDA England Rural Development Plan (South West chapter)
Note: See Chapter 6 for detailed coverage		

PRIORITY OBJECTIVE

The need for Community Regeneration has been fully justified by a sub-County analysis that identified a number of areas with higher than average unemployment and other communities dependent on agriculture and fishing. These communities are in danger of being “left behind”, compared to other parts of the County where people have access to better services and more opportunities.

It is neither possible nor desirable to concentrate all employment opportunities in the larger settlements. This would undermine the principle of sustainability, contributing for example to increased commuter travel. Such an approach would inevitably lead to both a loss of services and population from the smaller communities. Neither would it be acceptable for smaller settlements to be the locations for major or inappropriate investments. This Priority, therefore, seeks to build sustainable development through supporting appropriate development, in terms of scale and nature, that contributes to the maintenance and creation of employment allowing rural communities to prosper.

This Priority therefore complements the Strategic Investment Priority that channels significant new investments into a limited number of locations. The intention of that Priority is not however to undermine the existing smaller settlements, or to lead to the depopulation of the smaller settlements. The Community Regeneration Priority is a key component in preserving a healthy balance between urban and rural communities.

Smaller rural and coastal towns and communities are an important part of Cornish life. They are home to a substantial part of the population, and are a distinctive feature of the County. The dependence of many communities on agriculture and fishing, the remoteness from major centres or difficult access to major towns within the County, under-investment in the local infrastructure now requires a comprehensive and integrated approach to rural development, to reverse years of stagnation and decline and to assist key sectors adjust to their present transition.

The Isles of Scilly are a distinctive feature of the South West region. The problems faced by island communities are well documented, and these are exacerbated in the case of Scilly, where the archipelago of islands and small population base make it difficult to maintain sustainable communities. Nevertheless the residents of the Isles maintain and preserve an important asset, both for themselves, but also for the many visitors who benefit from the unique environment and heritage.

The strategic objective is:

To regenerate rural and coastal communities through improving the competitiveness of primary industries while at the same time developing new opportunities.

The Measures are:

- Measure 4.3: Investment in Agricultural Holdings – Energy Crops (EAGGF);
- Measure 4.4: Training (EAGGF);
- Measure 4.5: Forestry (EAGGF);
- Measure 4.6: Promoting the Adaptation and Development of Rural Areas (EAGGF);
- Measure 4.7: Structural Adjustment in Fisheries (FIFG);
- Measure 4.8: Community Regeneration (ERDF capital and revenue).

KEY BASELINE DATA

The Table below identifies the key baseline data for this Priority. Where appropriate, Measure by Measure baseline data will be presented in the Programme Complement. The baseline data, wherever possible, will be up-dated each year in the Programme Annual Report.

PRIORITY 4: SUB-PRIORITY: RURAL STRUCTURAL ADJUSTMENT			
	Value	Year	Source
Number of Agricultural Businesses – VAT based	3,830	1997	IDBR
Number of people employed in agriculture	15,251	1998	Agricultural & Horticulture Census
Number employed in agriculture (excluding casual labour)	12,965	1998	Agricultural & Horticulture Census
Number of people employed in fishing	5,650	1996	Cornwall Sea Fisheries Office
Number of fishing businesses	388	1998	IDBR
Number of people employed in IAP ¹			AES
Number of people unemployed in IAP ¹			Claimant Count

¹ Dependent on PMC confirmation of Integrated Area Plan areas

FINANCIAL ALLOCATIONS

The following Table indicates the financial allocation at the Priority level, including the allocation to each EU Fund, the Priority level UK Public and Private sector contributions. The allocations presented are for the lifetime of the Programme. The financial allocations at the Measure level are detailed in the Programme complement.

PRIORITY 4: RURAL STRUCTURAL ADJUSTMENT– SUMMARY FINANCIAL TABLE (MEUROS)				
	Total Costs	EU	UK Public	Private
		ERDF 31,985		-
		EAGGF 40,987		-
		FIFG 15,935		-
Total	204,557	88,907	77,650	38,000

Financial allocations by Measure are detailed in the Programme Complement

The Financial allocation to each measure cannot be agreed until the Programme is approved and the PMC is convened. Nevertheless it is possible to present a likely range of financial allocation by measure.

Measure	Total Eligible Costs
Measure 4.3 – 4.6: Structural Adjustment In Agriculture	44%
Measure 4.7: Structural Adjustment in Fisheries	15%
Measure 4.8: Community Regeneration	20% - 25%

The key outputs, results and impacts for the Rural Structural Adjustment element of the Priority are detailed below. The results of Priority Level actions are presented against gross sales and gross additional jobs indicators. Impacts at the Priority Level are presented for net additional jobs and GDP indicators. Activity, results and impacts at the Measure level are detailed in the Programme complement.

PRIORITY 4: RURAL STRUCTURAL ADJUSTMENT – KEY OUTPUTS, RESULTS AND IMPACTS	
Indicator	Target
Outputs	
Number of agricultural enterprises assisted	1,033
Number of micro-businesses supported	1,000
Area of workspace provided	20,000m ²
Learning centres improved/established	8
Environmental improvements undertaken	20
Results	
Gross Direct Jobs Safeguarded	6,200
Gross Direct Jobs Created	2,200
Gross Sales Safeguarded	£372m
Gross Additional Sales	£122m
Impact	
Net Additional Jobs Safeguarded	2,913
Net Additional Jobs Created	1,022
Net Additional GDP Safeguarded	£45.2m
Net Additional GDP Created	£15.9m
Note: For FIFG indicators and targets see following pages	

MEASURE 4.3: INVESTMENT IN AGRICULTURAL HOLDINGS - ENERGY CROPS (MISCANTHUS)

Background and Rationale

The growing of energy crops, in substitution for fossil fuels, has the potential to make a significant contribution to reductions in one of the greenhouse gasses (carbon dioxide) which drive climate change. Following the Kyoto climate change conference, the EU agreed to legally binding reductions in greenhouse gases of 8%. The UK subsequently agreed to reductions of 12.5% which must now be delivered. The UK is also working towards a target of generating 10% of electricity from renewable sources.

Trials of energy crops and of heating systems are ongoing in Cornwall, part funded by Objective 5(b), and the climate and soils are well suited to such crops. Trials are also being undertaken elsewhere in England. As a result, short rotation coppice (SRC) and Miscanthus are both considered ready for commercial exploitation. Such crops offer a new commercial opportunity for farmers, much needed given the declining returns from livestock farming. The crops also have the potential to give environmental benefits; being virtually carbon neutral, needing low levels of chemical inputs, and capable of supporting a wide diversity of wildlife species.

The establishment of SRC on agricultural land is likely to continue to be supported through the accompanying measures of the Rural Development Regulation (Article 31). However, this Measure will support the establishment of Miscanthus as an energy crop and to provide fibre for other purposes (eg, paper production). An Objective 5(b) funded project will also demonstrate the potential for energy/heat production on the farm. Therefore, investment in plant and equipment to use or process Miscanthus, on the farm, will also be supported by this Measure.

Objective

The objective of this measure is:

To encourage the growing, and use, of energy crops on a sustainable basis.

[Links to the Rural Development Regulation \(EC\) No. 1257/1999 \(RDR\)](#)

Activities in this measure are covered by Chapter 1 (Articles 4 – 7) of Council Regulation 1257/1999.

The Programme Complement will include a detailed description of the Measure, its financial plan and information for respecting minimum standards regarding the environment, hygiene and animal welfare. The aid intensities and/or amounts as defined in Council Regulation 1257/1999 will be respected.

The England Rural Development Plan (South West Chapter) identifies a number of objectives, and activities designed to meet those objectives. The indicative activities identified within this Measure will contribute to the aims of this Plan.

Indicative activities

Aid will be provided for on-farm investment to continue the development of Miscanthus as an energy crop and for other uses. This will include feasibility studies. Growers must demonstrate that an appropriate and viable end use exists and that their business is economically viable.

MEASURE 4.4 TRAINING

Background and Rationale

Improved and broadened skills are essential to the process of re-structuring, and improving competitiveness. Farmers are being encouraged to diversify, to improve efficiency, to respond to market demands including quality standards, and to manage and enhance the environment.

Vocational training will help lay the foundations for the re-orientation of businesses and activities, and will help the effective delivery of the other EAGGF Measures. It is also a key activity for the fulfilment of the cross-cutting themes - equal opportunities, ICT and environment. Women play an important role in the industry. Although conducted in S Devon and Dartmoor, a study based on interviews with 30 women, funded by LEADER II, ("Women in Agriculture: development needs and opportunities", March 1999) is likely to be equally applicable to Cornwall and Scilly. Experience gained from the Cream of Cornwall farm holiday group certainly supports the study's findings. It identified the active role played by women in decision making, their involvement in developing and managing most of the tourism and other alternative enterprises on their farms, and their concerns for the future viability of their businesses. It also highlighted problems such as restrictions on diversification and employment, geographical remoteness and a sense of isolation, difficulties in being accepted as a 'farmer' on an equal footing with male counterparts, and limits to the expansion of tourism. Training will enable women to play an even greater and wider role.

ICT is becoming essential for the efficient management of farm and related businesses, and to meet market demands (eg, traceability of products). The role of farmers as custodians of the countryside, in its widest sense, is well recognised, as is the importance of the countryside to the Region's economy. Training is needed to enable those involved in agricultural and forestry activities to conserve and enhance the environment and to build economic links based on sustainable development. Training delivered by this Measure will also support activities funded by agri-environment and forestry schemes under the accompanying measures of the RD Regulation (eg, Articles 22 and 31).

The objective of this measure is:

To facilitate re-structuring and sustainable, competitive development in agriculture and forestry by developing vocational and management skills including those concerning ICT.

