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, namely;

1. SME and Micro Business Support;
2. Strategic Investments and Development;
3. Developing People;
4. Community Regeneration and Stuctural Adjustment;
5. Regional Distinctiveness.

This Chapter describes the objectives 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 the Isles of 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.

While Cornwall and the Isles of 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 (now Business Link) 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.

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.

There is no single type of investment that will generate the scale and range of opportunities needed for sustainable economic growth. Nor is there any single location or type of location that can be pursued to the exclusion of other opportunities. Instead, Cornwall and Scilly needs to develop a range of strategic investments that:

- Build upon **existing assets**, including key towns and flagship projects;
- Introduce **new assets** to the County where the long term growth prospects offer significant benefits; and
- Further develop investments based around **national and regional trends** linked to the strengths of the County, notably with regard to clusters.

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 businesses and 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 businesses and 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 and the Isles of 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 Lisbon Agenda Common Agricultural Policy and Rural Development Regulation	DTI Competitiveness White Paper Small Business Service Learning and Skills Council Strategy for sustainable farming and food	South West of England RDA Regional Strategy: Skills Framework For Action Innovation and Technology Framework For Action Business Task Force Strategy Agricultural Task Force Strategy
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.

Unless substantial resources are targeted at overcoming key constraints to growth, then there is a real danger that Cornwall and the Isles of 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 the Region.

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 number of local SMEs have growth ambitions but often 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 the Isles of 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 the region to one where new and growth businesses and 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 the Isles of 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, which will be presented in the Programme Complement and approved by the PMC.

MEASURES

The revised Priority will consist of five Measures.

- **Measure 1.1: Creating the economic conditions for competitive SMEs – ERDF;**

  Objective**:** 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'

- **Measure 1.2: Financial Engineering for SMEs – ERDF;**

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

- **Measure 1.3: Developing competitive business – ERDF;**

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

- **Measure 1.4: Processing and Marketing of Agricultural Products (EAGGF)**

  Objective: To increase prosperity in agriculture and processing businesses by adding value to agricultural produce. (The 2004 – 2006 allocations will be transferred to new measure 4.9)

- **Measure 1.5: Supporting the entrepreneur – ERDF;**

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

- **Measure 1.6: Developing sectors with growth potential – ERDF;**

  Objective: To increase the number and improve the performance of businesses with high growth potential through the provision of targeted business support'

- **Measure 1.7: New Employment Opportunities**

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

FINANCIAL ALLOCATIONS, INDICATORS AND TARGETS

Financial Allocations

The Table below gives the revised financial allocation to this Priority.

PRIORITY 1: SMES AND MICRO-BUSINESSES – SUMMARY FINANCIAL TABLE (MEUROS)					
	Total Costs	**EU**		**UK Public**	**Private**
	194.762	ERDF	78.975	47.571	68.216
	20.291	ESF	7.757	9.550	2.984
	123.468	EAGGF	24.692	24.700	74.076
Total	**338.521**		**111.424**	**81.821**	**145.276**
Financial allocations by Measure are detailed 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. This means that those given less substantive support have not been included, although these are 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)	1,900
Number of new starts assisted	1,500
Number of Agricultural SMEs assisted	500
Number of SMEs assisted with training (ESF)	400
Number of people trained (ESF)	4,000
Results	
Gross Direct FTE Jobs Safeguarded	2,943
Gross Direct FTE Jobs Created	7,977
Gross Sales Safeguarded	£235m
Gross Additional Sales	£651m
Number of ESF beneficiaries gaining a qualification	2,000
Impact	
Net Additional Jobs Safeguarded	1,567
Net Additional Jobs Created	4,040
Net Additional GDP Safeguarded	£36.0m
Net additional GDP created	£92.3m
Outputs, results and impacts are detailed by Measure are detailed 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 1,900 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.

PRIORITY 2: STRATEGIC INVESTMENTS AND DEVELOPMENT

Introduction

This Priority is designed to bring together major capital investment for the purpose of more effectively delivering strategic ambitions through closer linkages between key activities. Effective delivery of strategic investments relies on close alignment with existing strategies in the region (such as the Regional Strategy), national and regional trends, and recent investments in flagship projects

The Lisbon agenda recognises that the regions of the EU have to respond to a paradigm shift in the sources of economic development, which is being driven by globalisation and the knowledge based economy. This Priority gives the Partnership the opportunity to modernise its infrastructure to meet this challenge, thereby providing a platform for attracting private investment.

Investment decisions for the remainder of the Programme will be driven by the continuing ambition to deliver strategic economic uplift for the region, particularly in terms of providing the infrastructure for a more knowledge based economy and its potential for driving economic regeneration and development.

The unique feature of the investments proposed under Priority 2 is that the scale of investment, the linkages between them, and the positive economic conditions in the region mean that the **Partnership is investing for growth and prosperity**, based on real opportunities capitalising on strengths and assets. This Priority provides the opportunity to invest in existing successes in order to maintain and enhance the associated economic impacts on the region.

Background

Cornwall and the Isles of Scilly has been affected by many **decades of under-investment** in business and economic infrastructure. This reflects the loss of the sources of prosperity that led to major investment in the 18th and 19th centuries – a large fishing industry, important ports and harbours, a large tourism industry based on major resorts, major primary industries including tin and copper mining and china clay extraction, both of which generated significant local supply chains. These industries led to the development of a large economy based on the region's coastal assets and mineral reserves. As a consequence the region developed a series of major towns capable of sustaining relatively large populations, even though the region was at the periphery of the UK mainland.

As these areas of competitive advantage declined, and in some cases disappeared altogether, the rationale for continued investment in business and economic infrastructure was removed, and for many decades the region has been involved in a rearguard action, in some instances **managing the problems of decline** over many decades. Unlike some of the urban/industrial economies, Cornwall and the Isles of Scilly has suffered from a long and slow decline, with all of the key sectors moving in the one direction. There have been an absence of growth sectors/markets to compensate for the decline in agriculture, fishing and primary industries and the collapse of the traditional seaside holiday, and consequently the decline in local wealth and incomes has had a knock on effect on local services businesses, notably retail.

