Cornwall and the Isles of Scilly
Post 2013 European Funding

Building on success
In Cornwall and the Isles of Scilly innovation and sustainable business growth is at the heart of our vision for achieving a high-value knowledge-based green economy with opportunities for all.
## Contents

<table>
<thead>
<tr>
<th>Page</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>04</td>
<td>Foreword</td>
</tr>
<tr>
<td>05</td>
<td>Raglavar</td>
</tr>
<tr>
<td>06</td>
<td>A vision of Cornwall in 2020</td>
</tr>
<tr>
<td>10</td>
<td>Background</td>
</tr>
<tr>
<td>10</td>
<td>Objective One and Convergence Programmes</td>
</tr>
<tr>
<td>13</td>
<td>How has European funding improved our economy?</td>
</tr>
<tr>
<td>14</td>
<td>Priorities for Cornwall and the Isles of Scilly: 2020</td>
</tr>
<tr>
<td>16</td>
<td>Energy efficiency and green infrastructure</td>
</tr>
<tr>
<td>18</td>
<td>SME competitiveness and innovation</td>
</tr>
<tr>
<td>20</td>
<td>How will the Post 2013 European funding be delivered?</td>
</tr>
<tr>
<td>21</td>
<td>An increased focus on financial engineering instruments</td>
</tr>
<tr>
<td>22</td>
<td>An excellent track record</td>
</tr>
</tbody>
</table>
Significant achievements have been made by Cornwall and the Isles of Scilly through the Objective One and Convergence Programmes. Our proven ability to deliver results and maximise the economic opportunities for our businesses and communities has been well recognised through improving outcomes in education and skills for employment, key infrastructure, and innovative support for business.

Chris Pomfret
Chair of Cornwall and Isles of Scilly Local Enterprise Partnership:

‘Cornwall and Isles of Scilly have unique natural resources and the skills base to become a national leader in developing, for instance, innovative low carbon technologies, creative industries, food and drink. Businesses in Cornwall have always had to innovate and change to seize new opportunities. We need to ensure the 2014-2020 European funding programmes deliver the right support. This can only be achieved when business is at the heart of shaping the programme and it is focussed on the real opportunity areas that exist throughout Cornwall and the isles of Scilly.’

Michael Hicks
Chairman of the Council of the Isles of Scilly

It is only by working in close partnership with Cornwall Council, Cornish businesses and communities that has helped the Isles of Scilly to flourish, by breaking down the barriers created by the 28 miles of sea that separates us and mainland Cornwall. The European Programmes have been vital in helping us achieve that goal.

These investments have provided the foundations for a step change in our economic performance. The next programme provides us with a unique opportunity to act as a catalyst for economic transformation. By doing things differently we will provide businesses with the necessary tools to grow and maximise Cornwall’s unique opportunities.
Raglavar

Our vision is to achieve a high-value knowledge based green economy with opportunities for all. We aspire to affirm our position as an exemplar in structural fund delivery and aim to be a key contributor to delivering the objectives of Europe 2020.

Kernow ha Syllan re gowlwrug avoncyansow a vri dre Dowlennow Amkan Onan ha Keskeveryans. Re aswonnis agan gallos prevys dhe dhelivra sewyansow ha dhe veurhe dhe’n ughboynt chonsyow erbisyethek ra’gan negysyow ha kemeniethow dre wellhe sewyansow yn adhyskan ha sleynethow rag arveth, isframweyth a res ha skoodhyans nowythyansek rag negys.

An kevarhowyow ma re brovias an selyow rag chanj dre gamm y’gan gwrythyns erbisyethek. An dowlen nessa a brovi dhyn chons unnik dhe warí avel katalydh rag treusfurvyans erbisyethek. Dre wul traow yn tiffrans, y hwren ni provia dhe negysyow an toulow a res dhe devi ha dhe veurhe dhe’n ughboynt an chonsyow unnik a Gernow.

Yth yw agan gwelesigeth dhe dhrehevel erbysiedh glas, selys war skentoleth a dalvosogeth uhel, gans chonsyow rag peub, ha dhe vos patron a dhelivra an amkanow a Europa 2020.
A vision of Cornwall and the Isles of Scilly in 2020

Its 2020; European investment has transformed the economy of Cornwall and the Isles of Scilly.