Links to the Rural Development Regulation (EC) no. 1257/1999 (RDR)

Activities in this Measure are covered by Chapter III (Article 9) of Council Regulation 1257/1999.

The Programme Complement will include a detailed description of the Measure, its financial plan and information for respecting minimum standards regarding the environment, hygiene and animal welfare. The aid intensities and/or amounts as defined in Council Regulation 1257/1999 will be respected.

The England Rural Development Plan (South West Chapter) identifies a number of objectives, and activities designed to meet those objectives. The indicative activities identified within this Measure will contribute to the aims of this Plan.

Indicative Activities

Vocational training for farmers and others involved in agricultural and forestry activities to improve their capacity and competence in: the restructuring and diversification of businesses; conservation, maintenance and enhancement of the environment; hygiene standards; animal welfare; farm business management and planning; ICT skills; the application of forest management practices to improve the economic, ecological or social functions of forests. Targeted assistance for women in agriculture, to further enhance their role in the industry and rural communities (eg, developing entrepreneurial and ICT skills).

MEASURE 4.5: FORESTRY

Background and Rationale

The region has one of the lowest levels of woodland cover in England (all forestry and woodland represents 5.47% of land area (Forestry Commission)). The conversion of agricultural land to woodland can be part of the process of restructuring and can provide significant economic, social and environmental benefits. The Objective 5(b) funded South West Forest project has achieved considerable success with a strategic approach to forestry development in a particular area, linked with wider rural development. Whilst afforestation of agricultural land will continue to be funded by schemes drawing on the accompanying measures of the RD Regulation (Article 31), this Measure will support the further development of the kind of targeted, area projects pioneered by the SW Forest.

For forestry and woodland to secure sustainable economic and environmental benefits, there is a need to encourage innovation, adding value and improved efficiency in the harvesting, processing and marketing of forestry products; and the development of multi-use woodland. This approach is a mainstay of the England Forest Strategy, and will be the focus of this Measure. Some of Cornwall's existing woodland is a key feature of the region's distinctive landscape (eg, the ancient sessile oak woodland of estuaries such as the Fal). The survival and biodiversity of such woodland depends on finding economic markets for its products.

The objective of this measure is:

To bring more existing woodland into sustainable management with environmental gains by improving economic returns from timber, recreation and other opportunities; and to facilitate new woodland in appropriate areas.

Links to the Rural Development Regulation (EC) no. 1257/1999 (RDR)

Activities in this measure are covered by Chapter VIII (Article 30) of Council Regulation 1257/1999.

The Programme Complement will include a detailed description of the Measure, its financial plan and information for respecting minimum standards regarding the environment, hygiene and animal welfare. The aid intensities and/or amounts as defined in Council Regulation 1257/1999 will be respected.

The England Rural Development Plan (South West Chapter) identifies a number of objectives, and activities designed to meet those objectives. The indicative activities identified within this measure will contribute to the aims of this Plan.

Indicative Activities

Projects to improve sustainable economic returns from estate and farm woodland of all kinds, excluding state owned forests, (eg, by investment to improve and rationalise the harvesting, processing, and marketing of forestry products and promotion of new outlets; and investment in tourism and recreation to encourage 'multi-use woodland', and investment required to meet agreed quality and environmental standards). Establishment of networks and groups (ie. 'associations of

forest holders') to achieve strategic aims, and investment in woodland management to improve economic, ecological and/or social value.

Strategic projects to co-ordinate afforestation within defined areas, with clear economic and environmental objectives. Funding for woodland establishments will come from the Woodland Grant Scheme and Farm Woodland Premium Scheme.

Creation of woodland and establishment of short rotation coppice on non-agricultural land (eg, derelict land such as china clay sites) in so far as it is not supported by national schemes drawing on Article 31.

MEASURE 4.6: PROMOTING THE ADAPTATION AND DEVELOPMENT OF RURAL AREAS

Background and Rationale

Article 33 provides support for a wide range of measures relating to agriculture, diversification and the wider rural economy. This Measure draws on this support, for activities not provided for by the Measures above.

Diversification continues to be a lifeline for many businesses in Cornwall, and has been a feature of most holdings on the Isles of Scilly for many years. Farm tourism is by far the most important and fastest growing form of diversification in the region, and relies heavily on the special character and diversity of its environment and heritage. Objective 5(b) has supported initial studies and trials on various novel crops, some of which offer opportunities to farmers, both in production and in adding value. Similar opportunities exist for rare breeds and novel livestock, some of which are increasingly used for management of wildlife habitat.

For most agricultural businesses, especially those for which diversification is not an option, cost reductions are the first step in restructuring. Activities such as machinery and skills sharing, technology transfer, and business consultancy can all contribute to improving net income through reducing overheads and direct costs.

Some areas within the region (eg, Bodmin Moor, the Lizard, Penwith, the Roseland Peninsular and Scilly) have an especially strong sense of community and/or distinctiveness. Locally developed programmes of support will be an effective way of addressing the special needs of such areas. For example, there are special constraints on the Isles of Scilly's farming industry, particularly the high cost of transport of both inputs and produce together with the disadvantages of small-scale production. The Islands have a preponderance of part-time holdings, reliant on tourism or other forms of diversification, and there is a continuing need for innovation in product development, growing techniques and marketing if agriculture and horticulture are to survive. This Measure will help support the setting up and management of integrated, locally developed projects which can address many community and economic needs by forging links between businesses and with other sources of funding (eg, agri-environment schemes, such as the Countryside Stewardship Special Project in the case of Scilly). The Objective 5(b) funded Bodmin Moor Project is pioneering this approach and, although only operational from February 1999, is already achieving a high level of interest.

The inclusion of "basic services for the rural economy and population" within the Article 33 measures provides the opportunity for EAGGF funding to broaden its scope. Livestock auction marts are seen as important to the economy of several communities in Cornwall, and the farming community values them as an alternative to dead weight selling and for the sale of store cattle and suckled calves. However, most markets are suffering declining profits and several will not be able to survive for many more years. For some, salvation may lie in diversification of activities and services which will provide economic and social benefits to both the agricultural and the wider rural community. It is also recognised that declining farm incomes and the pressures of change cause anxiety and stress which is reflected by the high incidence of suicide amongst farmers. When compared with other occupational groups between 1991 and 1996, farmers have the highest actual number of suicides (190). There is particular concern about the suicide rate amongst elderly farmers (25% of all farm suicides occur in men aged over 65). When compared with the population as a whole (proportional mortality ratio), the incidence of suicide amongst farmers' wives is one and a half-times greater than

for other women of the same age. (Population Trends No.92, HMSO). Support and counselling are needed for these vulnerable members of the community.

Poor farm infrastructure can be a handicap to businesses in Cornwall wishing to restructure, diversify or meet market demands. This Measure will support investment in, for example, improved water or electricity supplies, as a means to such an end.

The development of agriculture has had a particular effect on the landscape and the variety of natural and semi-natural habitats. Agriculture will continue to be the main influence on the environment, 86% of the region's land being managed by farmers. The environment is the basis for economic prosperity. Many economic activities, not just in rural areas, are underpinned by environmental resources. In addition, there are new economic opportunities to be won by further developing the links between the environment, employment and income; links which are especially strong in this region (eg, through tourism, recreation, speciality foods and other 'green' products). By supporting projects which derive economic benefits from the region's environment, sustainable environmental enhancement will be achieved. Funding for habitat management will mainly stem from agri-environment schemes such as Countryside Stewardship (accompanying measures), and not from Objective 1 Measures. However, activities supported by this Measure may help encourage farmers to enter into agreements under such schemes.

Objective

The objective of this measure is:

To assist farms and related businesses improve viability, with quality business and diversification support, including help for those suffering from stress-related illnesses and assistance to derive economic benefit from the region's environment.

Links to the Rural Development Regulation (EC) no. 1257/1999

Activities in this measure are covered by Chapter IX (Article 33) of Council Regulation 1257/1999. It will be ensured that, no support will be provided for activities under this measure that fall within the scope of any other measures in Title II of Regulation 1257/1999.

All the Article 33 measures will be adopted except: -

- 1st indent - Land improvement;
- 2nd indent – Reparcelling;
- 6th indent - Renovation of villages etc. (to be financed by ERDF measures);
- 8th indent - Agricultural water resource management;
- 12th indent - Restoring agricultural production potential damaged by natural disasters;
- 13th indent - Financial engineering (to be financed by ERDF).

Activities described below falling within the scope of the 7th, 9th and 10th indents of Article 33 (diversification, infrastructure directly connected with the development of agriculture, rural tourism and crafts) will not be eligible for financing under ERDF in rural areas.

The Programme Complement will include a detailed description of the Measure, its financial plan and information for respecting minimum standards regarding the environment, hygiene and animal welfare. The aid intensities and/or amounts as defined in Council Regulation 1257/1999 will be respected.

The England Rural Development Plan (South West Chapter) identifies a number of objectives, and activities designed to meet those objectives. The indicative activities identified within this measure will contribute to the aims of the Plan.

Indicative Activities

Farm relief and farm management services (indent 3) - support for the means to reduce business costs (eg, by establishing machinery, transport and skills sharing, farm relief and management services). Technology transfer and business support to improve viability; including technical and business consultancy, option analysis, feasibility studies and local voucher schemes to forge links with local professionals.

Marketing of quality agricultural products (indent 4) – investment in marketing involving products and activities which do not fall within the scope of Measure 1.4 (Article 25 of the Rural Development Regulation)

Basic services for the rural economy and population (indent 5) - support for Rural Stress Information Networks, counselling services, rural helplines, 'out of school' child care schemes, and ICT links. Projects to co-ordinate assistance targeted at the rural needs of specific areas (eg, as part of Community Regeneration Frameworks, or Integrated Area Plans). This measure is intended to contribute to the facilitation and management structure for such projects, whereas assistance to meet the identified needs of the areas will be mainly drawn from other measures, as appropriate. Support will be given to diversify the services provided by auction marts.

Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes (indent 7) - activities will support diversification, with funding principally distributed to individual holdings through umbrella projects to support activities such as conversion of farmland, woodland, water and buildings to new purposes, sport, recreation, novel livestock and crops, and farm shops. Support for novel livestock and crops will include activities across the supply chain from feasibility studies, to processing and marketing - with clearly identified benefits to producers. Investment off-farm may be supported when for the benefit of identified farm businesses (eg, a central packhouse, processing or marketing base not falling within the scope of Measure 1.4).

Development and improvement of infrastructure (indent 9) - assistance will be provided towards the development and improvement of infrastructure directly connected with the development of agriculture, eg, farm roads, electricity and water supplies aimed at securing the continued viability, and diversification of farms.

Encouragement for tourist and craft activities (indent 10) - activities to further develop, improve and promote rural tourism; and similar measures for rural crafts. Visitor management, including the provision of new or improved permissive access for walkers, cyclists and horse riders; and the promotion of strategic long distance or special interest routes, and links with public transport. Visitor interpretation and information facilities, with particular emphasis on the region's heritage and environment.

Protection of the environment in connection with agriculture, forestry and landscape conservation as well as with the improvement of animal welfare (indent 11)- activities will complement the support available from Agri-environment schemes (eg, Countryside Stewardship). These may include environmental work which contributes to the distinctiveness of the Region's landscape; and in connection with agriculture and forestry, farm and woodland environmental surveys coupled with business appraisals; estuary and coastal projects to improve the environment and water quality; projects to address the problem of soil erosion, flooding, pollution and similar adverse effects arising from current **farming** practice.

Note: In implementing Measures 4.3, 4.4, 4.5, and 4.6, support will be given for the provision of professional facilitation for project application preparation.

MEASURE 4.7: STRUCTURAL ADJUSTMENT IN FISHERIES - FIG

The main strategic objectives for fisheries is to re-establish the balance between available resources and the means of exploiting them both through a responsible management strategy/policy and through maintaining current levels of quota availability to Cornish fishermen. Structural measures implemented under this SPD in the fishery and aquaculture sector, and concerning processing and marketing of fishery and aquaculture products, must comply with the common fisheries policy. This Measure is linked to 4.8 which is aimed to complement FIG for rural regeneration.

In Cornwall and the Isles of Scilly the fishing industry comprises of sea fisheries, inland fisheries and fish-farming establishments, over 697 km of coastline. Fishing makes an important contribution to the region's economy, and to the social fabric of coastal communities. Over 2.47% of Cornwall and the Isles of Scilly's working population is dependent on the fishing industry, with a ratio of 4.36:1 of jobs reliant on fishing, ashore to fishermen. This dependency rises sharply in the major fishing areas.

There are 952 full time and 269 part time fishermen (1996 figures) in Cornwall and the Isles of Scilly. Most are share fishermen, although Cornwall houses the largest privately owned fishing fleet in the UK

with 36 vessels owned by W Stevenson & Son. In addition 4,429 jobs ashore rely on the fishing industry, which includes those employed in ancillary sectors such as processing, wholesaling and boat repairs.

There are two fish market ports, Looe and Newlyn, and a further 47 smaller landing stations supporting local fishing communities. The over-10 metre fleet comprises of 146 vessels and the under 10 metre fleet 430 vessels. The average age of the over- 10 fleet is 27.8 years and the under 10 fleet 18.46 years. This ageing fleet has limited implications on the fleet's safety but has a dramatic effect on the efficiency and long-term viability of Cornwall's fishing vessels. Only 6 of the over 10 metre fleet are under 10 years old. 69 vessels were decommissioned in Cornwall from 1994 to 1998, of which 35 were from Newlyn.

The survival of Cornwall and the Isles of Scilly's fishing industry is under threat due to the age of the fleet, a general reduction in the abundance of most stocks, the inability to prevent quota entitlement leaving the region, a shortage of new entrants to the industry, excessive financial barriers preventing young skippers from progressing within the industry and environmental pressures. The volume of fish landed is decreasing, so actions to assist fishermen improve the quality of the catch need to be introduced. In addition, sufficient provision must be made in waterfront areas to allow local fisheries to continue to operate or expand.

The fish processing industry also faces many problems. 93% of the fish landed in Cornwall and the Isles of Scilly is exported out of the county, mostly to France, Spain, Italy and other continental European countries, with no or limited processing locally. The sector suffers from a low value added content and a lack of forward-looking business planning. However, as the demand for processed and retail packaged products is increasing, the opportunities for adding value to the region's fish have never been greater. Increasing Cornwall's processing activity will provide opportunities for employment and other benefits to local communities.

Fish from Cornwall and the Isles of Scilly is renowned throughout Europe for its high quality and diversity, on average 50 different species of fish are landed on a daily basis. However, as the global market for fish becomes more sophisticated and demands higher quality, Cornwall and the Isles of Scilly can not rely on their reputation alone. Due to consumer led demand for higher quality, and consistency of size and freshness of fish there is a need for high standards of fishing industry infrastructure to ensure upgrading of hygiene and training to maintain the quality and grading of fish landed.

With regard to the stocks themselves, measures will be implemented and enforced in order to assist the long-term balance between fishing effort and stock abundance. This difficult task has to be set against a backdrop of changes in European policy and competition from vessels from other EU Member States. The emphasis will be to assist those vessels wishing to diversify into sustainable and selective fishing techniques and work with environmental groups to develop environmentally sustainable fishing methods and areas.

Additional measures, based on the success of the PESCA programme, for fishing dependant areas, will be addressed in other priorities of the SPD. Projects such as the provision of a training centre for the fishing industry, repayable finance to assist those leaving the fishing industry and the increase of training, particularly ICT training will be developed.

FIFG Strategy

Fishing is an important industry in Cornwall and Scilly, both in terms of the fleet and in processing and marketing. Although the industry is going through a period of structural adjustment, there is no reason why Cornwall and Scilly should not maintain a competitive fishing industry. This objective is important both in economic terms but also in social terms, as a number of communities remain dependent on the industry for employment.

The accompanying ERDF measure will provide assistance to support the economic regeneration of communities affected by the changes in the fisheries industries. These will focus on the broader diversification of local/community economies to provide a broader range of employment opportunities at the local level. At the same time, ESF support will be made available through Priority 3 Developing People to facilitate the improvement of skills and the development of new skills.

FIFG provides resources targeted at the fisheries sector. Activities funded will complement ERDF and ESF activity by supporting a balanced portfolio of activity which will include contributing to a sustainable balance between fishery resources and their exploitation, strengthening the competitiveness of existing enterprises, and assisting the development of new opportunities, particularly through improving market supply, adding value to fishery and aquaculture products.

Strategic Objective

The strategic objective for FIFG resources in Cornwall and Scilly is:

To support the development of an economically viable and sustainable fishing industry.

This will be achieved through supporting activities under the four Axis presented later in this Chapter, and Technical Assistance to support the development of high quality projects.

The Ministry of Agriculture, Fisheries and Food is the Management Authority for FIFG funding in Cornwall and the Isles of Scilly.

Common Fisheries Policy

Structural measures implemented under this SPD in the fisheries sector, in aquaculture and the processing and marketing of fishery and aquaculture products must comply with the Common Fisheries Policy. In particular, they are subject to the specific provisions laid down in Council Regulations (EC) no 1263/99 and no 2792/99, even if, exceptionally, another structural fund is asked to contribute.

Measures for the renewal of the fleet and the modernisation of fishing vessels must comply with the Council's decision pursuant to Article 11 of Council Regulation (EEC) No 3760/92 and with the multi-annual guidance programmes for the fishing fleet referred to in Article 4 of Regulation (EC) 2792/1999 and finally with the provision of Title II of the latter regulation. To this end, priority will be given to the implementation of measures to adjust fishing effort, particularly those involving the permanent withdrawal of fishing capacity, which constitutes a priority measure in the sector.

Measures concerning the development and protection of aquatic resources, aquaculture, fishing port facilities, processing and marketing and inland fishing must contribute to lasting economic benefits from the structural improvement in question, offer an adequate guarantee of technical and economic viability, and in particular must not create surplus production capacity.

Fishing Industry Baselines

The fishing industry baselines are detailed below.

FISHING INDUSTRY BASELINES	
Number of boats - less than 10 metres	379
Number of boats - more than 10 metres	145
Number of ports Large	4
Small	45
Number in employment - Full time	968
Number in employment - Part time	269
Value of catch	£27m

Financial Details

The anticipated financial breakdown by FIFG Axis is:

INDICATIVE ALLOCATION BY FIFG AXIS (MEURO)				
AXIS	Total	EU	National	Private
Axis 1: Adjustment of fishing effort: permanent withdrawal	8.798	6.498	2.300	-
Axis 2: Renewal and modernisation of the fishing fleet	5.249	1.749	0.250	3.250
Axis 3: Protection and development of aquatic resources, aquaculture, fishing port facilities, processing and marketing, processing and marketing	18.168	6.738	1.780	9.650

Axis 4: Other measures	1.370	0.950	0.320	0.100
Technical assistance for implementation	1.410	1.060	0.350	-
TOTAL	34.995	16.995	5.000	13.000

Indicators and Targets

Indicators and targets at the level of the four FIG Axes will be provided in the Programme Complement, along with detailed information on what types of activities are eligible for support. The Table below presents key targets for FIG support as a whole.