The effect of this long term decline has been **business and industrial infrastructure which is out of date**, as well as major **towns which are run down** and unattractive to investors and visitors. As the expectations of tourist and business investors have increased, Cornwall and the Isles of Scilly have offered a limited product with a few notable exceptions. The region has historically been caught in a vicious circle with limited local spending power acting as a disincentive to new investment, and a limited and poorly qualified local labour market with limited specialist facilities dissuading investment in new commercial and industrial projects.

Although the historical trends has acted against investment and re-investment in business infrastructure, the last five years have seen the **emergence of a number of new factors** that suggest that more positive factors may dominate in the medium term. These factors include a resurgence in Cornwall as a visitor location, a growing interest in non traditional holidays based on heritage and the environment, the increasing mobility of individual investors and business owners, based on life style choices, and the trend for quality of life to increasingly influence business decisions.

Although traditionally, Cornwall and the Isles of Scilly have never benefited from upturns in the national economy to the same extent as other regions, recent evidence suggests that there is the possibility of establishing **a powerful momentum based on changing trends** of where people wish to invest, work and live. The Objective One Programme present a unique opportunity to secure new investment on a scale that would be unlikely without the stimulus of Structural Fund support.

The scale of investment needed to build a self sustaining momentum is considerable however, reflecting the scale of under-investment over many years. New investment also has to address **all of the infrastructure needed for a prosperous economy** – high quality and accessible sites and premises for commercial and industrial investment, vibrant towns and centres that are attractive to local residents and visitors and capture local expenditure, and ICT and transport infrastructure that lets business, residents and visitors reach and move around Cornwall and further afield with ease.

Unlike prosperous parts of England, Cornwall and the Isles of Scilly cannot afford to address only part of this agenda.

Strategic Investment Priorities

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.

There is no single type of investment that will generate the scale and range of opportunities needed for sustainable economic growth. Nor is there any single location or type of location that can be pursued to the exclusion of other opportunities. Instead, Cornwall and Scilly needs to develop a range of strategic investments that:

- Build upon **existing assets**, including key towns and flagship projects;
- Introduce **new assets** to the County where the long term growth prospects offer significant benefits; and
- Further develop investments based around **national and regional trends** linked to the strengths of the County, notably with regard to clusters.

The need to secure major new developments, which can capitalise on the strengths of Cornwall, is a key component of the new Programme. At the same time new opportunities have to be developed which develop assets which will act as engines for growth. In the Cornwall situation this will be built around new and further investment in:

Some of the **key towns**, such as Falmouth and St Austell, which have the potential to further develop as key employment locations for commercial and tourism businesses;

The **Combined University of Cornwall**, which has the potential over the next twenty years to generate a broad range of developments, around higher level teaching, research and development, and business spin offs

Existing assets such as the **Eden Project** which have the potential to generate significant new opportunities; and

Transport, communication and related investments which contribute to the strategic investments listed above, and in their own right could develop other opportunities e.g. Newquay Airport.

Key Towns

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.

There are four major towns that are located in the heart of the region. 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 Cornwall and also the location of the Peninsula Medical School and St Austell due to its size and the opportunities offered by its proximity to one of the largest 5(b) Programme investments which is the Eden Project.

In the west of Cornwall**, 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 and the new Combined Universities for Cornwall. In the **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 in the region. The establishment of the Urban Regeneration Company also provides more opportunities.

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.

In the north & east of the region there are a number of towns where the economic links are as much to Devon as to Cornwall. 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. Whilst **Bude** is not as large as the other key towns it is still significant due to the opportunities it offers in a very isolated part of the region.

Innovation and enterprise / Knowledge and expertise

Many other regions have successfully used the **presence of Universities to drive forward economic growth**, capitalising on the number of well paid jobs, the economic purchasing power of the institution and the student population, the research and development capability within the institutions and the potential supply chain benefits. The Combined Universities of Cornwall (CUC) will allow Cornwall to similarly capitalise on the presence of a major higher education institution.

A key element of any efforts to strategically realign economic regeneration and development in Cornwall and the Isles of Scilly must be the facility to enhance and further develop **the intellectual assets that underpin strategic development.** Thus, Cornwall is a home for environmental related research and development. An essential element of the Priority is therefore to provide facilities that allow for the growth of the intellectual capital of the region, building on the CUC activities achieved in the Regional Distinctiveness part of the Programme.

The CUC initiative is an exciting opportunity to **redress the deficit of intellectual capital** and to build on the existing high quality HE and FE provision as well as the considerable talent of local people within the whole of Cornwall and the Isles of Scilly. This project enables an innovative approach to the challenges ahead in the migration to a more knowledge based economy. The CUC project has been established on the existing curriculum strengths that exist within the region of Art, Applied Arts, Environmental and Earth Sciences. A key feature of the CUC is the building in of an SME linkage component from the planning stages, to ensure that there are real benefits to the business in the region. The CUC project is a key part of the infrastructure improvements necessary for a more knowledge based economy.

Clusters

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 Cornwall. 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 and new SMEs with growth potential are to be created.

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, this could happen virtually**. Potential cluster based developments include marine and related engineering, food and drink, tourism and creative industries, and environmental research and development**.

The development of Higher Education provision, the Combined Universities for Cornwall scheme, developments at the Peninsula Medical School and the Eden Project will greatly assist the development of key clusters. The links to and services for, small businesses that such facilities can provide will be an added benefit from such developments. Infrastructure for micro-businesses created or supported by clusters will also be provided.

Sites/Locations

Under the new draft County Structure plan it is envisaged that economic growth and employment will be encouraged in the main towns by prioritising the regeneration of urban areas and town centres as a focus for commercial and business activity and maintaining a range of sites to meet the needs of existing and new firms within or well integrated with built up areas. In rural areas provision for development is essential where a location in a town or a village could not meet the need or where the opportunities for economic development exist and are readily accessible either physically or virtually.

