

# Cornwall & Isles of Scilly Integrated Territorial Investment Strategy



CORNWALL &  
ISLES OF SCILLY  
GROWTH  
PROGRAMME



April 2016

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Cornwall and the Isles of Scilly’s economy faces a number of challenges which are reflected in low wages, low productivity and relatively low skills attainment.

The Cornwall and Isles of Scilly ITI objective to exceed the expected growth in terms of GVA of the overall Cornwall and Isles of Scilly economy by an additional £338 million shows we have set challenging and aspirational targets.

We want Cornwall and the Isles of Scilly (C&IoS) to be geographically and culturally distinct, respected as a unique blend of people and place where the environment is valued both as a business asset and an inspiration for life.


Cornwall and Isles of Scilly should be a place where businesses and individuals can work together with communities that thrive to reach their full potential; confident, outward looking, connected to each other and to the world. The 2014-20 programme needs to focus on increasing productivity, realising market-led opportunities and taking well-judged risks if we are to achieve this vision.


We will use European Structural Investment (ESI) funds to deliver sustainable growth through innovation, increasing our competitiveness and consolidating our existing assets and capitalising on opportunities for distinct competitive advantage presented by our natural and cultural resources. We will grow bedrock industries such as food, farming and marine and develop a strong creative sector with world class art, theatre and heritage.


We have consulted widely on this strategy and engaged with businesses, communities and local stakeholders, including the Local Nature Partnership and the Health and Wellbeing Board. The institutions and people of Cornwall and the Isles of Scilly support our proposed approach and this is reflected in Cornwall Council and the Council of the Isles of Scilly’s endorsement of this strategy.

We have aligned our approach with the EU 2020 vision and the UK Government’s Industrial Strategy. So, whilst our vision is rooted in our region, it is global in scope.

Our ITI Strategy consists of three key areas of activity:

- 

**Future Economy**  
Investment which will capitalise on Cornwall and Scilly’s strengths and unique characteristics to exploit new and emerging markets
- 

**Growth for Business**  
Investments which will accelerate increases in productivity and competitiveness in the area’s businesses
- 

**Conditions for Growth**  
Investments which will address continuing blocks to growth, in infrastructure and human potential

We have seen many significant investments in previous EU programmes. We will work to ensure existing investments deliver continued growth and continue to build upon the region’s pioneering spirit and to try new approaches to drive growth and productivity. We will support a new business support delivery model to ensure individual businesses get the help they need to grow. We will promote Community Led Local Development and champion the use of Financial Instruments rather than non-repayable grants.

We aspire to make our investments some of the greenest in Europe and have actively designed sustainability into our delivery mechanisms and governance. Sustainable development is a core element of this strategy.

It is our intention to become a net exporter of energy. However, we are not just focused on energy production: we want to help all our businesses reduce their impact on the environment, lower energy costs and decrease carbon emissions. It’s about doing things differently and developing skills and knowledge as much as infrastructure: taking our people along this journey and addressing inclusion issues will be fundamental to our ambition and success.

Erbysieth Kernow ha Syllan a enep niver a jalenjys yw dastewynnys yn gobrow isel, askorruster isel ha kowlwrians sleynethow yw, yn kehevelus, isel.

Amkan Kesva Kevarghow Ewngemyskys Tiredhek (KET) Kernow ha Syllan, a wordremena an tevyans gwaytys yn kever Talvosogeth Keworrys Berrik (TKB) a'n erbysieth dhien Kernow ha Syllan gans £338 milvil keworransel, a dhiskwa ni dhe settya kostenow chalenjus ha gorfynnus.

Ni a vynn bos Kernow ha Syllan (K&S) diblans yn toroniethel hag yn hwonisogethel, gordhyes avel kemmysk unnik a bobel ha tyller mayth yw synsys talvosogeth an kerghynnedh avel ha kerth negys hag awen rag bewnans.