PRIORITY 4: FIG SUPPORT – KEY OUTPUTS, RESULTS AND IMPACTS	
Indicator	Target
Outputs	
Boats up-graded	100
Boats de-commissioned	40
Fishing ports improved	7
Aquatic development projects supported	17
Processing units improved	10
Marketing establishments improved	5
Small scale fishing projects supported	10
Promotion sales & marketing campaigns supported	10
Quality initiatives supported	5
Producer organisation supported	2
Results	
Gross Direct Jobs Safeguarded	300
Gross Direct Jobs Created	100
Gross Sales Safeguarded	£18m
Gross Additional Sales	£4m
Impact	
Net Additional Jobs Safeguarded	90
Net Additional Jobs Created	30
Net Additional GDP Safeguarded	£1.35m
Net Additional GDP Created	£0.46m
Outputs, results and impacts by Measure are detailed in the Programme Complement	
Note: Employment forecasts exclude some of the indirect employment effects.	

General Provision

All support will be consistent with the Common Fisheries Policy and the UK and English Policies for Fisheries.

Axis 1: Adjustment of fishing effort: permanent withdrawal

The aim of this measure is to reduce the capacity of the UK fleet and to reduce overall fishing effort so as to make a contribution to the UK's targets under MAGP IV and the restructuring of the fleet after 2001. Decommissioning is regarded as a last resort by the Cornish fishing industry, to balance effort against fish stocks. However, many of the vessels targeted in the MAGP are based in Cornwall, so a decommissioning scheme will be offered within the Objective 1 programme. The indicative reduction in capacity and engine power for MAGP IV (ending 2001) is 10 vessels (gill-netters), 500 tonnes, 1,500 KW. The restructuring of the fleet after 2001 has not yet been considered and, until the European Commission's views are known, it is not possible to estimate the indicative reduction.

The grant rates envisaged for this axis are FIG 75%: UK National 25%.

Axis 2: Renewal and modernisation of the fishing fleet

The purpose of this measure is to assist in bringing Cornwall's ageing fleet up to date with financial support to improve safety standards, fish quality, crew comfort, SME economic viability and develop sustainable fishing techniques. This measure will support the purchase of gear, targeting under-exploited species without leading to an increase in fishing effort, to reduce pressure on quota stocks. In addition, this measure will be included in a package of measures to assist new entrants into the fishing industry, to secure the long-term viability of Cornwall's fishing communities.

Support may be available for the construction of new vessels and modernisation of existing vessels, although MAFF will not provide support for these activities. Support can only be made available if the UK meets its overall annual MAGP targets. Where a particular MAGP segment is over target, in order to qualify for construction aid, capacity must be withdrawn that is at least 30% greater than the new capacity added.

Aid provided for vessel modernisation may only be given to vessels complying with Regulation 2930/86. The grant rates envisaged are up to 35% FIFG and 5% national.

Axis 3: Protection and development of aquatic resources, aquaculture, fishing port facilities, processing and marketing.

Sub-axis 3.1: Protection and development of aquatic resources

As a part of Cornwall's Fisheries Management Strategy, proposals will be developed to control access to fishing zones, such as closed areas, to protect nursery grounds and stocks and to encourage breeding, with the aim of enhancing fish stocks, as well as developing the aquaculture sector. The funding will provide access for the development of fixed or moveable structures to support aquaculture including, for example, artificial reefs.

Sub-axis 3.2: Aquaculture

Aquaculture allows sustainable exploitation of resources, relieves pressure on wild stocks and eliminates much of the uncertainty of pursuing a wild fishery. The PESCA funded Marine Aquaculture Feasibility Study identified scope for expansion and modernization of the existing fishery, as well as the potential for developing new aquaculture businesses. The programme will develop these new opportunities as well as increasing the efficiency of the current aquaculture sector.

Funding will support:

1. Increase in aquaculture capacity (new production units and/or extension of existing production units); and
2. Modernisation of existing aquaculture units but without increase in production capacities.

Sub-axis 3.3: Fishing port facilities

If Cornwall is to secure its markets and develop new markets it is vital the regions fish quality and traceability is maintained. To do this, fish port facilities must be upgraded and expanded to improve landing facilities, hygiene, fish handling, grading and fish storage facilities. In addition, to secure its markets for fish in the growing world of remote buying, funding will be available to install electronic auctioning systems in both the major market ports and the smaller landing stations to assist with the sale and distribution of fish.

Finally, to assist the catching sector to maintain their businesses and improve safety, facilities will be provided for gear storage, vessel maintenance and landing.

Funding will support:

1. Construction of new fishing port facilities/extension of existing facilities, without financial participation of private beneficiaries;
2. Construction of new fishing port facilities/ extension of existing facilities, with financial participation of private beneficiaries;
3. Modernisation of existing fishing port facilities but without increase in physical capacity, with and without financial participation of private beneficiaries.

Sub-axis 3.4: Processing and marketing

Cornwall currently exports 93% of its fish out of the county, mainly to continental Europe. The driving strategy behind Cornwall's fish processing sector is to add value to fish, which will stimulate employment in fishing communities. To achieve more added value products, grant funding is needed to develop new products and markets, upgrade current premises, and even out inconsistency of the supply of fish.

Funding will support:

4. Increase in processing capacity (new production units and/or extension of existing units);
5. Modernisation of existing processing units but without increase in production capacity;
6. Modernisation of existing marketing establishments;
7. Construction of new marketing establishments.

Axis 4: Other measures

In order to succeed in the sustainability of fishing communities, development and pilot projects must be encouraged to stimulate innovative ideas within the industry.

Sub-axis 4.1: Small-scale coastal fishing

Small-scale fishing operations provide the backbone of many small isolated fishing communities. It is therefore essential that fishermen involved in small-scale operations have access to funding to encompass a wide-range of community supporting projects. Projects could include the community ownership of harbour cove facilities, marketing initiatives, the establishment of co-operatives and training.

Sub-axis 4.2: Promotion

In order to maintain the current markets for fish and develop new markets for fish and fish products, fish merchants and processors, producer groups and associations will be able to use Objective 1 monies to promote the regions fish and fish products.

Support will be provided for:

3. **Promotion campaigns;**
4. **Participation in trade fairs;**
5. **Market studies and consumer surveys;**
6. **Sales advice and assistance, other services provided to wholesalers and retailers;**
7. **Operations associated with quality certification and product labelling.**

Any assistance provided will be in accordance with State Aid Guidelines for fisheries aid.

Sub-axis 4.3: Operations by members of trade

There are two Producer organisations operating in the Objective 1 Region, the Cornish Fish Producer Organisation and the South Western Fish Producer Organisation. Both producer organisations have the opportunity, with Objective 1 support, to develop their services further than Quota management for their members. In addition funding will be used to create further co-operation projects within the sectors of the fishing industry.

Support will be provided for:

8. Aid for the creation of producer organisations;
9. Aid for "quality and marketing plans" of producer organisations;
10. Other operations by members of trade.

Sub-axis 4.4: Socio-economic measures

Article 12 of the Regulation allows for socio-economic measures in the form of early retirement schemes, compensation for fishermen from de-commissioned vessels, aid for diversification and assistance for young fishermen. Aid to young fishermen includes support for the purchase of second hand vessels less than 10 years old.

Although current Government policy is that only a limited set of socio-economic activities may be relevant to the UK, the full range of activities will be eligible for support in the Cornwall and Scilly SPD, although not all may be made available.

Sub-axis 4.4: Innovative measures

Innovative measures to encourage the development of the fishing industry will be supported. These will include aid for studies, pilot projects, demonstration projects and training measures.

Grant rates envisaged are 75% FIFG and 25% national with the exception of pilot projects where the envisaged rate is 75% FIFG and 5% national.

Assistance for Implementation

Assistance will be made available to support the implementation of the four Axes. This will cover the costs associated with specialist support to assist fisheries enterprises to develop high quality projects, and to ensure that enterprises and individuals are able to take up the opportunities provided by FIFG funds.

Support for other aspects of management and implementation will be supported through the Programme Technical Assistance budget.

MEASURE 4.8: COMMUNITY REGENERATION - ERDF

Cornwall has a dispersed settlement pattern with a number of rural market towns and a large number of smaller towns and communities. As a result of the dispersed settlement pattern almost half the population live in settlements of less than 5,000 people.

This measure will seek to support locally based regeneration plans aimed at creating new employment opportunities, linked to the development of other opportunities supported through EAGGF. The LEADER model will be used as a template both for developing an appropriate rural strategy and as a delivery model that involves the local community.

Smaller scale capital projects will be supported, in line with the scale and nature of the settlement, and where new facilities are required to maintain employment or support the development/realisation of new opportunities. Key area for investment will be rural workspace and ICT development in order to support the development of new jobs within rural communities. To avoid any duplication, the Programme Complement will clearly distinguish between activities that can be supported under this Measure, and activities under Measure 1.1.

The County Structure Plan has identified the need to create new jobs and has endorsed a policy of supporting rural workspace in recognition of "*the need to create alternative employment opportunities in rural areas.*" The Structure Plan also recognises that rural areas should not compete for inappropriate development in terms of the nature or scale of opportunities and that "*smaller scale developments are most likely to service the social economic and environmental needs of a rural location.*"

A flexible approach to areas and communities will be taken, based on community needs rather than administrative boundaries. A key theme of the measure will be long-term capacity building to support communities to develop and implement locally developed plans.

Initiatives which integrate the use of ERDF with EAGGF, FIFG and ESF will be a priority.

Objective

The objective of this Measure is:

To regenerate rural, coastal and island communities affected by the long-term decline of primary key sectors through increased local services and community facilities.