Objective One will support the County Structure Plan approach. An Energy Park has already been created through this Programme, there is potential for a number of additional major developments including a University Science Park, a Seafood Park and a Medi-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. Additionally this Priority provides the opportunity to invest in existing successes in order to maintain and enhance the associated impact on the region.

Micro-Business Support

It is neither possible nor desirable to concentrate all employment opportunities in large scale schemes in a few key locations, which is the principle objective of the strategic investment approach. This Priority also provides the opportunity to **invest in small scale developments designed to support the growth of micro-businesses**. In order to provide this development in a sustainable manner that will not increase commuting but will address demand and stimulate new opportunities, development will be supported both within key employment growth centres and within rural communities where major investments would be inappropriate. This will help to **preserve a healthy balance between urban and rural communities,** whilst maximising opportunities for both.

The availability of appropriate and conveniently located **research and development facilities is a critical factor in encouraging and supporting 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 and new SMEs with growth potential are to be created.

Transport And Communication Infrastructure

Transport and communication infrastructure are fundamental to a modern, sustainable economy. The County is set to benefit from new investment in road, rail and ICT infrastructure and there is a need to maintain momentum to ensure that the benefits of strategic investments are not eroded by poor communication links. Addressing key constraints, including difficulties with regard to ICT infrastructure, remains an underlying them of the Priority.

Improved transport provides the key for spreading the benefit of activities in key strategic locations around the whole of the region. The **rail system** is a key regional asset and support for double-tracking the line between Probus & Burngullow has already been provided through the Programme to improve journey times to London. 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.

Newquay is the only **airport** in Cornwall 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.

Commitment from the Department for Transport to bring forward key road developments in the region, is a much needed step forward for the region and enables Structural Funds to be concentrated on other key developments. The improvement of the transport network in the major towns will assist further economic development opportunities where other public sources of funds are unable to take proposals forward. This Priority will also support sustainable transport schemes that promote growth of public services for the purpose of accessing employment and training.

Given the rurality of the region **Information Communication Technology** is an important way of providing business with the means to operate on a par with the rest of Europe and it is a fundamental part of modern infrastructure environment for a more knowledge based economy. Upgrading ICT infrastructure remains a priority for the Programme. Given the sparsity of population in many parts of Cornwall it is likely that intervention will be required to ensure that new investment takes place. This needs to involve working closely with the private sector and stimulating demand to ensure that sustainable markets are created. The enhancement of ICT infrastructure capable of supporting demand, including the ICT enablement of business premises is a vital part of this Programme’s key role in enabling effective use of ICT.

Links To The South West Region

The Baseline Analysis carried out by independent consultants for the Regional Strategy categorised Cornwall and Isles of 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.

Removing the Barriers To Growth

There are a series of issues that the constrain economic growth and employment creation needed to contribute to the overall strategy for Cornwall and Isles of Scilly. These relate to a variety of factors that have impeded economic regeneration and development. They include:

- Piecemeal investment with **insufficient mass and ambition** to make a significant impact;
- Absence of **credible masterplans/business plans** for strategic investments with a clear vision and realistic investment plan;
- **Lack of public private sector partnership**;
- The perception and reality of **bottlenecks in the transport system**, which undermine reliability and increase the journey time;

- Lack of high quality business parks
- Lack of investment in high quality accommodation
- Lack of access to ICT
- Infrastructure and access constraints to key sites including port facilities
- The need for major public sector regeneration investment as a pre-requisiste for private sector development and investment.

The Integrated Approach

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

- Sustainable developments which capitalise on existing strengths and contribute to a transformational agenda
- Comprehensive, realistic business and development plans, geared around the delivery of significant new investment;
- High quality investment in the infrastructure for the knowledge based economy with associated commercial opportunities;
- A partnership approach to project/plan development and implementation;
- A clear commitment to embedding the benefits through revenue funded activities alongside capital investment; and
- Environmentally positive developments.

The potential of Cornwall and the Isles of Scilly is considerable. Recent successful developments such as the Eden Project, Falmouth Maritime Museum, and the CUC have changed perceptions of what can be achieved. This Priority seeks to **continue this momentum** by bringing forward strategic investments that will help to transform the economic prospects of the County. The portfolio of investment secured by this agenda will put in place the initial strategic investments that will secure a **step change in the quality of the economic infrastructure** and the range and quality of opportunities and employment available to the business and residents of Cornwall and Scilly.

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 e-Europe Action Plan 2005	A Better Quality of Life: A Strategy For Sustainable Development DTI Competitiveness White Paper Learning & Skills Council	Regional Planning Guidance Regional Strategy Cornwall Structure Plan Regional Transport Strategy ICT Task Force Strategy Business Task Force Strategy
Note: See Chapter 6 for detailed coverage		

The Objective One Mid Term Evaluation Report by Ecotec confirms there is no need for change to the Objective One Strategy to make it more relevant to the Strategy set out in the Regional Planning Guidance and the South West of England RDA Regional Strategy as there is already a high level of consistency between the three strategies.

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 four types of opportunities envisaged:

1. Locations which have already been identified as of strategic importance and of sufficient scale to support significant investment;

2. Centres where there are known major business opportunities as a result of current/future investments;

3. Opportunities which have considerable potential to generate new activity (and directly or indirectly support higher paid and higher skilled jobs) and strengthen the economic base of the County; and.

4. Development of micro-business infrastructure, which help local business take advantage of new opportunities arising from other investments.

The intention is to bring forward projects in a planned and considered way to ensure proposals have appropriate supporting mechanisms and fit with other activities taking place. Great progress has been made in the first three years of the Programme in developing Integrated Area Development Plans (IADPs) in all the major towns and seeing development taken forward in line with those IADPs and spatial priorities in the Structure Plan. The range of activities gathered within this Priority are designed to capitalise on work to date, continue to deliver spatial priorities by adhering to partnership strategies and forge stronger links between key schemes and complementary activity. Other strategic investments will be developed with business /delivery plans.