Le may hallo negysyow ha tus oberi war-barth gans kemenethow a seweni drehedhes aga gallos leun; kyfyansek, ow mires yn-mes, omjunyes an eyl dh'y gila ha dhe'n bys. Res yw dhe'n dowlen 2014-20 fogella war ynkressya askorruster, kowlwul chonsyow ledys gans an varghas, ha gul hapwariow breusys yn ta, mar mynnyn kollenwel agan hunros.


Ni a wra devnydhya Arghasow Kevarghewians Strethurek (AKS) an UE rag delivra tevyans sostenadow dre nowythheans, ynkressya agan kesstrifuster ha dri war-barth agan kerthow a-lemmyn, ow kweythya chonsyow a les kesstrifus diblans hag yw profys der agan asnodhow naturel ha gonisogethel. Ni a wra tevi diwysyansow selvenek kepar ha boos, ammeth hag a'n mor, ha displegya ranngylgh awenek krev gans art, gwariva hag ertach a vri dreusvysyek.

Ni re geskussulyas yn ledan a-dro dhe'n strateji ma ha kesoberi gans negysyow, kemenethow ha kevrenogyon leel, y'ga mysk Keskowethyans Natur Leel, ha Kesva Yeghes ha Sewena. An fondyansow ha tus a Gernow ha Syllan a skoodh agan towl profys ha dastewynnys yw hemma yn skoodhyans Konsel Kernow ha Konsel Syllan rag an strateji ma.


Ni re alinyas agan towl gans an hunros UE 2020 ha Strateji Diwysyansel Governans an RU. Ytho, kynth

usi gwreydh agan hunros y'gan ranndir, ollvysel yw y les.


**Agan Strateji AKS a syns ynno tri lown alhwedh a aktivita:**



**Ekonomieth Dhevedhek**  
Kevarghow a wra gweythya krevderyow ha gnasow unnik Kernow ha Syllan rag gweythya marghasow nowydh hag ow tos yn-mes



**Tevyans rag Negys**  
Kevarghowyow a wra uskishe ynkressyansow yn askorruster ha kesstrifuster yn negysyow an ranndir



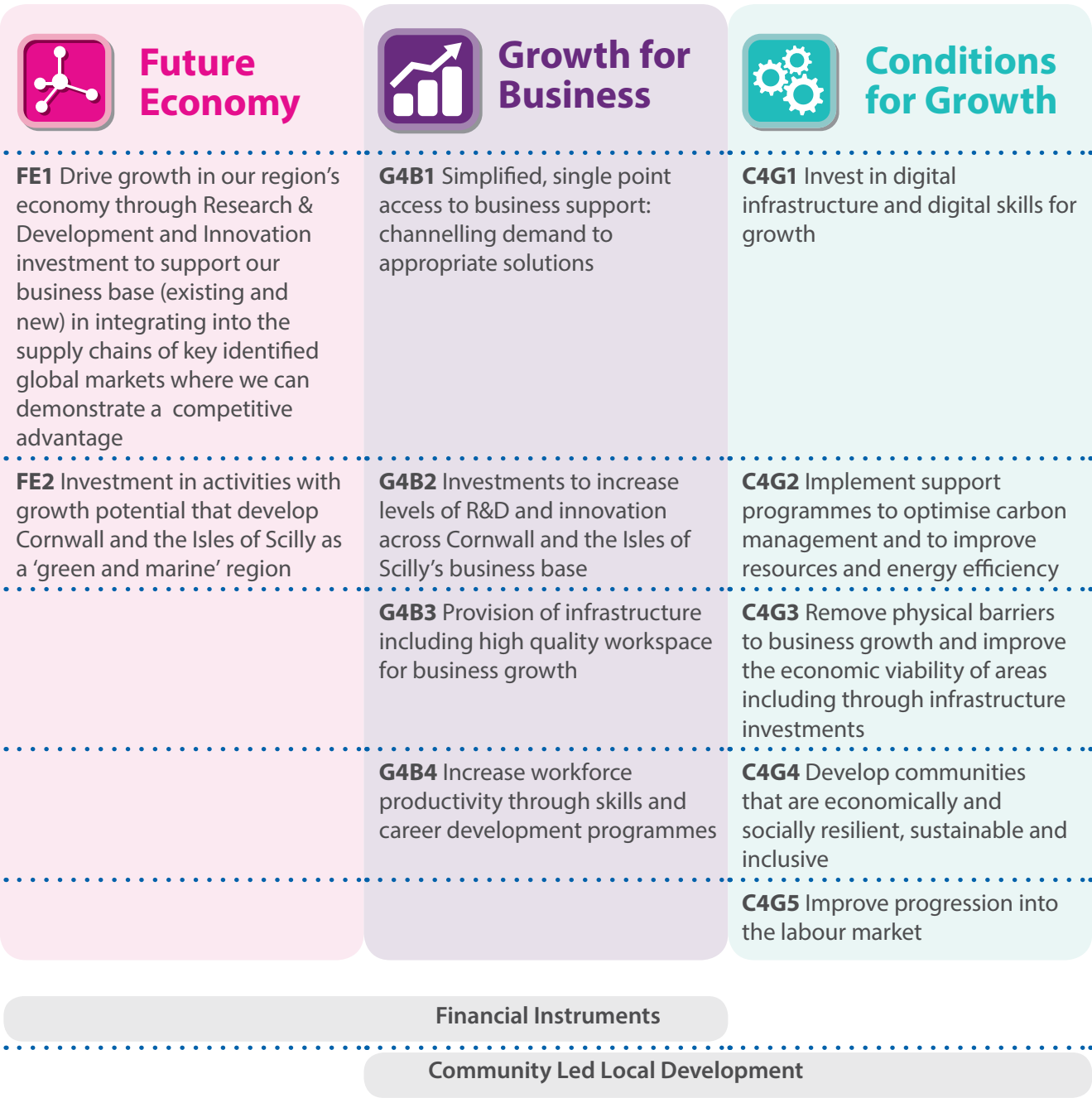
**Ragselyow rag Tevyans**  
Kevarghowyow a wra dygthya lettow a bes dhe devyans yn isframweyth ha galladewder denel.