Indicative activities

Support will be available, inter alia, for feasibility and research studies and the development of Integrated Area Plans; support for local community staff helping to undertake regeneration activities, in towns, rural areas and islands, based on the LEADER model.

Facilities for the delivery of training and enterprise services with pump priming and revenue support (with associated childcare facilities where required); development of facilities and equipment, including

ICT local access infrastructure, which enables increased access to and the delivery of training; small scale workshops and business space; the improvement of key sites/centres where environmental and other improvements are clearly linked to a regeneration plan and activities that provide increased access to the countryside particularly for the disadvantaged; and support for enhanced communal facilities and infrastructure on the Isles of Scilly, including sewerage, waste management, electricity and telecommunications, actions in support of the social economy and social actions, including grants and loans.

PRIORITY 5: REGIONAL DISTINCTIVENESS

INTRODUCTION

Cornwall and Scilly have a strong sense of identity and a natural and historic environmental quality, which provides a backdrop for many key economic activities. This distinctiveness is a key strength of the region and the ability to secure economic benefits arising from it, is a key plank in developing a sustainable economy where income and opportunities are the equal of other regions of the UK and Europe.

This distinctiveness provides employment and economic benefit through value added to primary production, tourism, recreation, heritage, arts and cultural industries. These sectors account for a considerable proportion of employment in Cornwall, and of equal importance, are forecast to grow in the medium and long-term.

Just as Cornwall is distinct from the rest of the UK, so are the Isles of Scilly distinct from Cornwall.

The importance of this distinctiveness was highlighted in the SWOT presented in Chapter 7, building on the baseline data presented in Chapters 2, 3 and 4. Key features in terms of strengths were the coastal and rural environment, the industrial heritage the importance of tourism, and a track record in marine engineering and technology, renewable energy, culture and heritage.

Many of the opportunities identified in the SWOT were linked to capitalising on this distinctiveness, through for example developing green tourism, developing environmentally friendly products and cultural industries product and services. All of these opportunities are linked to the distinctiveness agenda. Underlying these opportunities was the need to build a knowledge based economy with a higher proportion of activity from higher value added activities. It is this opportunity that underpins the regional distinctiveness Priority.

A key element of any efforts to capitalise on the distinctiveness of Cornwall and Scilly must be the facility to enhance and further develop the intellectual assets which underpins the distinctiveness features. Thus, Cornwall is not just a destination for environmental visitors, but a home for environmental related research and development. This also applies to other areas such as culture and heritage. An essential element of the Priority is therefore to provide facilities that allow for the growth of the intellectual capital of the region.

THE DISTINCTIVENESS ASSETS

Cornwall's distinctiveness is a result of five inter-linked themes:

A natural environment which combines farmed and un-farmed landscapes including field boundaries, hedges, an outstanding coastline, heathland and upland areas of exceptional beauty;

A historic/built environment heritage based on ancient pre-Celtic influence, a medieval dimension based on Celtic/Christian overlap, an industrial heritage based on mining, and a fishing/ maritime heritage based on a number of major ports and small harbours;

A cultural and arts heritage based on the Celtic tradition, the Cornish language and an arts tradition based on the natural and built environment;

A history of innovation and enterprise which once placed Cornwall not only at the heart of the Industrial Revolution, but also at the leading edge of technology;

An existing base of knowledge and expertise in art, applied arts, life sciences, environmental and earth sciences.

The natural environment – Cornwall's special and unique identity has been shaped by primitive natural forces - rock, sea and the climate - and by *layers of history* creating a landscape of endless incident, richness, splendour and beauty. The Cornish landscape today has been determined over many centuries and is the combination of physical factors, notably geology, geomorphology, climate, soil types and vegetation, as well as the impact of human activity. The interaction of people and their environment over the years builds up the landscape. The development of agriculture has had a particular effect on the landscape and plays an important role in the Cornish economy. The family-

owned mixed farm with an average size of 40 hectares is the major contributor to the countryside. This visual landscape is inextricably associated with a variety of natural and semi-natural habitats and their wildlife.

In quantitative terms, Cornwall has 13 candidate Special areas of Conservation (cSACs), 1 Special Protection Area (SPA), 3 National Nature Reserves, 160 Sites of Special Scientific Interest (SSSIs), Areas of Outstanding Natural Beauty (AONB) in 13 locations (covering 1056 km² or 29% of the County), Areas of Great Landscape Value (AGLV) in 25 locations (covering 979 km² or 27% of the County), over 10,000 hectares in protective ownership (National Trust, Royal Society For the Protection of Birds, Cornwall Wildlife Trust, etc), and over 400 kms of long distance trails. These designations cover both upland and heathland areas, and coastal locations including estuaries and dunes. In relative terms, Cornwall has one of the highest concentrations of sites designated for their environmental value in England as well as many areas recognised for their value at the regional level.

Cornwall's historic/built environment - Being on the outer edge of Britain but at the heart of Atlantic Europe, has resulted in an historic cultural heritage different from the rest of the UK. Mild climate, Celtic affinities, coastal connections, mineral wealth, and isolation are all intermingled in aspects of the Programme Area's distinctive identity and historic heritage. This rich historic environment is a unique asset, which provides the County with a valuable resource for tourism, recreational and leisure related initiatives and a focus for urban and rural regeneration. The most prominent example is the derelict mining areas of the County, which will form the basis of the bid for World Heritage Site status.

In quantitative terms, Cornwall has over 1,200 Scheduled Monuments (the highest in England), 12,000 Listed buildings, 137 Conservation areas, 33 Registered parks and gardens, 23 Areas of Great Historic Value and the largest numbers, for a County, of English Heritage (24) and National Trust (11) properties, and 30 Museums. Cornwall has a number of renowned country houses and world-class gardens. Cornwall is also characterised by a number of coastal locations where the harbour and ports form both a working facility and a heritage asset. There are 3 major ports and 40 smaller ports/harbours in the area.

Cornwall's arts and cultural heritage – Cornwall's arts and culture sector is a diverse community, and although numbers are small (but growing), includes performing arts and artistes, crafts people, media related (film/publishing/television and radio) and museum and heritage people.

In quantitative terms, Cornwall has 14 professional theatre companies, 9 year round performing arts promoters, 2 dance companies and approximately 60 fully employed individual professional dancers and choreographers, approximately 150 craft based enterprises, 30 museums, approximately 50 high quality galleries, 10 major festivals and another 12 small and developing festivals, 2 radio stations, 2 outreach TV broadcast centres, 12 independent production companies and around 100 people working as media freelancers (not including TV and Radio).

Innovation and enterprise – Cornwall was once at the leading edge of technology, literally a world leader in particular technologies. Although this advantage has long been superseded the region remains at the forefront in a number of fields, even though there has been limited intellectual infrastructure to fully capitalise on these developments.

Knowledge and expertise - The region has a history in the provision of specialist education and training such as mining and engineering. Falmouth Polytechnic Society has an acknowledged reputation in areas such as life-sciences, cultural industries and marine engineering and these make a growing contribution to Cornwall's distinctiveness.

THE ISLES OF SCILLY

The landscape of the Isles of Scilly is unique, with the natural, farmed, built and archaeological elements closely inter-linked within a small area. There is no similar cluster of islands off the English coast. The Isles of Scilly is an Atlantic archipelago of some 200 islands and rocky islets located 45km off the south west Atlantic Coast of Cornwall, 60km from the nearest port, Penzance. Five islands, St. Mary's, Tresco, St. Martin's, Bryher and St. Agnes, are inhabited. The vast majority of the population (1,600 out of a total of 2,000) live on St. Mary's, the largest island.

The Isles of Scilly are designated as an Area of Outstanding Natural Beauty, Heritage Coast and a Conservation Area. There are 26 Sites of Special Scientific Interest (SSSI), over 120 buildings listed as being of historic or architectural importance, and more than 230 sites scheduled for their

archaeological importance, the highest concentration in England. The waters around the islands, down to the 50-metre contour, have been established as a non-statutory Marine Park.

RATIONALE: THE ECONOMIC BENEFITS OF DISTINCTIVENESS

Tourism in Cornwall is under-pinned by the quality of the environment. The West Country Tourist Board's strategy for 1999-2003 states that, "The quality of the natural (and built) environment is the main attraction which brings visitors to the region. It is therefore essential that the quality is maintained". The distinctiveness of Cornwall and Scilly is fundamental to the quality of the experience of visitors.

A recent National Trust study, "Valuing Our Environment", verified this conclusion where it noted that 81% of all holiday trips to Cornwall are motivated by conserved landscape. (At a South West England level this is 78%). This represents, each year, 3 million visitor trips / 20 million visitor nights / and a visitor spend of circa £694m, which translates into circa 67% of established employment in tourism.

It is estimated that tourism accounts for over 30,000 jobs in Cornwall and Scilly, suggesting that even if only half of these were dependent on the natural and built environment, some 15,000 people directly depend on the quality of this environment for their living.

Cornwall has a strong cultural tradition and has a very active arts community. Although the numbers employed directly in the sector are relatively small, many of the activities serve as the backdrop against which considerable other activity revolves. The most obvious example is the Tate Gallery in St Ives (developed with ERDF support), which is widely acknowledged as having revitalised the economic fortunes of the town, including businesses involved in accommodation provision, catering, and crafts.

As noted in Chapter 2, some 2,345 people are estimated to work directly in the arts, culture and creative industries sector, although this is likely to be an under-estimate. The numbers directly employed in environmental related business is difficult to estimate, although it is believed that between 500 and 1,000 people are employed in environmental related occupations.

The employment numbers outlined in this sector relate to the direct jobs involved, and take no account of other employment dependent on these activities. Even without taking account of these secondary benefits, a significant proportion of private sector employment in Cornwall depends to some extent on the distinctiveness provided by the natural, built and cultural environment.

