

# Economy: issues and objectives

*'Our goal is to diversify the business base, reducing the reliance on tourism as the major source of employment through supporting business expansion in the area, and at the same time creating a more sustainable tourism offer for the benefit of residents and visitors alike. We will undertake measures to support the long-term future of the seafront and harbours, and ensure that they can make a significant contribution to the economic and social well-being of the community'.*

## Setting the context

### Introduction

The Community Survey set us two clear targets that this theme sets out to address and to develop, through consultation with key agencies and as a result of our Economy theme group consultation evening:

- Quality long-term jobs with decent wages
- Opportunities for young people, so they feel welcome, can live and work in the area, and do not have to leave

The economy of the Penzance area is marked by a number of characteristics that are of concern: the decline of traditional industries such as fishing and agriculture; the high number of retired residents not seeking employment or contributing to the employment landscape; the high level of self-employed; the reliance on seasonal employment, particularly hotel and restaurant work, which offers low levels of income to part-time seasonal workers; the high proportion of under-24 year-olds reliant on Job Seekers Allowance; an average wage 30% below the national average; 39% less involved in manufacturing than the UK average; and limited career opportunities for graduates. Consequently, we see a reduction in the numbers of younger residents due to a migration of 20-29 year-olds seeking employment and higher-level jobs, and an increasing age-level in the population. Penzance Treneere has the highest unemployment in West Cornwall, more than 3 times the national rate. Geographically, Penzance is the most westerly of our significant towns and harbours, and isolated from centres of major financial decision making, and remote from networks of larger businesses. This same geographic remoteness offers unique lifestyle and location opportunities, a strong tourism brand, and a high proportion of home-based industries.

### West Cornwall Business Survey Results 2006

In 2006 Penwith District Council conducted a business survey and published the results in 'West Cornwall Business Survey Results 2006'. The response rate at 11% is good in the context that in data analysis terms between 2% and 5% is the rate at which data is normally considered reliable. To understand the Penzance dimension, it is worth listing the facts about Penwith's economy identified in the survey:

### Penwith overview

- Over 80% of the businesses are micro in size, i.e. have less than 10 employees
- Tourism is the staple industry, contributing £234 million to the local economy
- An estimated 25% of the businesses are within the 'creative industries' sector
- Penwith has nearly double the national average of people who are self-employed: 17.2% against a GB average of 9.2%
- Average earnings are well below national average at £318 average full-time weekly wage compared to £433
- A significant proportion of businesses are home-based

### Survey findings for Penzance

The survey provides a very clear business profile for Penzance, and below is a summary of the key points:

- The economy of Penzance is dominated by the retail, hotel and restaurant sectors, and by community, social and personal service activities
- The majority of Penzance businesses are sole traders, followed by limited companies and partnerships
- The majority of businesses are located either in a shop or home as their base (49% of respondents)
- Over 55% of survey respondents are self-employed
- The majority of respondents had a turnover of less than £100k per annum, with a high proportion turning over less than £50k per annum
- 40%+ of businesses have been in existence for 15 years or more
- Penzance has a micro business economy: just under 80% of respondents having less than 10 staff, 36% of which have 0-2 staff
- Penzance is a very low wage economy: the majority of businesses surveyed had a workforce earning less than £10,000 per annum, with very low numbers of staff earning £16-25,000
- Just over 35% of respondents gain the majority of their trade from local customers, followed by 26% trading with the rest of the UK
- Red tape and the number of customers are the two main reasons for holding back business growth
- The internet was the most significant method of achieving growth in sales (45% of respondents)
- Marketing is cited as the main weakness among the business community, and marketing and finance were the two main areas identified for support
- Respondents cited image and lack of choice as their perceived reasons for poor retail growth in Penzance
- Location and lifestyle were reasons why a business would choose to relocate in Penzance, yet conversely reasons against such relocation were given as geographical peripheralality, followed by infrastructure

### Economy Theme Group findings

These facts were presented to the Economy Theme Group meeting held in April 2007 as the starting point for a discussion about the potential economic profile of Penzance in 20 years time, and how such a vision might be achieved.