Ni re welas lies kevargh a bris yn towlennow kyns a'n UE. Ni a wra oberi dhe surhe kevarghowyow a-lemmyn dhe dhelivra tevyans a bes ha pesya drehevel war spyrys ragresek an ranndir hag assaya towlow nowydh dhe herdha tevyans hag askorruster yn-rag. Ni a wra skoodhya patron nowydh a-barth delivrans skoodhyans negys rag surhe negysyow unnik a gyv an gweres anodho mayth yw res dhedha rag tevi. Ni a wra komendya Displegyans Leel, ledys gans an gemeneth, ha skoodhya devnydh a Doulys Arghansek yn le grontow anattyliadow.

Ni a veder gul dh'agan kevarghowyow bos nebes a'n glassa yn Europ ha ni re dhesinas yn hweythresek sostenadewder y'gan argerdhow delivrans ha governans. Displegyans sostenadow yw rann gresek a'n strateji.

Mos ha bos esporther ylyn a nerth yw agan mynnas. Byttegyns nyns on fogellys marnas war askorrans nerth: ni a vynn gweres oll agan negysyow dhe iselhe aga effeyth war an kerghynnedh, iselhe kostow nerth hag iselhe dyllansow karbon. Yth yw a-dro dhe wul taklow yn tyffrans ha displegya sleynethow ha skiansow kemmys hag isframweyth: ow kemeres agan tus a-hys an viaj ma ha dygthya maters a ynkludyans a vydh selvenel dh'agan ughelhwans ha'gan sewena.

Our investment model





Under the 2014-2020 ESI Fund programme, Cornwall and the Isles of Scilly will receive €603.7m of ERDF and ESF and £9.4m of EAFRD directly allocated through the England Growth Programme.

As the only Less Developed Region in England, with distinct challenges and opportunities, Cornwall and the Isles of Scilly will have its own Integrated Territorial Investment (ITI) to guide the investment of EU funds in the region. This ITI is underpinned by this document – the Integrated Territorial Investment Strategy.