The strategic objective is:

To increase employment and investment through an integrated approach to the development of strategic investments

It is the overall package of activity that will allow the strategic aim to be realised, with major synergistic benefits anticipated. .

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**

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

- **Measure 2.2: Employment Growth Centres**

  Objective: 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.

  Measure 2.3: 2000 to 2003 allocations will be vired to measures 2.1 and 2.2, and the 2004 to 2006 allocations transferred to Measure 2.5

- **Measure 2.4: Strategic Regional Infrastructure (ERDF capital)**

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

- **Measure 2.5: Strategic Investments (ERDF capital and revenue)**

  Objective: To maximise economic development through a number of strategic investments leading to the maintenance and growth of business performance

- **Measure 2.6: Micro-business Workspace Development (ERDF capital)**

  Objective: To support the growth and expansion of businesses through the provision of appropriate development.

- **Measure 2.7: The Knowledge Driven Region (ERDF capital and revenue)**

  Objective: 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.

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 remainder of the Programme and include the amount awarded from the performance reserve. 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**
	281,874,500	ERDF ESF EAGGF FIFG	108,874,500	132,000,000	41,000,000
Total	**281,874,500**		**108,874,500**	**132,000,000**	**41,000,000**
Financial allocations by Measure are detailed in the Programme Complement					

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 18 hectares of serviced land and will support the provision of new premises suited to the developing needs of SMEs. The Priority has also already provided the impetus for the implementation of 10 Area development plans, man y of which have been funded without Objective One resources.

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 £547m, of which £350m will be additional. The total gross employment effect will be 5,629, of which some 3,511 will be gross direct jobs created.

This priority will be a significant generator of net jobs. In total, some 2,853 will be supported of which 1,651 will be net additional jobs created.

PRIORITY 2: STRATEGIC INVESTMENTS & DEVELOPMENT – KEY OUTPUTS, RESULTS AND IMPACTS	
Indicator	**Target**
Outputs	
Number of Area Development Plans supported	10
Hectares of Serviced Land	10
Area of Premises (square metres) developed	21,000
SMEs assisted	60
Kilometres of railway track improved	11
Number of public transport services improved	5
No. of feasibility studies/development teams supported	5
Results	
Gross Direct Jobs Safeguarded	1,260
Gross Direct Jobs Created	1,794
Gross Sales Safeguarded	£117.73m
Gross Additional Sales	£166.75m
Journey time saved to London	8 minutes
Passenger Business NPV	£26m
Impact	
Net Additional Jobs Safeguarded	771
Net Additional Jobs Created	998
Net Additional GDP Safeguarded	£114.99m
Net Additional GDP Created	£30.60m
Outputs, results and impacts are detailed by Measure are detailed in the Programme Complement	

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 in recent years, relative disparities in income and wealth between the County and regional and national averages remain. Average earnings are approximately 30% below the GB average. Employment in the region grew by 10% (13,400 jobs) between 1991 and 1997, albeit 20% of these new jobs were part-time and, in contrast to longer-term trends, manufacturing employment increased significantly, as did employment in the construction sector. In the 5 years since the SPD was written these trends have continued and the proposed changes to Priority 3 reflect a fall in unemployment of 63% as evidenced by Jobcentre Plus (previously the Employment Service)

Despite the growth in industrial employment, employment in Cornwall and the Isles of Scilly is still dominated by the service sector (accounting for 78% of employees in employment in 1999). A large proportion of service sector employment is in hotels and restaurants, which has continued to grow since the 1990s.

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

Evidence from employers in the region 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. With the fall in unemployment this trend has continued and skills gaps remain across a range of occupations including catering, health, construction, and sales.

Competitive Companies

Whilst traditional industries are declining, they provide the backdrop for the future regeneration of the area. The potential for up-grading and revitalising these industries, where they are sustainable, continues to 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 local employers indicated a positive relationship between provision of training/personal development and business performance. This 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 and the Isles of Scilly has traditionally meant the region has been characterised by a high level of self-employment. During the 1990s, however, the number of self-employed people fell by more than 4,000, although a large proportion of this fall could have been accounted for by changes in taxation rules which made self-employment less attractive. Outwith the agricultural sector, rates of new business formation in the region are still 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 order to change attitudes and perceptions activities will be targeted across a range of groups including school pupils and students as well as under-represented groups such as women.

The regional economy is still overly dependent on sectors where a significant proportion of employment has, traditionally, been relatively low wage and in order to raise the long-term prosperity of the area there is a need to promote the growth of new businesses and sectors which are capable of providing significant numbers of higher paid employment opportunities. Priority will be given to supporting to the development of the skills needed by the sectors/clusters with the potential for growth and to encourage innovation, product development and diversification. This Priority will contribute to the adaptability and entrepreneurship Policy Field and 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. This region is well -placed to take advantage of these changes and Priority 3 will include 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 the Isles of 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.

The growth of intellectual capital intrinsically requires development of the human resource as well as personal development so funding will be provided 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 include its climatic and environmental features and the opportunities to 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 capacity needed to ensure these new business sectors get off the ground. Links will also be built to new centres of expertise with a commitment to support SMEs in new, higher value growth sectors.

The collective activity will add value to previous, as well as proposed, capital investment and provide an innovative, intellectual facet to regional distinctiveness. It will also contribute to adaptability although specialising in pre-production research and development. Efforts will be made to link all activities to the research and development needs of the SME base.

UNEMPLOYMENT/ECONOMIC INACTIVITY

The trend in unemployment has been positive since the Programme started. The claimant unemployment rate has fallen by 63.7% since 1998 and the number of people claiming Jobseekers Allowance in August 2003 was under 6,000. 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 numbers of adults unemployed for less than 12 months has now fallen to under 3,000 and the numbers of 18 to 24 year olds unemployed for less than 6 months has fallen below 1,500.

Economic inactivity is now a far greater issue than unemployment. There are significant numbers of ‘economically inactive’ people who may be able to work even if not actively seeking work so are not registered unemployed – evidence from Jobcentre Plus indicate a potential 32,000 people could be supported who are claiming primary benefits outside of Jobseekers Allowance. These people will be targeted for additional support in order to combat social exclusion, raise employment rates and increase GDP. Consideration must also be given to young people under 18 who fall outside of the benefit system.