The Objective One and Convergence programmes helped our economy to grow faster than almost any other region in the UK but what we did not know then was there was much more to come. The true impact of these programmes was to act as a catalyst for the rapid transformation we have seen during this phase of European funding.
The **Objective One** and **Convergence Programmes** enabled us to establish a significant proportion of our modern infrastructure: through the development of our physical and digital connections, and new culture of innovation and entrepreneurial energy we were ahead of the game when the digital and low carbon revolution took off.

**With the strong leadership of the Councils and Local Enterprise Partnership** since 2013, we have done things differently. Through the innovative use of European funding we have harnessed our unique natural assets and developed our technical and creative skills to transform Cornwall and the Isles of Scilly into a test bed for sustainable economic growth.

The 2014-2020 programme allowed us to focus on providing individuals and businesses with the tools and skills to grow. Key to this has been our **Business Investment Fund**, which has enabled us to reduce many of the risks to investors and now Cornwall and the Isles of Scilly is viewed as the place to do business. In particular the Isles of Scilly is the most entrepreneurial community in the UK outside London. Currently we have levels of inward investment not seen since the prosperous mining years of the twentieth century and the number of businesses across Cornwall and the Isles of Scilly has risen from 62500 in 2010 to 71900 in 2020.

Much of our success can also be attributed to the roll out of **Superfast Broadband**, which laid the foundations for a new way of doing business. With cutting-edge skills development programmes we were in the right place to harness the opportunities of cloud and quantum computing, which has revolutionised the way we all work. Geography is now no longer a barrier.

Our internationally recognised **21st Century Enterprise Institute** is bringing together businesses from across the world to work with Cornish companies to share knowledge and develop new business opportunities. The Institute is also supporting young people in our schools and universities to harness their entrepreneurial spirit by bringing business leaders into the classroom.

“A vision of Cornwall and the Isles of Scilly in 2020”

“we have done things differently”
A vision of Cornwall and the Isles of Scilly in 2020

through its innovative e-seminar platform. This is an excellent example of how European funding has worked. The success of the 21st Century Enterprise Institute has meant that the e-seminar system is being sold across the world so now, rather than being subsidised, it is generating wealth for Cornwall.

Perhaps the most surprising change that we have seen has been the speed at which the private sector has reacted to the opportunities of a low carbon economy: we now meet approximately 60% of the county’s energy requirements from renewable sources. This is a significant improvement from 1.2% achieved in 2008. From what started out as a test bed in 2012 we now produce 20% of our energy from geothermal power plants. We achieved this by providing businesses with the tools to make it happen. Our European funds were crucial in de-risking other debt providers and enabling us to supply the capital for the first few stations, after which we saw continued growth in the sector. This is only one example: others include our world leading marine energy park which is currently manufacturing its second generation tidal and wave turbines.

Our communities have also embraced this change: we now have over 70 community power schemes, the profits from which are already being returned to the communities and invigorating town and village centres across the region. The Council-led Green Deal Energy Efficiency Scheme has made 20,000 homes more energy efficient since 2011, lifting 1000 vulnerable people out of fuel poverty, and there seems to be no let up in its growth.

This has not only been a huge business opportunity, the change in how we produce, deliver and conserve energy transformed Cornwall from being at the end of the line to one of the most resilient regions in the UK. As the current energy crisis grows we must now focus on the large scale roll out of the groundbreaking SMART grid networks that we have developed, with international partners, in a number of locations across Cornwall and the Isles of Scilly.

“This is an excellent example of how European funding has worked”.

© Peninsula College Dental School
The employer-led skills development programmes implemented during the 2014-2020 programme have prepared our workforce for the new low carbon economy, ensuring economic growth is not held back by skills shortages. Through listening to businesses we have been able to produce a workforce fit for the challenges of the 21st century. For example though embedding training in the development of the eco-town we now have a workforce which has a unique skill set in sustainable construction. These skills are now being utilised across the UK and beyond. Unemployment has declined from 9.4% of the working population in 2010 to just 4.1% of the population in 2020. A significant factor in this decline has been the use of social impact bonds which has allowed the communities themselves to find innovative solutions to getting people back to work.

Not only is Cornwall and the Isles of Scilly a great place to live and do business it is also an inclusive place where everyone has the opportunity to take part in community life and has equal access to high-quality local services. European funding has enabled a network of social enterprises to develop into viable and sustainable businesses. By working with the Councils our social enterprises have developed new ways of tackling some of our most challenging issues. Together we have developed new models of service delivery, saving money but crucially delivering better services, ensuring vulnerable people are cared for and people are no longer hard to reach.