The ability for Cornwall and the Isles of Scilly to deliver its EU funding through this mechanism was agreed through the Cornwall and Isles of Scilly Growth Deal<sup>1</sup>. The Growth Deal set out the following agreements in relation to European funding:

- Cornwall & Isles of Scilly will be offered a seat on the Growth Programme Board and the ERDF and ESF Programme Monitoring Committees;
- Cornwall & Isles of Scilly will have a seat on the Government negotiating team for the ERDF and ESF Operational Programmes to support discussions on Cornwall & Isles of Scilly issues;
- Government will work with Cornwall & Isles of Scilly on the fast track implementation of Community Led Local Development to ensure it meets the needs of local communities, as set out in this strategy;
- There will be a complementary local Technical Assistance Strategy for the administration of the Structural Funds in Cornwall & Isles of Scilly;
- The delivery of the Cornwall and Isles of Scilly elements of the communications strategy for the Structural funds, funded by Technical Assistance and undertaken within EU legislative requirements, will be devolved to local partners;
- Where possible, the Growth Programme will be aligned with other EU funds such as Horizon 2020;

- Government will work with Cornwall & Isles of Scilly to develop a locally tailored and branded suite of business support, taking into account national programme branding protocols where appropriate;
- Government will continue to support the development of a revolving community infrastructure fund as a Financial Instrument;
- Government will explore with Cornwall and the Isles of Scilly the potential for cooperation with public bodies which deliver the priorities in the LEP's Strategic Economic Plan.

## What is an Integrated Territorial Investment?

An ITI is a delivery mechanism that enables the implementation of a territorial strategy in an integrated manner while drawing funds from the relevant priority axes in the same or different programmes. In Cornwall and the Isles of Scilly, the ITI is the main delivery instrument for the implementation of the ERDF and ESF Operational Programmes with complementary investment from EAFRD.

In Cornwall and the Isles of Scilly, the ITI Strategy builds upon and replaces the ESI Fund Strategy that was developed by the C&IoS Local Enterprise Partnership in 2013. The ITI includes complementary components that are financed from national and local budgets. This includes national Growth Funds, Regional Growth Funds, Cornwall Council match funding and other economic development funds. The C&IoS ITI includes the use of non-repayable grants, repayable assistance as well as financial instruments and CLLD.

This strategy sets out the challenges and development needs specific to the geographical area and aims to address the challenges in an integrated way. It includes indicative financial allocations, investment plans, outputs and delivery elements for ESI fund. C&IoS will have an ITI Board comprised of local partners and Managing Authorities which will advise the Managing Authorities on how the money will be used, on call development and on which projects have strategic fit with the ITI Strategy. The Managing Authority has designated Cornwall Council as an Intermediary Body which will seek advice from the ITI Board in the same way as the Managing Authority would. The ITI Board will therefore provide advice to the Intermediate Body and/or the Managing Authorities as appropriate and as set out in the written agreement with the Intermediate Body (IB). C&IoS partners will work with local businesses, the public sector and the VCSE sector to develop projects which will drive productivity and wage growth in Cornwall and the Isles of Scilly with ITI development, management and delivery supported by Technical Assistance.

It seeks to bring all of the EU Structural and Investment Funds together at a local level, ensuring alignment with other programmes, such as Defra's national Rural Development Programme. This co-ordinated approach to sustainable economic growth, set within a specific local context, whilst contributing to both national and EU growth and productivity targets, is complemented by a strong community focus. The emphasis is on supporting growing businesses to ensure the region's growth is smart, sustainable and inclusive.

To ensure effective delivery, the monitoring and reporting arrangements set up under the ITI provide for the identification of operations and achievements by Operational Programme priority axis. C&IoS Partners will monitor and influence project level performance and outputs.

## National Operational Programme Structure and Arrangements

The England ERDF and ESF Operational Programmes outline the main territorial challenges for England with specific references to Cornwall and the Isles of Scilly. The ITI Strategy identifies local needs and drivers of growth that align to the Operational Programmes. It ensures an integrated approach at C&IoS level, including identification of appropriate implementation arrangements.