New Opportunities From Distinctiveness

Although the distinctiveness dimension of the environment supports considerable employment, there is additional potential to build on this strength by taking advantage of new and additional opportunities that are likely to emerge over the course of the Programme period and beyond.

The West Country Tourist Board's Tourism Strategy For The South West in assessing potential growth in the market notes that "assuming that such (GB) forecasts are maintained for the whole period up to 2020 then the implications for the South West would be for increases between 1997 and 2020 of 80% in tourism trips, 40% increase in total visitor days, and 50% increase in the real value of visitor spending". This raises the possibility of securing a higher level of year round and well-paid employment in the coming years.

National surveys suggest that the cultural sector is one of the fastest growing in Britain. Cornwall already has natural advantages that can be enhanced and supported to provide a thriving sector. The amount of professional and amateur product exported per year and the demand for it is growing fast and there are major opportunities to capitalise on this demand to promote Cornwall and its economy on the back of cultural products world-wide.

The Environmental Prospectus for SW England (March 1999) estimated that the environment sector in its broadest sense contributes over 4% of employment and an overall 5-10% of total GDP in the South West. This figure is likely to be considerably higher for Cornwall. The same report also notes an increasing number of businesses and organisations focusing on the supply of environment related goods and services.

The Regional Economic Strategy recognised in its vision that businesses need to be able to capitalise on the creative use of the environment in delivering competitive advantage - *"we must conserve the best and enhance the rest in support of economic development objectives"*.

There is clearly considerable growth potential in the “distinctiveness” sectors provided the appropriate infrastructure, support and development services are made available. Existing businesses will be central to the development of dynamic and innovative sectors based on regional distinctiveness.

In addition to the heritage sector, tourism, the arts and creative sectors and traditional land based sectors, a high quality environment is increasingly recognised as a crucial, but less tangible capital asset eg, for attracting inward investors and businesses (CBI surveys).

Constraints To Securing New and Additional Benefits

There are a number of constraints to securing the new and additional benefits through regional distinctiveness. The key constraint is that many of the key assets are not provided by the private sector, are effectively part of the public product. Resource constraints means that finance for reinvestment is not always available. Regional distinctiveness assets are just like any other asset there has to be a programme of re-investment and improvement, to maintain the distinctiveness value.

This same constraint also applies to effort to develop the intellectual assets and benefits arising from distinctiveness. Again, much of the necessary facilities are not provided by the private sector, yet their provision is a fundamental building block to new developments. The key constraint is the provision of the key elements of infrastructure necessary for the SME base to take up and develop new opportunities.

POLICY CONTEXT

The Table below presents the key policy context that will influence this Priority. Where appropriate, the PMC may incorporate aspects of the objectives the relevant guidance or strategies into the appraisal system.

POLICY CONTEXT		
EU	UK	Regional
Building A Sustainable Europe: Communication on Environment and Employment	A Better Quality of Life: A Strategy for Sustainable developmental in the UK Tomorrows Tourism DTI Competitiveness White Paper Learning and Skills Council	Regional Strategy of the South West of England RDA An Environmental Prospectus for the South West of England – Linking the Economy and environment The South west England Cultural Strategy Cornwall Heritage and Cultural Strategy
Note: See Chapter 6 for detailed coverage		

PRIORITY OBJECTIVE

The natural and built environment is the basis for economic prosperity. Many economic activities are underpinned by environmental resources - some renewable, others finite; all of which need to be used wisely if their contribution to economic prosperity is to be maintained. In addition there are new economic opportunities to be won.

Much of the character of the landscape is and can be further influenced by farming and other land management practices. The loss of mixed farming, the removal of hedges and small woodlands and other landscape features can all affect the distinctiveness of the landscape including its biodiversity and historical coherence.

The visual landscape is intrinsically associated with the variety of natural and semi-natural habitats and their wildlife. The visual quality of the landscape is the main attraction that brings visitors to the Region. Many natural and semi-natural habitats depend on appropriate land management practices – farming and wider land management is therefore vitally important to the enhancement of distinctiveness.

The distinctiveness of Cornwall relates to both the historic and natural environment, their interactions and the cultural traditions of the Region. The settlement pattern is distinct and a number of the settlements, including the coastal communities have distinctive heritage assets that complement the natural environment. This is particularly true of the smaller harbours and coves, which act as a focus of both commercial and tourist activity as well as visual interest in these areas.

As the volume of traditional maritime industries decline, new uses are being found for harbour facilities and it is important to ensure that these complement their maritime character or integrate with existing activities.

These maritime heritage assets complement much of inland environment, and together these offer an environmental diversity that few regions can match. Enhancing the natural and built environment is an important goal on both sustaining current economic benefits and securing additional opportunities.

The sheer scale of buildings, monuments, special sites and historic gardens means that there is substantial opportunity to further develop economic benefits without concentrating visitor numbers on a small number of fragile sites. Developing further economic opportunities is dependent on the quality of both the "product" and the "service" and maintaining and enhancing both these aspects of Regional Distinctiveness will be an important goal of activity supported under this priority.

Much of the attraction of Cornwall for visitors and for inward investors is centred on the cultural tradition of Cornwall - its Celtic heritage and language, its historic landscape and its contemporary arts. This also means that creative talent is attracted to Cornwall, but all too often is not harnessed and supported. The potential for increasing high quality product in the creative industries in Cornwall is great and the encouragement of this type of industry will safeguard and reinforce the image. In addition to attracting visitors and investors with the image, we need to ensure that year round provision is at a high enough standard to encourage them to return and stay.

The growing media sector has based much of its identity on the cultural distinctiveness of Cornwall, which in turn provides an opportunity to use the sector to further reinforce the brand. The potential for increased employment allied to increased profile in this sector is substantial.

It is against the above background that major opportunities have been developed under the previous Programme and form a platform for future investment to develop a knowledge-based economy and an increased level of intellectual capital. The region has a tradition of creativity, inventiveness and environmental awareness. It is an intelligent region with a latent potential for the development of this strength as an economic driver.

This process has started with the investment from previous Programmes in major initiatives such as the Eden Project, the Tate Gallery, the International Falmouth Maritime Museum and the growth of Higher Education at Falmouth College of Art. These developments have allowed SMEs in the region to access new resources and facilities. This is an important dimension to building a knowledge-based economy based around regional strengths, and the further development of the research and development dimension offers many more opportunities for the SME base.

The next stage in this process is the Combined Universities in Cornwall initiative. This is an exciting opportunity to redress the deficit of intellectual capital and to build on the existing high quality FE and HE provision as well as the considerable talent of local people within the whole of Cornwall and the Isles of Scilly. This project will enable an innovative approach to the challenges ahead and meet the long-term aspiration of the creation of a stand-alone University. This University will be established on the existing curriculum strengths that exist within the region of Art, Applied Arts, Environmental and Earth Sciences. A key feature of the Combined University is the building in of an SME linkage component at the planning stages, to ensure that there are real benefits to the business in the region.

The FE, HE and research institutions have the potential to expand the provision of Higher Education and develop opportunities for technology transfer with local clusters of business, especially those working in the sectors of heritage and creativity, cultural diversity, earth, environmental and life sciences. These institutions have already established linkages with previously funded 5(b) projects that are of an international prominence such as the Eden Project, Tate Gallery and the Falmouth Maritime Museum.

The natural and built environment is a key economic asset. Although taken as a given, like other economic assets, re-investment is required both to maintain the current level of economic benefits, but

also to secure new and additional benefits. This investment must be strategically focused to ensure that it produces gains that support the strategic aims and policies articulated in the environmental profile.

The increasing demand for environmental related tourism offers a unique opportunity for the tourism product to move up-market, but this requires a quality product, particularly in relation to environmental matters, where many visitors have increasingly higher expectations.

The strategic objective is:

To increase the economic and employment benefits resulting from new sustainable opportunities developed from the strengths of the region's environmental, historical, cultural and intellectual distinctiveness.

Although the physical assets are key elements of the product and are the key to attracting visitors and promoting exports, employment is a function of the many organisations and business that maintain and interpret facilities, produce products, and attract and provide services for the many visitors to the region. Maintaining and increasing the economic viability of these businesses is an important task.

The sustainability of economic benefits from the regional distinctiveness requires a high level of market awareness, and an enhanced premium arising from products and services developed in Cornwall for "export" to other regions. This involves further developing the branding strategy based round Cornwall and Scilly's distinctiveness. This is not solely a marketing related issue. Any brand that is built on quality has to reflect quality throughout its activities, and this requires both quality assets and quality organisations and business.

The measures developed to realise the strategic aim and objective are:

- Measure 5.1: Securing economic benefits from the arts, cultural and heritage industries (ERDF);
- Measure 5.2: Enhancing and developing the public product (ERDF);
- Measure 5.3 The knowledge driven region (ERDF);
- Measure 5.4 Research and knowledge (ESF).

KEY BASELINE DATA

The Table below identifies the key baseline data for this Priority. In the case of sectorally focussed work, the baseline will be determined either within the Programme complement, or when a sector is prioritised for intervention. Where appropriate, Measure by Measure baseline data will be presented in the Programme Complement. The baseline data, wherever possible, will be up-dated each year in the Programme Annual Report.