Evidence from Jobcentre Plus has also indicated the need to re-focus support for women in the region. A wide range of support for parents (in the main women) to return to work has been put in place over the last 4 years. General awareness-raising of equal opportunities issues has ensured that women have equal access to projects delivered through mainstream provision and other area based initiatives. Further evidence from Cornwall Adult Education Service shows that of the 30,000 recent enrolments to community education 78% are women and that the percentages has increased in each of the last 3 years. Resources will now be concentrated on support for employers and women already in employment and in increasing the participation of women in higher level vocational training.

Raising the employability of those out of work remains 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. It will be crucial both to enable individuals to develop the necessary skills to move between sectors and to enable those already in employment to improve their skill levels.

A population imbalance is developing with young people leaving the area in search of education and employment opportunities. Previous research amongst young adults indicated that over half of those aged 18 did not expect to be living in Cornwall and the Isles of Scilly 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 region. In addition, Cornwall and the Isles of Scilly 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. Special assistance will still be required to accommodate this integration.

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.
- EU strategy on combating poverty and social exclusion

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

The 2003 European Employment Strategy focuses on 3 overarching objectives supported by 10 priorities for action. The objectives are:

- Full employment
- Quality and productivity at work

- Social cohesion and inclusion

The Priorities for Action are:

- Active and preventative measures for the unemployed and inactive
- Promote job creation by fostering entrepreneurship
- Address change and promote adaptability at work
- Invest in human capital and lifelong learning
- Increase labouy supply and promote active ageing
- Gender equality
- Promote integration and combat discrimination
- Make work pay through financial incentives
- Transform undeclared work into regular employment
- Address regional employment disparities

The EES requires Member State Governments to prepare annual National Action Plans (NAP) for Employment. The main purpose of the NAP is to provide a framework for the development of appropriate labour market strategies to boost employment and competitiveness. UK recommendations for 2003 focussed on:

- Concentrations of unemployment and inactivity – geographically and amongst certain groups
- High levels of economic inactivity – need to modernize sickness and disability benefit schemes
- Gender equality – pay gap, segregation, child and dependant care
- Social partnership – linked to productivity and skills agenda

In England, the Department for Education and Employment Policy Frame of Reference provided 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.

The activities under the Programme supports the EU strategy on combating poverty and social exclusion, agreed at Nice and revised at Copenhagen. The Social Inclusion objectives of this strategy are:

- To facilitate the participation in employment and access by all to resources, rights, goods and services
- To prevent the risks of exclusion
- To help the most vulnerable
- To mobilise all relevant bodies

The UK National Action Plan for Social Inclusion 2000 – 2005 is also supported by the Programme's activities.

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.

All four themes have been taken into consideration by the Partnership in the development of the Priority 3 Strategy. 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. Increasing the involvement of community organisations, voluntary groups and other local initiatives will be an important aspect of improving skills levels in Cornwall and the Isles of Scilly. Given the dispersed population profile of the region 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 within the labour market, eg: people with disabilities, lone parents, face particular difficulties in accessing training and employment, thereby justifying specific activity to overcome these problems. Equal opportunities considerations are being integrated into all Priority 3 measures as part of a mainstreaming approach and this will include implementation of the new 'Equal Opportunities Gateway Criteria' into the project selection process early in 2004.

LOCAL AND REGIONAL POLICY CONTEXT

The Learning and Skills Council and Jobcentre Plus are now the key local/regional organisations providing the policy context for the deployment of ESF, in line with the National Employment Action Plan. Both have now achieved approved CFO status and are delivering 'Co-financing' within the Cornwall and the Isles of Scilly Objective 1 area.

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 now developed a Framework for Regional Employment and Skills Action (FRESA) which has identified a number of issues that need to be addressed – mainly that Cornwall and the Isles of Scilly economy is characterised by lower than average productivity, low wages and underemployment of people with high skill levels.

STRATEGIC OBJECTIVE

If the gap in prosperity between Cornwall and the Isles of Scilly and the UK average is to be reduced, then the competitiveness of the region 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 regional 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 the Isles of 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 region 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, the original measure objectives have been revised. The new objectives will continue to fit closely with the Policy Fields in the ESF Regulation and the National Action Plan for Employment which recognises the need for an integrated and comprehensive approach to human resource development in order to improve competitiveness and promote social cohesion. The Priority 3 strategy retains this 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.

MEASURES

The revised Priority will consist of 8 ESF measures (3.1, 3.2, 3.3, 3.4, 3.5, 3.7, 3.8 and 3.9) and one ERDF measure – 3.6

- **Measure 3.1: Active Labour Market Policies** – 2004 to 2006 allocations of this measure will be transferred to new Measure 3.8

  Objective: To improve the employment prospects of unemployed or 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.

- **Measure 3.2: Learning for Competitive Business and Enterprise – adaptability and entreprenuership**

  Objective: 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

- **Measure 3.3: Lifelong Learning**

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

- **Measure 3.4: Promoting Social Inclusion –** some of the unused funds from this measure will be transferred to new Measure 3.8

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

- **Measure 3.5: Increasing the Participation of Women –** 2004 to 2006 allocations will be transferred to new measure 3.8.

  Objective: 1. To improve the participation of women in the labour market by providing specialist support to overcome specific gender-related barriers to entry to higher level employment/self-employment and learning opportunities, particularly those offering higher level skills and vocational training 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.

- **Measure 3.6: Infrastructure for Learning (ERDF)**

  Objective: To provide appropriate facilities, infrastructure and support which complements the training and HRD activity in the remainder of Priority 3

- **Measure 3.7: New Employment Opportunities**

  Objective: To facilitate the development of businesses and sectors with the potential for growth through appropriate training and HRD-related support

- **Measure 3.8: Using Active Labour Market Policies to promote Social Inclusion**

  Objective: 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, and

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

- **Measure 3.9: Research and Knowledge**

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

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 remainder of the Programme.