### Brand, image and confidence

We need to address a perceived lack of confidence in the future economy of the area, and of Penzance specifically. Penzance is not marketed as a retail centre, or as a potential for inward investment and relocation. We have no 'brand' to sell, no promotional investment; yet Penzance offers a unique location and lifestyle opportunity for those

businesses and industries that do not rely on a central UK location to be successful. The way in which we are perceived is key to future success; and a confident economy would attract young entrepreneurs also looking to make a lifestyle decision. ICT-led industries offer the benefit of being able to locate or relocate according to lifestyle preferences and choices, and therefore should be central in our considerations.

### ***Economy: objective 1***

#### **To create a new culture of confidence in the retail and business sectors in Penzance through the development of a brand and a marketing strategy**

Considerations will include:

- The need to give Penzance a new profile and to re-position the town and the area as a retail and business venue
- The value of developing a 'brand' for Penzance that receives widespread support from the business community, possibly building on the 'mark of quality' concept
- Ways in which existing businesses can receive marketing support, particularly in those businesses where low turnover does not permit use of consultants
- Opportunities for partnership working for small businesses
- Possible benefits of building on the 'West Cornwall brand' developed by the Penwith Tourism Action Group

*Potential partners:*

- *Penwith District Council\**
- *Penzance Chamber of Commerce*
- *SW Regional Development Agency*
- *Business Link*
- *Unlocking Cornish Potential*
- *South West Investment Group*
- *Learning and Skills Council*
- *Cornwall Enterprise or any successor*

### ***Economy: objective 2***

#### **To promote Penzance to target industries as an ideal venue for relocation**

Considerations will include:

- The most appropriate industries to target for relocation, in the context of the need for more and better-paid jobs for a wide spectrum of our community, and 'fit' with existing skills
- Which industries would provide opportunities for higher-level graduate employment and reduce the migration of qualified young people
- The role of ICT in the economic regeneration of Penzance
- Ways in which Penzance can be marketed as a premier choice for relocation for target industries
- The levels of support that needed from statutory organisations such as PDC Planning if we are to facilitate relocation
- The need for improved distribution links by road, sea, and rail, including better docking facilities
- Cross-reference to *Traffic and transport objective 5*

*Potential partners:*

- *Penwith District Council\**
- *SW Regional Development Agency*
- *Business Link*
- *Cornwall Pure Business*
- *West Cornwall Business Network*
- *Digital Peninsula Network*
- *Cornwall Enterprise or any successor*

**New markets and new product development**

One of the problems for Penzance businesses is that the home market has a low-wage profile, and at the same time we see a large reliance on local customers, and a wish for an increased footfall in Penzance. Whilst we can look at ways to make Penzance more attractive as a retail venue, competing with Truro and Falmouth, we also need to support those businesses in looking beyond the immediate area for their customers. Small businesses need help in finding new external markets- and new products for those markets- particularly those sole traders, small employers, and others who have traditionally relied upon local markets or town centre footfall for custom. The Internet offers substantial opportunities that have yet to be fully realised. It offers a national and global market and at the same time immediately addresses the issues facing Penzance of peripherality, transport links, and distance to new markets.

**Economy: objective 3**

**Supporting the development of new products that reflect the Penzance ‘brand’, and of new markets for new and existing products**

Considerations will include:

- Building on the ‘brand’ process to enable existing businesses to develop new products: possibly the ‘mark of quality’ as a theme could add value, and permeate all new product development
- The role of the internet in opening up national and global markets
- The development and delivery of training and support packages
- The potential for smaller businesses to form partnerships to jointly develop new products for a wider market
- Ways in which new product development could be funded
- Implications for existing retailers: willingness to undertake new skills training, new selling methodologies

*Potential partners:*

- *Penwith District Council\**
- *Penzance Chamber of Commerce*
- *SW Regional Development Agency*
- *Business Link*
- *Unlocking Cornish Potential*
- *Finance Cornwall*
- *Cornwall Pure Business*
- *West Cornwall Business Network*
- *Cornwall Enterprise or any successor*

## A Penzance Business and Conference Centre

Penzance lacks a business centre, a venue dedicated to supporting businesses in the town: yet as the survey shows, a high proportion of Penzance businesses are home-based, or employ small numbers of staff, and therefore would not have resources to host business meetings. As businesses seek to expand, there needs to be a package of support available within the town: a bookable drop-in / flexible workspace, venue for business meetings, presentations, and conferences is essential, supported by the need for first-class accommodation.