PRIORITY 5: REGIONAL DISTINCTIVENESS – KEY BASELINE DATA			
	Value	Year	Source
Hectares of derelict Land	3,871	1993	D of E
Numbers employed in cultural industries ¹	2,698	1997	AES
Numbers employed in tourism ²	18,359	1997	AES
Numbers employed in environmental industries ³	2,952	1999	South West RDA
Number of buildings with heritage status ⁴	1,267	1998	English Heritage
Number of sites designated by environmental agencies ⁵	297	2000	Cornwall County Council

¹ defined as SIC codes 7440 Advertising, 9231 Artistic and literary creation etc, 9233 Fair and amusement park activities, 9251 Library and archives activities, 9211 Motion picture and video production, 9212, Motion picture and video distribution 9213, Motion picture projection 9232 Operation of arts facilities, 2214, Publishing of sound recordings, 9252 Museum activities etc, 9261 Other sporting activities, 9220 Radio and television activities

² is employment in hotels and restaurants 55

³ calculated as the estimated number of SW environmental jobs (38,000) apportioned on the basis of Cornwall's total employment share

⁴ these are equivalent to scheduled monuments

⁵ these are SSSIs and Conservation Areas

FINANCIAL ALLOCATIONS, INDICATORS AND TARGETS

Financial Allocations

The following Table indicates the financial allocation at the Priority level, including the allocation to EU Fund, the Priority level UK Public and Private sector contributions. The allocations presented are for the lifetime of the Programme. The financial allocations at the Measure level are detailed in the Programme complement.

PRIORITY 5: REGIONAL DISTINCTIVENESS – SUMMARY FINANCIAL TABLE (MEUROS)				
	Total Costs	EU	UK Public	Private
		ERDF 91,970		-
		ESF 9,997		-
		EAGGF		
		FIFG		
Total	194,967	101,967	87,000	6,000

Financial allocations by Measure are detailed in the Programme Complement

This Priority has been allocated 195 meuros total project costs out of a Programme total of 1,181 meuro, some 16% of the Programme total. It has been allocated 102 meuro of EU support, 20% of the total EU support for the Programme.

The financial allocation to each measure cannot be agreed until the Programme is approved and the PMC is convened. Nevertheless it is possible to present a likely range of financial allocation by measure.

Measure	Total Eligible Costs
Measure 5.1: Economic benefits form the arts/cultural/heritage industries	15% - 20%
Measure 5.2: Enhancing and developing the public product	15% - 20%
Measure 5.3: The knowledge driven region	50% - 60%
Measure 5.4: Research and Knowledge	5% - 10%

Indicators and Targets

The key outputs, results and impacts for the Priority are detailed below. The results of Priority Level actions are presented against gross sales and gross additional jobs indicators. Impacts at the Priority Level are presented for net additional jobs and value added indicators. Activity, results and impacts at the Measure level are detailed in the Programme complement.

PRIORITY 5: REGIONAL DISTINCTIVENESS – KEY OUTPUTS, RESULTS AND IMPACTS BY 2010	
Indicator	Target
Outputs	
Number of centres established	4
Number of ports improved	6
Number of buildings enhanced/improved	10
Number of SMEs supported (ERDF)	1,000
Number of people trained	1,500
Results	
Gross Direct FTE Jobs Safeguarded	4,780
Gross Direct FTE Jobs Created	5,845
Gross Sales Safeguarded	£271m
Gross Additional Sales	£290m
Number of ESF beneficiaries gaining a qualification	1,000
Impact	
Net Additional Jobs Safeguarded	1,872
Net Additional Jobs Created	1,784
Net Additional GDP Safeguarded	£43.1m

Net additional GDP created	£41.4m
Outputs, results and impacts are detailed by Measure in the Programme Complement SMEs assisted total takes account of double counting All jobs are Full Time Equivalents (FTEs)	

MEASURE 5.1: SECURING THE BENEFITS FROM THE ARTS, CULTURAL AND HERITAGE INDUSTRIES - ERDF

Enhancing and developing the environment and historic assets are an essential element of maintaining economic benefits from distinctiveness. The scale of the employment and economic benefits requires a dynamic and enterprising business and organisation community to further develop the new opportunities that distinctiveness offers.

In addition to businesses based on the natural and built environment and heritage businesses and the considerable employment in tourism, the industries relating to arts and cultural distinctiveness directly employ over 3,000 people, and this excludes tourism employment. The more broadly based creative industries sectors employed 5600 in 1996 and showed a 17.4% increase in employment between 1991 and 1996, the third highest in South West England. The rate of growth in Cornwall and the South West Region is higher than the national average.

Two key features of this measure will be to increase the number of people employed in these sectors, and to increase collaborative working, both within and between sectors.

A significant number of these enterprises are characterised by a high level of self-employment and flexible working often on a part time basis. Another group comprises charitable/voluntary/community groups, with limited business and managerial skills. Improving the “competitiveness” of these enterprises is an important policy goal.

Collaborative work and partnership working will be a key element to increasing the sustainability of enterprises and central to this is the development of a distinctiveness brand. Ensuring a commitment to collaboration and partnership working is partly dependent on the establishment of common interests and mutual benefit. Central to this is the development of brands where individual enterprises and sectors can re-enforce and support each other, gaining additional benefits for the region. (This will also involve close collaboration with the tourism industry.)

Objective

The objective of this Measure is:

To develop and promote Cornwall and Scilly based on its distinctiveness and encourage the growth of arts, culture and heritage activity thus securing economic advantage for the region.

Indicative activities

Activities may include, inter alia: the development of a branding strategy based on regional distinctiveness, adding value to / providing an umbrella for the individual product brands, i.e. linking the generic to sector specific promotion, including market research, intelligence and analysis using new technologies, feasibility and technical studies (including design); the development of promotion and marketing campaigns, the development of supporting information/knowledge systems through the use of ICT, the development of a Scillies' distinctiveness with activities as listed above, services and facilities needed to further develop the sectors, including the provision of specialist research/development facilities and support, support for the development of sector groups and business development plans, support opportunities for innovation and new thinking and the feasibility of sector specific visions.

MEASURE 5.2: ENHANCING AND DEVELOPING THE PUBLIC PRODUCT - ERDF

Management of the Historic and Built environment

Cornwall has a historic and built environment of international significance. The feature of the historic environment is the layers of history that are evident, from the early days of civilisation, to the Celtic and then medieval periods, through to its maritime and industrial heritage.

This environment is a precious asset, which provides the County with a valuable resource for tourism and recreation and a focus for urban and rural regeneration. The most prominent example is the derelict mining areas of the County, which will form the basis of the bid for World Heritage site status.

In quantitative terms, Cornwall has over 1,200 Scheduled Monuments (the highest in England), 12,000 Listed buildings, 137 Conservation areas, 33 Registered parks and gardens, 23 Areas of Great Historic Value and the largest numbers for a County of English Heritage (24) and National Trust (11) properties, and 30 Museums. The sheer scale of these assets allows for further development, without the threats of excess visitor numbers contributing to the degradation of assets. This aspect distinguishes Cornwall from many other regions, where historic assets are concentrated on one or two key locations. Upgrading and enhancing many of these assets is however required both to broaden and improve the “product” and to provide an improved visitor experience.

The built environment makes an important contribution to the distinctiveness of the Region. This includes the settlement pattern, individual buildings within the settlements and in the wider countryside. The maintenance of these traditional buildings is essential in order to maintain the existing distinctiveness of the region. The buildings and distinctive characteristics of many settlements are a major feature of Cornwall's heritage, a feature recognised by resident and visitor alike. Recognition of this heritage and investment in this public product will secure an increase economic contribution as well as enhanced regional distinctiveness. The end use of the building is a secondary outcome but is essential in order to ensure sustainability whilst refurbishing the built environment.

Cornwall is also characterised by a number of coastal locations where the small harbours and coves form both a working facility and a heritage asset. There are 3 major ports, which are not subject to this Measure, and 40 smaller harbours and coves. With one of the longest coastlines in England and some of the finest beaches in Europe, the small ports and harbours are an essential backdrop to considerable economic activity. There is a need to renew and revitalise these facilities as traditional industries decline and new opportunities emerge particularly related to links with historic and environmental tourism. The visitor to Cornwall and the Isles of Scilly is increasingly discerning and surveys highlight that the scenery, coastline, landscape and built environment are the major satisfaction factors for their holiday. For the region to maintain the economic contribution of tourism in an increasingly competitive global market it is important to invest in the public product for the benefit of resident and visitor alike, and thus secure the future through enhanced regional distinctiveness.

As with investment in the built environment, revitalising the 40 smaller harbours is a primary aim in order to increase their contribution to the total economy of local coastal communities. The end use will be mixed with a major use by visitors to the region, thus ensuring sustainable development and enhanced distinctiveness.

A consequence of the County's industrial legacy is the scale of derelict and contaminated land, much of which is of great historic and wildlife value, albeit that some blights what is otherwise an outstanding environment. The opportunity exists to bring back into appropriate beneficial use a large proportion of this land, and this will be another key goal of this measure.

Scilly is itself distinctive from Cornwall and has much scope to increase the benefits arising from this, by increased interpretative work in connection with its historic landscape.

The Region's natural environment is one of its greatest strengths and underlies much existing and potential economic activity. Prime examples include its coastline and estuaries, heathlands, moors, field pattern and hedges, and its woodland. The region's historic environment is of similar importance, be it the well preserved prehistoric landscapes of Scilly, Penwith and Bodmin Moor; or the industrial archaeology from tin and copper mining, and quarrying, and is often inter-linked with its wildlife value.

The natural and built environment is the basis for economic prosperity -- many economic activities are underpinned by environmental resources, some renewable, others finite, all of which need to be used wisely if their contribution to economic prosperity is to be maintained, in addition there are new economic opportunities to be won.

Projects will develop the links between the environment, employment and income; links which are especially strong in this region. By supporting projects, which derive economic benefits from the region's environment, sustainable environmental enhancement will be achieved. The Tourism Sector (c30,000 jobs in Cornwall) is underpinned by the quality of the environment (West Country Tourist Board) and 81% of all holiday trips to Cornwall are motivated by conserved landscapes (National Trust).