There are nine (including Technical Assistance) priority axes within the ERDF Operational Programme and three within the ESF Operational Programme. The financial allocations for C&IoS against these priority axes are shown below. Further details of each priority axis can be found in the respective ERDF and ESF Operational Programmes.

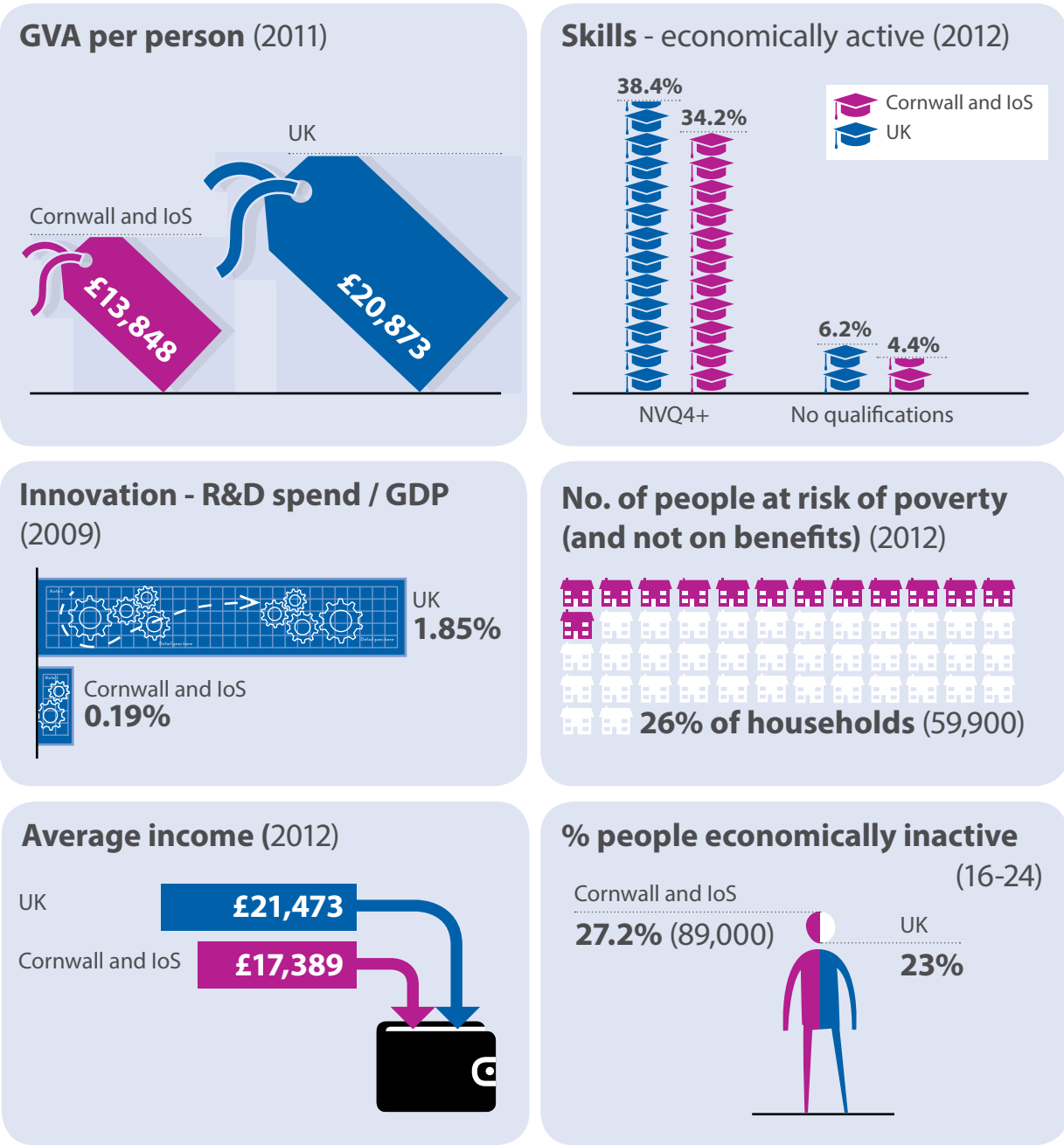
<sup>1</sup>Growth Deal: a formal agreement between the Cornwall and Isles of Scilly Local Enterprise Partnership and National Government.