The Business and Conference Centre concept should include professional on-hand support in areas such as internet business, finance, marketing, promotion, and provide links to those businesses and organisations already working in the area in the field of advertising, design, marketing, web-site design, and promotions.

The concept should go even further: there is a need in Penwith generally to foster the spirit of entrepreneurship in young people: collaboration between schools, college, and the business community. The Business and Conference Centre would form the hub of this undertaking, providing a dedicated venue for those involved, with the particular objective of ensuring inclusion across all aspects of our community.

### **Economy: objective 4**

#### **A Business and Conference Centre for Penzance**

Considerations will include:

- The need for a bookable flexible workspace
- The need for flexible conference facilities
- Bookable meeting / presentation rooms
- On-site business support
- Internet links and drop-in facilities
- On-site training and workshops
- Links with local schools and colleges to promote business and entrepreneurial culture and a venue for collaborative working
- Opportunities to create a new product development centre
- Operation centre for the Penzance 'brand' and focal point for co-ordinating services to the business community
- Cross-reference to *Culture, heritage and identity* objective 3

Potential partners:

- *Penwith District Council\**
- *Penzance Chamber of Commerce*
- *Penwith College*
- *Digital Peninsula Network*
- *Local schools*
- *SW Regional Development Agency*
- *Business Link*
- *Unlocking Cornish Potential*
- *Finance Cornwall*
- *Cornwall Pure Business*
- *West Cornwall Business Network*
- *Young Enterprise*
- *South West Investment Group*
- *Cornwall Enterprise or any successor*

Newlyn is the second largest fishing port in the UK, and the first in terms of value of fish landed: some 38 different types of fish are landed here. The reality however is that no value is added to the fish between landing, and leaving Cornwall: it is joked that we re-import it back from Grimsby with breadcrumbs on! The sector needs to develop in terms of value added and the range of derived products, so that this traditional industry is supported in opening new markets and bringing new industry to the area. The assets of the fish industry and its reputation for the quality and range of the fish landed there need to be more widely promoted and celebrated through targeted initiatives.

#### **Economy: objective 5**

##### **Investigate the potential to add value to the Newlyn fishing industry by developing new products, processes and markets**

Considerations will include:

- Investigate what 'value' is added to the fish after transit from Cornwall: the volume of demand from large food retailers; the range of fish products in demand; and potential market for locally-prepared fish products

Potential partners:

- Newlyn Fish Industry Forum
- Defra
- Seafish Cornwall
- Newlyn Fisheries Resource Centre
- SW Pesca

#### **Economy: objective 6**

##### **Exploit the quality and reputation of the Newlyn fish industry and the Newlyn environment to attract more visitors**

Considerations will include:

- The potential for high-profile fish restaurants
- The value in targeting a celebrity chef to invest in Newlyn
- Developing the fish festival to become a national event
- Cross-reference to *Culture, heritage and identity* objective 9

Potential partners:

- Newlyn Fish Industry Forum
- Defra
- Seafish Cornwall
- Newlyn Fisheries Resource Centre
- SW Pesca

Part of the process of attracting inward investors to an area is the ability to demonstrate that you are making best use of the assets you already hold. Penzance occupies a unique location geographically, and yet fails to address a number of key outstanding issues. We do not exploit the unique maritime heritage, or the marine assets sufficiently: we have the opportunity to become a premier maritime destination.

The marina development, the estimated costs, and apparent lack of action were all of concern to the Economy Theme Group. The marina offers potential to develop a new cruising venue and consequently support the range of marine service industries and social / leisure industries associated with such a development. The group also identified the need for proper docking facilities in Penzance, not only for goods but also for cruise ships. In order to achieve this, the road and rail network into and out of the harbour / marina area will need to be addressed.

Additionally, opportunities afforded the marina development should be exploited by Penwith College and Combined Universities in Cornwall (CUC) in terms of training for new specialist skills. This potential is described in objective 10 below.