Objective

The objective of this Measure is:

To maintain and increase the economic benefits derived from the coastal and inland heritage, the buildings and structures of historic value and the natural environment with emphasis on access for visitor and resident alike.

Indicative Activities

Activities may include, inter alia: land reclamation and restoration and the consolidation of historic buildings, structures and sites, with particular emphasis on the economic benefits to be developed from their conservation; feasibility and technical studies to develop a strategic approach; enhancement of the facilities for interpretation and access associated with the historic environment, including enhancement of the natural and built environment surrounding key heritage buildings/sites; refurbishment of vernacular buildings; restoration of existing slips/access points/quays/piers/ harbour walls of the smaller harbours and coves; development of waste management facilities in the smaller harbours and coves (to enable tourist and recreation uses); enhancement, refurbishment and appropriate re-use of redundant vernacular buildings, including port, mine and historic industrial buildings for business use including tourism.

MEASURE 5.3: THE KNOWLEDGE DRIVEN REGION - ERDF

Rationale

There are two key wider influences facing Cornwall and Scilly. The first is at a national level which was encapsulated in the concept of "a knowledge-based economy". This is a major element of Government Policy to improve the overall competitiveness of the UK. In the global marketplace, knowledge, skills, and creativity are needed above all to give the UK a competitive edge. These are the distinctive assets of a knowledge driven economy. They are essential to creating high-value products and services and to improving business processes. They are as vital in traditional engineering industries and in services as in high-technology businesses.

The second is a growing awareness in the South West of England of the crucial need to link decision and policy making to clear, accurate and relevant information, analysed in an intelligent way. An initiative is taking shape to create a South West Observatory which will build on and add value to many examples of expertise and excellence in the field of data, research and intelligence.

Cornwall and the Isles of Scilly can benefit from these two wider trends by harnessing some of the vibrant forces of creativity that are a hallmark of the history and future of the region. The knowledge-based economy can be best addressed through proposals for the "Combined Universities in Cornwall". Underpinning these plans are opportunities to address crucial issues such as the "brain drain", the links between education and business, specifically associated science and R&D spin-offs, and availability of Higher Education opportunities for all.

The benefits to local SMEs of major new research and development facilities cannot be underestimated. Cornwall has a small number of companies at the leading edge of development. A number of others are involved in high growth sectors. These companies have been unable to benefit from easy access to both the facilities and intellectual resources of major research facilities. In

addition, the provision of a regular pool of graduate and post-graduate labour offer additional opportunities for companies to expand.

An additional stimulus will come from the new investment itself, as local companies take opportunities linked to the initial and subsequent investment, and to the opportunities arising from the day to day running of new facilities. This stimulus also extends to the wider population, and the provision of a new University likely to engage people who had previously not considered higher education appropriate to their situation eg, women with care responsibilities unable to leave the region.

The further development of these linkages and the building on this existing base will enable increased employment opportunities of a higher value than is traditionally available within the region. The growth of this activity will build on the strengths of the region and become a forceful economic driver in its own right.

Objective

The objective of this Measure is:

To support the development of a higher quality knowledge driven economy through the provision of facilities which allow the region to further develop and capitalise on intellectual assets, increase the provision of higher level employment opportunities and intellectual capital, building on the strengths of the region.

Indicative activities

Technical and feasibility studies to assess demand and need for new facilities; research and development facilities; facilities which allow for the commercial development of activities where the region has an acknowledged strength; higher level learning and training facilities for improved local access; enhancement and development of ICT facilities including associated equipment and materials.

MEASURE 5.4: RESEARCH AND KNOWLEDGE – ESF

Rationale

The growth of intellectual capital intrinsically requires development of the human resource as well as personal development. This measure is designed to support individuals in the pursuit of increased knowledge that can be of economic benefit to the region. The strengths of Cornwall and the Isles of Scilly are such that opportunities exist to develop and greater understanding and level of intelligence concerning its characteristics. These may cover climatic and environmental features and they may build on existing expertise in earth sciences and the applied arts.

It is essential to link forecast embryonic businesses that require R&D to the new University. Research groups in alternative energy, coastal zone management, aquaculture, climatic change, life style research can provide the intellectual subsidy needed to ensure these new business sectors get off the ground. Linking new centres of expertise with a commitment to advise SMEs will support new, higher value growth sectors. Businesses in Cornwall need access to a regional economic model that includes environmental forces including climatic change.

The collective activity will add value to previous, as well as proposed, capital investment and provide an innovative, intellectual facet to regional distinctiveness.

This measure will contribute to adaptability, and will complement activity in Measures 1.6 and 1.7, although this measure will specialise in pre-production research and development. Efforts will be made to link the activities under this measure to the research and development needs of the SME base.

Objective

The objective of this Measure is:

To assist individuals and organisations in the development of intellectual capital.

Indicative activities

Research and development grants, support for post graduate training linked to the development of intellectual capital, support for post graduate and post-doctoral research linked to areas of acknowledged expertise, support for higher level training linked to commercial research in areas of acknowledged expertise, support for exchange visits and trans-national co-operation linked to appropriate post graduate, post doctoral and commercial research and development; support for visiting experts (on short and medium term basis) to help develop intellectual capital in the region.

TECHNICAL ASSISTANCE

INTRODUCTION

The proposals outlined below relating to Technical Assistance are indicative proposals, and as such lack the sufficient level of detail that will be required for the finalised version. Nonetheless, the draft proposals provide the basis for the broad approach likely to be adopted.

Technical Assistance will have the following objectives:

- efficient and accountable management of the Programme;
- maximising the quality of Programme implementation and its impact; and
- ensuring information about, and publicity for, the Programme both within and outwith the Region.

A total of 13,410 MEURO of Structural Fund support has been allocated for Technical Assistance, to be co-financed by 5,350 MEURO of national public expenditure.

Technical Assistance can be accessed by any partner or group of partners who have developed relevant projects and who can provide the necessary co-financing. It is expected that partners will bring forward a number of projects throughout the Programme period, which will be complementary to and additional to the activities proposed in the SPD.

CORE ACTIVITY

Six activities are proposed as part of a Core TA Programme. These are:

- Programme support;
- Workshops, Seminars and Conferences;
- Publicity and Communication;
- Guidance Material;
- Capacity Building and Facilitation; and
- Research Fund.

MEASURE 1 (RULE 11.2)

Programme Support

The PMC has responsibility for the strategic oversight and effective delivery of the Programme. One of the criticisms identified in previous evaluations has been the lack of proactive delivery of strategy. To assist the PMC with this function it may be desirable to establish a sub-group to undertake this role and maintain the strategic focus of the Programme. Additional partnership resources would be required to support this function in addition to the Secretariat, whose role it would be to service the PMC.

Workshops, Seminars and Conferences

A number of successful workshops and seminars were held for ERDF, ESF, and EAGGF as part of the Objective 5(b) Programme, and the interim evaluation recommended that further seminars and workshops should be organised. Such events will satisfy a number of objectives:

- increasing expertise for organisations new to the Programme, and new members of staff in organisations with previous funding experience;
 - providing guidance and support on aspects of the funding process such as selection criteria, and eligibility;
 - promote the aims and achievements of the Programme to a wider audience.
-

This is likely to involve national and international experts in particular fields. It is proposed to organise a programme, after fully consulting local partners.

Publicity and Communication

The Cornwall Now Campaign has already generated substantial interest in the Programme amongst the wider population – approximately 16,000 consultation forms have been received providing extensive input into the strategy developed by the Partnership. In order to ensure that as many people as possible are aware of the Programme there is a need to promote the Programme to new organisations, to develop capacity within Partnership organisations, and also to make the wider public aware of the benefits of the Programme. This activity will be in addition to the publicity carried out by individual project sponsors as part of their contractual obligation as grant recipients.

In order to undertake this, consideration will be given to the retention of a publicity and promotion officer, for a fixed period. A support budget will also be made available for general publicity material, exhibition material, travel and attendance at events.

Guidance Material

The European Secretariat produced a range of guidance material to assist applicants in the Objective 5(b) Programme and the Interim Evaluation recommended the production of additional guidance materials. Given the wider scope of the Objective 1 Programme, it will be important to make extensive guidance available to potential applicants, particularly the private and voluntary sectors.

This will involve both further research and the production of high quality support materials. This will include written guidance on all aspects of the programme, including the application and claims processes, as well as technical guidance on issues such as estimating economic effects of projects. Specialist guidance on issues such as eligibility will also be made available.

Capacity Building and Facilitation

A number of facilitators were used to help deliver the EAGGF and ERDF elements of the Objective 5(b) programme, a role which will also be necessary in the new Programme. In order to ensure that the maximum number of projects come forward, particularly from sectors which have traditionally been under-represented in the Programme such as voluntary groups, there is a need to appoint facilitators for all five Priorities.

The main role of facilitators will be to assist project applicants develop ideas and empower local communities to take forward their proposals.

MEASURE 2 (RULE 11.3)

Research Fund

Previous experience of Structural Fund programmes has shown that additional, bespoke research can often be of significant benefit in operationalising elements of the strategy such as business support or tourism. Bespoke strategies will incorporate a detailed review of existing conditions, highlight priorities for intervention, and encompass methods for ranking of project applications.

Evaluation also plays a crucial role in improving the effectiveness and efficiency of the Programme. Provision has been made for an interim evaluation at the end of the third year of the Programme, and a final evaluation following the end of 2006. Recommendations from the interim evaluation, where appropriate, will be used to improve the operation of the second half of the Programme.

The choice of studies to be funded would be determined by the Monitoring Committee, following consideration of detailed Terms of Reference. It is expected that the Monitoring Committee would establish a Steering Group to oversee any studies.