PRIORITY 3: DEVELOPING PEOPLE – SUMMARY FINANCIAL TABLE (MEUROS)					
	Total Costs	**EU**		**UK Public**	**Private**
	19.347	ERDF	7.997	11.300	0.050
	192.036	ESF	77.247	102.285	16.226
		EAGGF			
		FIFG			
Total	**215.105**		**85.244**	**113.585**	**16.276**
Financial allocations by Measure are detailed in the Programme Complement					

INDICATORS AND TARGETS

The key outputs and results for the Priority are detailed below.

2000 – 2003 targets

PRIORITY 3: DEVELOPING PEOPLE – KEY OUTPUTS, RESULTS AND IMPACTS	
Indicator	**Target**
Outputs	
Number of active labour market beneficiaries	4,000
Number of young people unemployed for less than 6 months assisted	3,000
Number of adults unemployed for les than 12 months assisted	6,000
Number of employees trained as part of adaptability	8,500
Number given Enterprise Training	500
Number of lifelong learning beneficiaries	7,000
Number of people trained from excluded groups	7,000

Number of women trained to increase participation	1,000
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	400
Impact	
Net additional jobs	2000

2004 – 2006 targets

PRIORITY 3: DEVELOPING PEOPLE – KEY OUTPUTS AND RESULTS	
Indicator	**Target**
Outputs	
Number of economically inactive beneficiaries supported	11,800
Number of young people unemployed for less than 6 months	3,000
Number of adults unemployed for less than 12 months	6,000
Number of employed beneficiaries supported	21,100
Number of beneficiaries given Enterprise Training	1,500
Number of SME's supported	2,050
Number of women supported	50%
Results	
Number of economically inactive beneficiaries securing a qualification	40%
Number of economically inactive beneficiaries securing employment	30%
Number of women securing employment	40%
Number of employed beneficiaries securing a qualification	50%
Number of employed beneficiaries securing a higher level qualification (NVQ level 3 or above)	30%
Number of women securing a qualification	40%
Number of women securing a higher level qualification	30%
Outputs and results will be 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 the Isles of Scilly. 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	Pillar I
		% gaining positive outcome on leaving	Pillar I, III
		% young people unemployed less than 6 months	1
		% adults unemployed less than 12 months	2
		% beneficiaries completing their courses	
		% gaining a qualification	6,11
Active Labour Market	3.8: Active Labour Market and Social Inclusion	Funding	1,2,3
		Number of beneficiaries	3
		Numbers receiving ESF *"training"*	1,2,3
		% of young people receiving help before 6 months	1
		% of women receiving support	19
		% of beneficiaries completing their courses	-
		% of adults receiving help before 12 months	2

		% working towards a qualification	Pillar 1
		% positive outcomes on leaving (and at 6 months)	1,2
		% in work on leaving (and at 6 months)	1,2
		% moving into self-employment	1,2,11
		number of unemployed in work after ESF support (net of dead-weight)	Pillar 1
Adaptability and entrepreneurship	3.2: Competitive Business and Enterprise	Funding	Pillar II and III
		number of beneficiaries getting self-employment help	11
		number of companies helped	11
	3.7: New Employment Opportunities	number of employees helped (given ESF '*training')*	11
		number of trainers trained	18
		% of women receiving support	19
	3.9 The Knowledge Driven Region	% working towards a qualification	18
		survival rate of self employed after 18 months	11
		% of beneficiaries gaining a qualification	11
		net number of new businesses running after 18 months	11
		net number of jobs safeguarded by ESF support	Pillar III
		Net number of jobs created through support for self-employment	Pillar III
Lifelong learning	3.3: Lifelong Learning	Funding	5,6
		Numbers participating in lifelong learning	5,6
		% of women receiving support	19
		% completing their courses	-
		% working towards a qualification	Pillar 1
		Number of research/labour market analysis projects	6
		Number of trainers trained	6
		Number of capacity building projects	
		% of leavers gaining a qualification	5,66
		% in work or further study on leaving (and at 6 month)	6, Pillar III
		net increase in participation in lifelong learning from ESF support	6
Equal Opportunities for all and promoting social inclusion	3.8: Active Labour Markets and Social Inclusion	Funding	9
		Number of beneficiairies	9
		Numbers receiving ESF *'training'*	9
		% of women receiving support	19
	4.2: Area Based Pathways To Employment	number of trainers trained	5
		% working towards a qualification	Pillar 1
		number of capacity building projects	5,6
		number of research projects	5,6
		% positive outcomes on leaving (and at 6 months)	9
		% in work on leaving (and at 6 months)	9
		% moving into self-employment	1,2,11
		numbers in work 6 months after ESF support (net of dead-weight)	Pillar 1
Imporoving 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	20
		after ESF support	20

PRIORITY 4: COMMUNITY ECONOMIC DEVELOPMENT AND RURAL STRUCTURAL ADJUSTMENT

BACKGROUND AND RATIONALE

Cornwall and the Isles of 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 which include concentrations of economic inactivity. The structural adjustment in agriculture and fishing is having a profound effect 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, commercial and other services. The smaller towns and villages 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 assists 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 including 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.

COMMUNITY ECONOMIC DEVELOPMENT

Cornwall has a number of areas where economic inactivity and the resultant social deprivation are persistently high, even though these characteristics in the UK are predominantly an urban phenomenon. This is due in part to the decline of a number of former industrial sectors in which some of these communities have their roots.

In areas of persistent and relatively high levels of economic inactivity it is important to make concentrated pro-active support available to address the barriers and constraints that exclude people from the labour market. An assessment of the support necessary to enable this will be important, ensuring that the appropriate blend of a wide range of potential activity is provided -- including: capacity building, training and personal development, development of the social economy and community enterprises, business development, etc and the necessary facilities and services – to ensure the removal of barriers to progressing towards and re-entry to the labour market.