In addition to the proposed marina development, Penzance has another unique asset, the Promenade and Jubilee Pool. Investment is urgently needed to secure this unique facility, along with a creative plan for the longer-term re-development of the area backing the Promenade. Consideration needs to be given to the current nature of the Promenade 'offer', and whether it will meet longer-term aspirations for the regeneration and 'branding' of Penzance. Opportunities exist to use the Promenade and Jubilee Pool to host events that could attract a national audience if marketing and promotion were suitably addressed.

The value we place on our coastal assets is evident as Penzance is approached by road or rail. After the magical first glimpse of St Michael's Mount, the visitor is greeted by the industrial presence of Long Rock, fast-food outlets and DIY and electrical superstores, all of which effectively disconnect Penzance from its coast, and disregard the potential the area has to offer.

### ***Economy: objective 7***

#### **Develop a long-term strategy to re-invest in our coastline and our marine frontage**

Considerations will include:

- Developing a plan for the entire coastal area from Long Rock to Mousehole that re-engages the Penzance and Newlyn area with its' maritime assets
- The role that a new marina and new docking facilities might play in the wider regeneration of the area, and how such developments will benefit the wider community
- How new developments, promoting Penzance as a premier destination and supporting a longer-term economic regeneration, might be better located along our coastline
- The value to tourism and to the process of attracting investors and organisations seeking to relocate in re-developing this area
- Securing the future of our existing assets, the Promenade, and Jubilee Pool, and actively developing and promoting these assets\*
- Recommendations to ensure long-term the long-term future of our water-frontage, such as artificial reef creation in order to provide safe anchorage\*
- \* Cross-reference to *Housing and built environment* objectives 6, 7 and 8

*Potential partners:*

- *Penwith District Council\**
- *SW Regional Development Agency*
- *Government Office South West*
- *Local architects and planners*
- *Private sector developers*
- *English Heritage*
- *Natural England*
- *Cornwall County Council- Highways*
- *Environment Agency*
- *Cornwall Enterprise or any successor*

**The tourism and  
hospitality market**

Whilst tourism is the staple industry of Penwith, the Economy Theme Group were concerned with the apparent pre-occupation with this sector by the authorities when it generates low-paid, seasonal employment, at the cost of supporting new economic initiatives. There was also agreement that there is no clear Penzance 'brand' that promotes the area and what the area and the town has to offer. Economy objective 1 is concerned with developing a Penzance brand that will give confidence to businesses and inward investors, and a similar, related exercise needs to be carried out specifically for the tourism and hospitality sector; the two need to work in harmony with each other, whilst addressing different audiences.

We need to understand more fully why visitors choose Padstow, St Ives, Falmouth, instead of Penzance: the facilities they look for, their perceptions about each location. What draws visitors into the town centre? Does the town centre meet expectations? Are we attracting the level of spend we would hope to? Business survey respondents referred to the need for a greater footfall, so we need to determine how this might be achieved. A study should provide us with the information to feed into longer-term plans for regeneration proposed above, and should be taken into account in all aspects of planning and development.

**Economy: objective 8**

**Develop a Penzance brand for the tourism and hospitality sector, which is an assurance of quality, and is used as a key element in a new marketing plan**

Considerations will include:

- Working with *Economy objective 1* to ensure a unified approach across sectors in developing a brand for Penzance
- The need for a study into the visitor experience, preferences and expectations, and how well Penzance meets those preferences
- An appraisal of the existing offer in terms of number and quality of restaurants, cafes, pubs, accommodation, events, retail, and entertainment
- An evaluation of current marketing and promotional material and recommendations for a new marketing plan

*Potential partners:*

- *Penwith District Council\**
- *COAST Penwith Tourism Action Group*
- *Representatives of the tourism and hospitality sector*
- *Cornwall Enterprise or any successor*

## Business services

There is confusion due to too many organisations and agencies offering support and services to businesses in the Penzance area, with insufficient levels of co-operation between those agencies. The focus of their efforts is perceived therefore as being placed on big investment and specific sectors rather than supporting small businesses. Support does not appear to fit the needs of businesses- rather, the perception is that businesses need to fit in to the needs of the services that are there to support them.