There is still much more to do and we continue to innovate. As an example European funded work carried out by our universities, developing composite materials using the latest carbon nano-tube technology is about to go into commercial production. This world leading work has the potential to revolutionise every aspect of our lives. With growing global issues such as climate change and food and energy security, we still face many challenges. However, thanks in part to European investment it now makes sense to do business in Cornwall and the Isles of Scilly. The last few years have shown that the private sector holds the key to our future growth, and that the public sector can help to turn these challenges into opportunities.
Two centuries ago Cornwall and the Isles of Scilly were a driving force of the British industrial revolution and one of the most affluent regions in England. However, following the decline of industries such as mining and fishing in the late nineteenth century our economy has struggled to adjust to the post industrial era.

Cornwall and the Isles of Scilly were classified by the European Union as an Objective One region in 2000. This enabled access to over £350m (€498m) of funding and laid the foundations to revive the local economy. Despite the improvements this brought, during the next round of EU funding allocations in 2007, Cornwall and the Isles of Scilly were identified as having a relatively weak economy compared with the European average and was subsequently awarded ‘Convergence Status’ worth £415m (€579m) over the period 2007-2013.

The achievements of both the Objective One and Convergence Programmes in Cornwall and the Isles of Scilly have been recognised by the European Commission for their innovative use of funds and tangible results in stimulating economic output. For example, Objective One funding was instrumental in supporting the development of the Combined Universities in Cornwall as a unique initiative to support economic regeneration through education. The European Union has recognised the combined effect of a growing graduate workforce, specialist support for local businesses and academic research as an innovative means to stimulate growth in the local economy and consider the CUC to be a pioneering model for university provision.
Objective One funding also sought to overcome economic hurdles associated with peripherality and poor external connections through spearheading the growth of broadband, developing Newquay Cornwall Airport and removing bottlenecks on arterial transport routes across the county. These include the dualling of the A30 at Goss Moor and the main rail line between Truro and St Austell.

Following Objective One investment, the Convergence Programme has supported a number of initiatives to enhance Cornwall and the Isles of Scilly's growing skills base and drive the innovation agenda across the county. For example, the Environment and Sustainability Institute (ESI) is a £30 million project, due to open in late 2012, that will provide pioneering research into the impacts of environmental change and the management of its effects. The Academy for Innovation & Research (AIR) is a £9 million multi-disciplinary research and development laboratory, due to open in early 2012, which aims to support collaborative working between researchers and local businesses and the Pool Innovation Centre, the first of three Innovation centres, combines purpose built accommodation with specialist business advice and mentoring services, which aim to support young businesses to grow.
Convergence funding has also helped to reinvigorate the economies of Cornwall and the Isles of Scilly in a variety of different ways from the provision of office space for local businesses to initiatives to improve people’s skills and enhance their career prospects. Investment through Cornwall Works is designed to help people overcome barriers to employment through targeted intervention such as training and work experience opportunities. This approach has improved employment rates in Cornwall and is recognised as an exemplar approach across the UK and the European Union.

The Convergence programme has built on the achievements of Objective One to further improve Newquay Cornwall Airport and the internet infrastructure in Cornwall and the Isles of Scilly through the roll out of superfast broadband. This project aims to bring high-speed internet connection to communities, businesses and individuals across Cornwall and the Isles of Scilly: over the next three years 90% of Cornwall will have access to high-speed internet connection. This is the first time that broadband infrastructure has been implemented on this scale in Europe.
How has European funding improved our economy?

Since the allocation of Objective One in 2000 and Convergence from 2007, economic growth figures have shown that Cornwall and the Isles of Scilly are developing a more resilient economy:

Between 1999 and 2007 Cornwall and the Isles of Scilly had the second highest increase in GVA in Britain. However, despite this recent growth there has not been a commensurate rise in local wages, a significant number of jobs are seasonal and low paid and the gap between the lowest and highest earners has remained substantially the same over the past ten years. When compared to the United Kingdom average GDP figures Cornwall and the Isles of Scilly remains the second poorest region in the United Kingdom.

Source: Eurostat

*PPS (purchasing power standards) eliminates differences in price levels between countries.
Our priorities for 2020

In Cornwall and the Isles of Scilly innovation and sustainable business growth is at the heart of our vision for achieving a high-value knowledge-based green economy with opportunities for all. We aspire to affirm our position as an exemplar in structural fund delivery and aim to be a key contributor to delivering the objectives of Europe 2020.