Although recent changes on the labour market have seen a reduction (by c70%) in the number of people registered as unemployed -- i.e. claiming JobSeekers Allowance – this does not reflect the full extent of joblessness. The full scope of economic inactivity that can be addressed by the Programme is realised only when consideration is given to people of working age claiming a range of key benefits. including incapacity benefit, income support as well as job seekers allowance. In May 2003 some 5,600 people were registered as unemployed while c.37,700 were economically inactive using the wider definition. Targeting intervention on this basis – absolute numbers of economically inactive and their dependants -- enables a more focused approach than was possible using the original SPD method of applying a range of indices of deprivation.

Wards covering up to 20% of the resident population with the highest levels of benefit claimants of working age – some c 7% of the population – will be targeted for support through Community Economic Development (CED) intervention. This more focused approach enables a greater number of wards to be included within CED without diluting the effects of the targeting.

Transitional arrangements will apply to areas excluded by this new method of targeting activity. The extent of transitional funding will be determined on alternative mainstream funding available in the locality.

Concentrated support is necessary to promote greater levels and economic activity rates and reverse the long-term decline of these local economies. This additional level of activity will be based on an integrated multi-agency approach. The common themes 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. CED expenditure within these communities is additional to activity which can be funded from the rest of the Programme.

This concentrated support will be delivered through the complementary activity of two Measures 4.1 (ERDF) and 4.2 (ESF) that provides support for the residents of the targeted wards that are most remote from the labour market.

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 the region. As such, the economic wellbeing 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 declining 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. Adaptation will need to include an emphasis on competitiveness and adding value to local produce, whilst also taking advantage of any opportunities flowing from the environment and heritage of the region. This 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.

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 operate within the framework of the Common Fisheries Policy, and this involves a degree of modernisation and rationalisation. Every opportunity will be taken to increase the value added from fishing. Coastal communities will have to develop other opportunities to secure long-term viability, and this is likely to be linked to their maritime heritage. 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.

To support the development of an economically viable and sustainable fishing industry. 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 Axes presented in the Programme Complement, and Technical Assistance to support the development of high quality projects.

The Department for Environment, Food and Rural Affairs 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.

Indicators and Targets

Indicators and targets at the level of the four FIFG Axes will be provided in the Programme Complement, along with detailed information on what types of activities are eligible for support

General Provision

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

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. This will involve local people determining their collective needs and vision for the future. 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 the opportunity for comprehensive regeneration strategies for particular communities. Where appropriate, a bottom up, community-led approach will be adopted, with resources made available for facilitation and capacity-building.

The Programme will support dedicated facilitators, animateurs and development staff as necessary, funded through a conventional project application i.e., not Technical Assistance.

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 Local Strategic Partnerships A Strategy for Sustainable Farming and Food New Deal For Communities European Social Fund: Co-financing in England (October 2000)	Regional Planning Guidance Regional Strategy of the South West of England RDA England Rural Development Plan (South West chapter) Objective One Task Force Strategies
Note: See Chapter 6 for detailed coverage		

STRATEGIC OBJECTIVE

Smaller rural and coastal towns and communities are an important part of the life of Cornwall and the Isles of Scilly. They are home to a substantial part of the population, and are a distinctive feature of the area. The dependence of many communities on agriculture and fishing, their comparative remoteness from major centres and difficult access to major towns within Cornwall, 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 the Isles 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 detailed review of Cornwall and the Isles of Scilly has highlighted a degree of spatial concentration of economic inactivity. There is evidence that these problems have persisted for some considerable time suggesting that targeted support is required to assist these communities access economic opportunities. The Priority therefore targets the most disadvantaged areas. Although these communities are often located within the major towns, they face particular difficulties accessing economic opportunities. Like more 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 and nature.

The strategic objective is:

The regeneration of rural and Island communities through

- **improving competitiveness and developing new opportunities; together with**
- **addressing barriers caused by concentrations of high levels of economic inactivity through the provision of targeted supported.**

The Measures are:

♦ **Measure 4.1: Community Economic Development (ERDF capital and revenue);**

Objective: To provide employment and income-generating opportunities for those communities with high levels of economic inactivity

♦ **Measure 4.2: Area Based Pathways To Employment (ESF);**

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

(Both targeted at local levels of concentration of high levels of economic inactivity)

♦ **Measure 4.3: Investment in Agricultural Holdings (EAGGF);**

Objective: To support strategic on-farm investments to pump prime demonstration projects to encourage new forms of collaborative working, and encourage innovation in line with the Defra Sustainable Farming and Food Strategy.

These will be selected to cover each of the main local farming sectors. To also provide support for novel and niche crops, in line with the England Rural Development Programme

- **Measure 4.4: Training (EAGGF);**

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

- **Measure 4.5: Forestry (EAGGF);**

Objective: 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.

- **Measure 4.6: Promoting the Adaptation and Development of Rural Areas (EAGGF);**

Objective: To assist farms and related businesses improve viability, with quality business and diversification support and to derive economic benefit from the region's environment, including help for those suffering from stress-related illnesses. To also provide financial support to allow targeted help in the form of loans for tenant and/or new entrant farmers with limited capital assets.

- **Measure 4.7: Structural Adjustment in Fisheries (FIFG);**

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

- **Measure 4.8: Community Regeneration (ERDF capital and revenue).**

Objective: To regenerate communities through increased local delivery of services and community facilities.

- **Measure 4.9: Processing and Marketing of Agricultural Products (EAGGF)**

Objective: To increase prosperity in agricultural and processing businesses by adding value to agricultural produce.

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 remainder of the Programme. The financial allocations at the Measure level will be detailed in the Programme Complement.

PRIORITY 4: RURAL STRUCTURAL ADJUSTMENT– SUMMARY FINANCIAL TABLE (MEUROS)

	Total Costs	EU		UK Public	Private
	70.749	ERDF	29.164	29.185	12.400
	15.997	ESF	7,997	8.000	0
	155.113	EAGGF	54.283	54.302	46.528
	33.749	FIFG	16.060	4.689	13.000
Total	**275.608**		**107.504**	**96.176**	**71.928**

Financial allocations by Measure are detailed in the Programme Complement

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. Activity, results and impacts at the Measure level are detailed in the Programme Complement.