### **Economy: objective 9**

#### **Collaboration between business support agencies in response to business needs**

Considerations will include:

- A review of all the business services and support agencies available in the area, and the remit / scope of each
- Understanding the barriers to collaborative working
- Making clear the needs of existing businesses
- Proposals to address the apparent lack of collaborative working and the lack of clarity on the part of service users as to which service or agency to approach
- Proposals to refocus attention on the needs of the users rather than the providers
- The nature of the approach to business support: the methods of contact preferred by businesses
- Possible links with *Economy* objective 4: A Business and Conference Centre for Penzance

Potential partners:

- *Penwith District Council\**
- *Business Link*
- *Cornwall Enterprise*
- *Creative Skills*
- *West Cornwall Business Network*
- *Chamber of Commerce*
- *Digital Peninsula Network*
- *Key funders*
- *Cornwall Enterprise or any successor*

## The contribution of further and higher education

The community have stated clearly that they want better access to affordable, quality further and higher education. The provision of relevant further and higher education courses and qualifications, and training and updating programmes, is key to the success of a local economy. Curriculum and qualification offers need to be aligned to well-informed longer-term strategies about economic expansion, and provide a platform for long-term personal and career growth within the Penzance area community. Education is one of the significant potential contributors to the sustainability of a community, and as such, should be substantially involved in long-term strategic planning so that it may play a full part in the economic regeneration of the area.

Further education providers need to be clear about the employment potential of each qualification on offer, and be able to identify those qualifications or programmes that contribute to the economic migration

of our young people, and those that offer meaningful career opportunities within the area for those that wish to stay.

Furthermore, further education providers specifically need to understand the changing economic profile of the Penzance area over an extended period of time, identify trends and opportunities for new industries, new ways of working, and new markets for existing local industries, and seek to provide career pathways to each.

Sustainability of the community that provides the student numbers should be seen as a key responsibility of further education specifically; and the result of partnership working with higher education.

### **Economy: objective 10**

#### **The preparation of a 'futures' strategy for further and higher education provision in the area**

Considerations will include:

- An assessment of existing provision in the area, with an analysis of graduate employment destinations
- A strategy for enabling young people to attend full-time education in their area without recourse to extended travel and the costs this would incur
- The potential for developing specific programmes delivered locally at higher education / degree level, in partnership with appropriate partners
- The careful 'mapping' of the curriculum offer to plans for business / industry development such as the marina development
- The need to match the educational offer to the skills gap and available employment opportunities
- Similarly, the need to match the educational offer to planned economic developments and to industries targeted to relocate to the Penzance area
- The need for greater links to the private sector where business education is involved
- Cross-reference to *Culture heritage and identity objective 6*

*Potential partners:*

- *Penwith College*
- *Further Education Funding Council*
- *Learning and Skills Council*
- *Penwith District Council\**
- *Town and Parish Councils*
- *Young People's Forum*
- *West Cornwall Together Local Strategic Partnership*
- *Education Business Partnership*
- *Combined Universities in Cornwall*
- *Unlocking Cornish Potential*

#### **Principles for economic regeneration initiatives**

The Economy Theme Group were keen to stress that any initiatives should seek to be inclusive of all sectors of our community, in terms of benefit, potential for employment, and community and social gain. Any initiatives should also be considered in terms of the sustainability agenda: energy, waste, emissions, transport, and of course community sustainability.

Feedback from the Youth Consultation Report identified that young people were most concerned about their opportunities for an economic future in the area. They made a specific suggestion: that a percentage of new jobs in the area are ear-marked specifically for 16-18 year-olds, in order to offer employment prospects to young people and start to eliminate the need to move away to seek employment.

### ***Economy: objective 11***

**To ensure economic regeneration initiatives seek to be fully inclusive of and benefit all sectors of the community, and at the same time meet rigorous sustainability criteria**

Considerations will include:

- An evaluation of proposals and initiatives to determine their potential for inclusivity
- Working closely with the Sustainable Futures Advisory Panel to ensure that proposals and initiatives meet criteria that support sustainable communities and contribute positively to addressing sustainability issues
- Proposals arising from the young peoples survey to ear-mark a percentage of all new posts specifically for 16-18 year-olds

*Potential partners:*

- *Penwith District Council\**
- *Business organisations and networks*
- *Business Link*