Cornwall and the Isles of Scilly is an example of the strength of cohesion policy as a vehicle for positive change. Objective One and Convergence funding have helped us to lay the foundations for growth in our local economy. Pioneering projects such as the Combined Universities in Cornwall and Wave Hub (a marine energy project that aims to test technologies that generate electricity from the power of waves) aim to bring academic research and technical expertise together to stimulate our local economy.

European investment in projects such as the Academy for Innovation and Research and Innovation centres such as the Pool Innovation Centre will help to support innovative new businesses and investment in large-scale infrastructure, such as Newquay Cornwall Airport and superfast broadband, provides a firm base to refocus our economic ambitions. This creates the capacity for a step change in future investment.

The European Commission’s requirement for all regions to focus future funding allocations on energy efficiency, green infrastructure and SME competitiveness and innovation supports our commitment to cement Cornwall and the Isles of Scilly’s position as a leader in developing green technologies and refocus our priorities on fostering the ‘soft’ infrastructure made up of knowledge, skills and education. We believe that this will help to drive innovation and create the conditions to promote a more inclusive, sustainable local economy.
Energy efficiency and green infrastructure

The increasing demand for renewable energy and innovative low carbon grid technologies coupled with our history of marine and mineral knowledge present a real opportunity for Cornwall and the Isles of Scilly to be at the forefront of Europe 2020 and the UK Government’s energy ambitions.

Cornwall and the Isles of Scilly have world-class natural resources, including unrivalled solar resources in the UK offering solar energy, deep geothermal potential and a long coastline offering extensive wind and wave energy. We aim to maximise this potential.

The delivery of a clearly targeted, well-designed and managed programme of projects will enable European funding to unlock our potential to be a world leader in green infrastructure and energy efficiency and realise the benefits of a truly sustainable, prosperous and robust economy.

A number of potential areas for future investment are listed below:

- Deep Geothermal: Exploring and delivering our capacity to provide deep geothermal energy as a main source of generating power in Cornwall and the Isles of Scilly.
- Maximising the potential of the Wave Hub and PRIMARE projects to harness our potential to generate electricity from the power of waves.
- Further development of our marine energy parks to support sustainable energy production methods and to spearhead the commercial potential of marine energy.
all new homes to be **Zero carbon** by 2016

- Design and installation of a series of micro-grids with cutting-edge technologies that will lead to the first self-sufficient SMART grid in the UK.

- Supporting the development Eco-community projects across Cornwall and the Isles of Scilly: Creating outstanding places to live and work that meet high environmental and social standards.

- The delivery of a Green Cornwall Loan Scheme to provide reduced priced energy saving products to households across the county.

- Supporting the development of innovative new projects like The Environment and Sustainability Institute that join up European funding streams to deliver a combination of academic research in sustainable technologies, skills programmes and business collaboration.

- The delivery of a Cornwall and Isles of Scilly Community Energy Fund to improve the energy efficiency of community buildings, develop sustainable construction skills and further advance our ambition to make all new homes zero carbon by 2016.
SME competitiveness and innovation

We aim to foster SME competitiveness and innovation through supporting business growth, training and research and development opportunities that reflect the needs of a modern local economy. Any future areas for investment must drive innovation through supporting businesses to access expert advice and graduate level support in fields such as environmental technologies, design, digital media and agri-food.

We aim to focus future investment on the continued growth of businesses, skills and employment provision through the development of bespoke business support programmes, knowledge infrastructure and research capacity; increasing the collaboration between higher education and local businesses and maximising good practice developed through projects such as Cornwall Works (a project designed to help people overcome barriers to employment through targeted training and work experience opportunities). We believe that this will lead to a stronger and more innovative business base, enhanced employment opportunities and local graduate retention.

A number of potential areas for future investment are listed below:

- Supporting the development of the Port of Falmouth as a gateway to Cornwall and an international destination port for tourism: maximising business opportunities for marine and maritime related industries.
- Supporting the expansion of Goonhilly (a large telecommunications site located in west Cornwall) as a hub for global communication and a viable centre for space science technology and research.
- Supporting the expansion of Newquay Cornwall Airport Ltd as a centre for aerospace, aircraft research and small business growth across the aviation sector.
Maximising growth opportunities from Par Docks, Newlyn Fish Market and Penzance Harbour.

Continued investment in developing business support, both in information, brokerage and diagnostic services as well as business coaching and mentoring services.