PRIORITY 4: COMMUNITY ECONOMIC DEVELOPMENT AND RURAL STRUCTURAL ADJUSTMENT – KEY OUTPUTS, RESULTS AND IMPACTS	
Indicator	**Target**
Outputs	
Number of agricultural enterprises assisted	533
Learning centres improved/established	13
Number of people trained	2,000
Number of people provided with guidance	2,000
Number of micro-businesses supported	50
Number of community enterprises established	6
Business facilities improved/created	10
Environmental improvements undertaken	7
Number of transport initiatives supported	2
Hectares of Land serviced	8
Area of premises supported (square metres)	12,300
Boats up-graded	65
Boats de-commissioned	7
Fishing ports improved	14
Aquatic development projects supported	6
Processing units improved	35
Marketing establishments improved	5
Small scale fishing projects supported	35
Promotion sales & marketing campaigns supported	10
Quality initiatives supported	5
Producer organisation supported	1
Results	
Gross Direct Jobs Safeguarded	8,010
Gross Direct Jobs Created	3,312
Gross Sales Safeguarded	£340.8m
Gross Additional Sales	£134.77m
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	3,760
Net Additional Jobs Created	1,580
Net Additional GDP Safeguarded	£49.8m
Net Additional GDP Created	£22.89m
Residents securing employment, still in employment 2 years after support has ended	400

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, renewal energy and 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 capitalize on the distinctiveness of Cornwall and the Isles os 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.

THE DISTINCTIVENESS ASSETS

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

- A natural environment which combines farmed and un-farmed landscapes such 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 km^2 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.

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 an a history in the provision of specialist education and training such as mining, engineering and Falmouth Polytechnic Society and 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 growth of intellectual capital intrinsically requires development of the human resource as well as personal development so funding will be provided to support individuals in the pursuit of increased knowledge that can be of economic benefit to the region. It is essential to link forecast embryonic businesses that require R&D to the new University. Links will also be built to new centres of expertise with a commitment to support SMEs in new, higher value growth sectors.

The collective activity will add value to previous, as well as proposed, capital investment and provide an innovative, intellectual facet to regional distinctiveness. Efforts will be made to link all activities to the research and development needs of the SME base.

The Public Realm of the Region's Towns and Villages - Investment in the public realm, including the historic environment, can often make a vital contribution to the broader economic regeneration agenda, in particular in maintaining and enhancing the economic viability and vitality of the region's towns and villages.

In certain areas and for some buildings public investment to overcome market failure is often a pre-requisite for private sector led economic activity. Investment from agencies such as the Heritage Lottery Fund and English Heritage is often an integral element from which larger economic regeneration schemes are built. This intervention will, literally, provide the environment – including providing the commercial floorspace -- in which businesses can prosper, thereby enabling private sector leverage. The SWOT in Chapter 7identifies the continued deterioration of the built environment of the towns of the region, along with the erosion of distinctiveness and environmental quality as a inhibitor of economic vibrancy

Economic regeneration and development frequently entails physical change –the management of this change should retain the character of the area, picking up salient features that make the area distinctive eg through the use of local materials, native species and vernacular features. An important aspect of successful physical regeneration is the role of high quality design in transforming the perception of a place. The Commission on Architecture and the Built Environment (CABE) is taking a strong lead in encouraging excellence, particularly in fitting the best of high quality contemporary development into sensitive vernacular and historic contexts.

In order to maximise the economic development opportunities of public realm and heritage led regeneration initiatives should be part of an integrated regeneration portfolio for the town or village.

Re-using buildings and where this is not possible, the re-use and recycling of their materials makes economic and environmental sense, for example in conserving and re-using the embedded energy of the materials as well as the asset value of historic structures.

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 business 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 product 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 both 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 to 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 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 and cultural 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)**

Objective: 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.

- **Measure 5.2: Enhancing and developing the public product (ERDF)**

Objective: 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.

- **Measure 5.3: The Knowledge Driven Region (ERDF)**

Objective: 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.

- **Measure 5.4: Research and Knowledge (ESF)**

Objective: To assist individuals and organisations in the development of intellectual capital. (The 2004 to 2006 allocations will be transferred to measure 3.7)

- **Measure 5.5: Improving and developing the Public Realm (ERDF)**

Objective: To develop and enhance the public realm within towns and villages through an integrated approach to heritage and distinctiveness, ensuring economic benefits are maximised.

FINANCIAL ALLOCATIONS, INDICATORS AND TARGETS

Financial Allocations

The following Table indicates the revised financial allocations to this Priority.

PRIORITY 5: REGIONAL DISTINCTIVENESS – SUMMARY FINANCIAL TABLE (MEUROS)					
	Total Costs	**EU**		**UK Public**	**Private**
	198.111	ERDF	96.549	88.196	13.366
	14.322	ESF	5.967	6.565	1.790
		EAGGF			
		FIFG			
Total	**212.433**		**102.516**	**94.671**	**15.156**
Financial allocations by Measure are detailed in the Programme Complement					

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 Ports Improved	3
Number of Centres established	4
Number of buildings enhanced/improved	10
Number of SMEs supported (ERDF)	820
Key Centres/Locations improved	12
Environmental Improvements undertaken	10
Number of People Trained	600
Results	

Gross Direct FTE Jobs Safeguarded	2,618
Gross Direct FTE Jobs Created	3,072
Gross Sales Safeguarded	£124.8m
Gross Additional Sales	£134.5m
ESF Beneficiaries gaining a qualification	400
Impact	
Net Additional Jobs Safeguarded	538
Net Additional Jobs Created	991
Net Additional GDP Safeguarded	£20.75m
Net additional GDP created	£43.25m
Outputs, results and impacts are detailed by Measure are detailed in the Programme Complement	
SMEs assisted total takes account of double counting	
All jobs are Full Time Equivalents (FTEs)	

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.