Beyond innovation centres: Supporting the development of a 21st Century Institute: Helping young businesses as they grow and bringing together ideas from across the world to develop new business opportunities.

Implementation of a Business Investment Fund: A programme to use European monies as well as public sector finance and assets to reduce risk and encourage investment.

Development of Innovative Finance for Business Programmes, supporting innovation, enterprise and business survival to maximise growth.

Improving essential infrastructure to better link Cornwall and the Isles of Scilly to the rest of Europe and beyond.

Potential European investment in these projects is just a starting point: The next programme of investment will remain responsive to new opportunities and global challenges.

“any future areas for investment must drive innovation”
How will the Post 2013 European funding be delivered?

In Cornwall and the Isles of Scilly we are best placed to understand our own unique opportunities and challenges. Therefore, it is important that we have the flexibility to set our own objectives and align future European investment with our own policies and programmes that are tailored to local need.

Cornwall and the Isles of Scilly are in the unique position of already having a Local Enterprise Partnership (LEP) in place that shares the same boundary as the identified area for the allocation of European funds. By 2014 our LEP will be well established, providing a strong strategic body to draw on the experience of private, public and voluntary and community sector partners in order to design, steer and monitor future European programmes of investment.

The future programme for European investment must be effectively administered and compliant with EU regulations. Cornwall Council has played a significant part in shaping the delivery of all previous European Programmes as well as increasingly supporting the mainstream delivery of the current programme. Therefore, we consider that the Council is ideally situated to play a leading role in shaping and delivering future European programmes. Furthermore, as the second largest authority in the UK with a turnover of more than £1.2bn, Cornwall Council has sufficiently robust procurement and risk management processes to assume a more significant role in programme delivery.
An increased focus on financial engineering instruments

Current and former programmes have been largely based on direct non-repayable grants. However, during a time of financial restraint it is important to ensure the funding available can be used to maximum potential. Therefore, the future programme must create a legacy that will stimulate growth in the economy with significantly less public sector intervention.

The UK Government’s current policy direction and proposals under the Multiannual Financial Framework are placing more emphasis on using the EU budget to attract additional private sector investment. One key element of this will be to ensure that a significant proportion of any future programme is delivered through loans rather than grants. However, it will still be important for any future programme to continue to make grants available in order to bridge ‘gaps in investment’ (i.e. land values, rental yields). Therefore, any future programme must consider a flexible mix of both grant and loan funds.

During the next programme of European investment it will be imperative to maximise the use of all European (ERDF, ESF, EAFRD and EMFF) and private sector investment, local assets and national funding streams, particularly at a time when match funding from the private sector and the U.K Government will not be as high as in previous programmes. Crucially, this model will allow for considerable flexibility in terms of delivering EU grants and loans, national and local funding and will increase our potential to deliver through unforeseen economic challenges.

Flexible mix of both grant and loan funds
An excellent track record

In Cornwall and the Isles of Scilly we have an excellent track record of managing multi-funded European projects and we are already seeing the momentum building as we transform into a high value, innovative low carbon economy. We are inspired by our recent success and are committed to securing our place as an exemplar in structural fund delivery and a key contributor to delivering the objectives of Europe 2020.

The European Commission’s focus for the delivery of the future European programmes on green energy, green infrastructure, SME competitiveness and innovation wholly supports our commitment to maximise our natural resources, leading and delivering cutting edge projects in environmental technologies and supporting our diverse businesses to grow. With European support, strong, focused leadership from local partners, the councils and the Local Enterprise Partnership and innovative use of financial mechanisms, we believe that we can build on the success of previous programmes and create a legacy that will stimulate growth and lead to a vibrant local economy, free from public sector intervention.

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£26m invested in the fisheries sector

£415m the amount of Convergence funding over the period 2007-2013

12 town regeneration schemes

78,000m² of workspace created

90% of Cornwall will have high speed internet connection over the next 3 years

5,700 businesses assisted

21,400 training opportunities created

5,300 back into work

£415m invested in infrastructure

£10.1m invested in training and skills

£1.1m boost to economy through tourism

£415m invested in agriculture and rural projects

£2,000 forecast growth per employee

£250m invested in training and skills

£26m invested in training and skills

62,500 business in 2010 to 71,900 businesses in 2020

21,400 training opportunities created

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78,000m² of workspace created

£415m the amount of Convergence funding over the period 2007-2013

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£2,000 forecast growth per employee

£250m invested in agriculture and rural projects

£26m invested in training and skills

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