ERDF Priority		Euros (€)
PA1	Research and Innovation	91,100,210
PA2	ICT	19,037,608
PA3	SME Competitiveness	172,145,709
PA4	Low Carbon	57,898,855
PA5	Climate change adaptation	11,679,514
PA6	Environment and resource efficiency	12,847,466
PA7	Sustainable transport	57,925,547
PA8	CLLD	14,837,826
PA9	Technical Assistance	No specific C&IoS allocation
TOTAL		437,472,735

ESF Priority: Inclusive Labour Markets		
Investment Priority		Allocation (€)
8. Employment		116,494,783
	1.1 Access to employment for job-seekers and inactive people	36,442,452
	1.2 Young People	13,296,893
9. Inclusion		56,555,000
	1.4 Active Inclusion	59,200,438
	1.5 Community-led local development (CLLD)	7,555,000
ESF Priority: Skills for Growth		
Investment Priority		Allocation (€)
10. Skills		49,739,346
	2.1: Enhancing equal access to lifelong learning	26,380,318
	2.2: Improving the labour market relevance of education and training systems	23,359,028
TOTAL		166,234,129

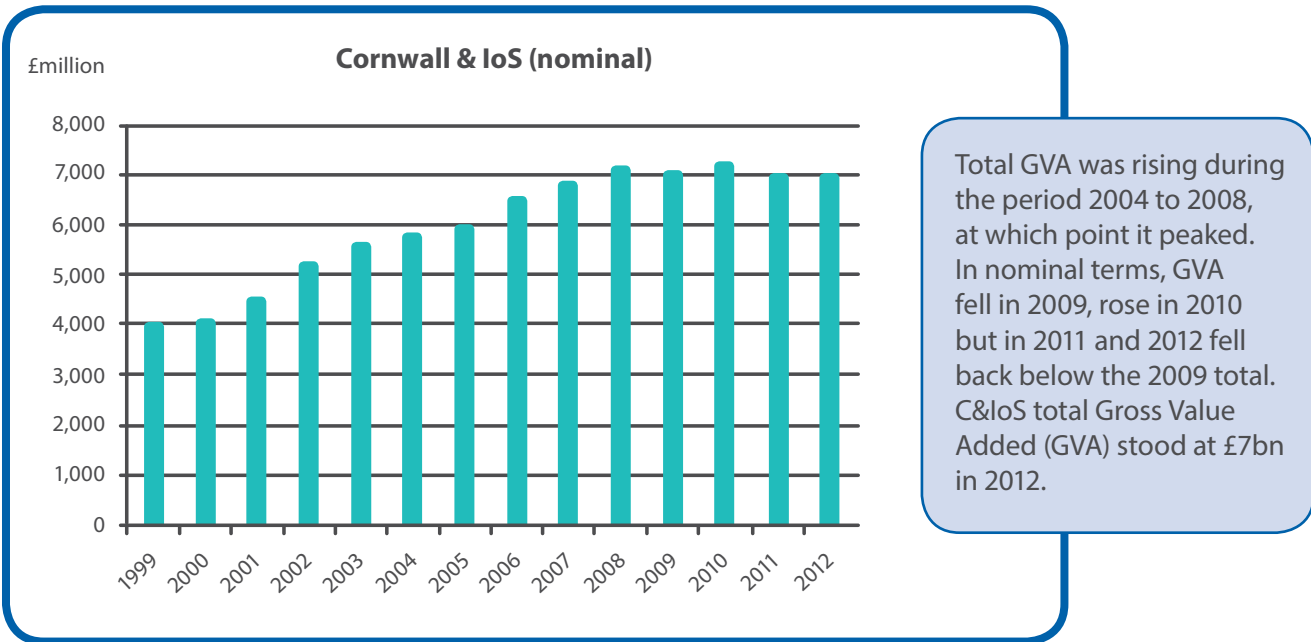
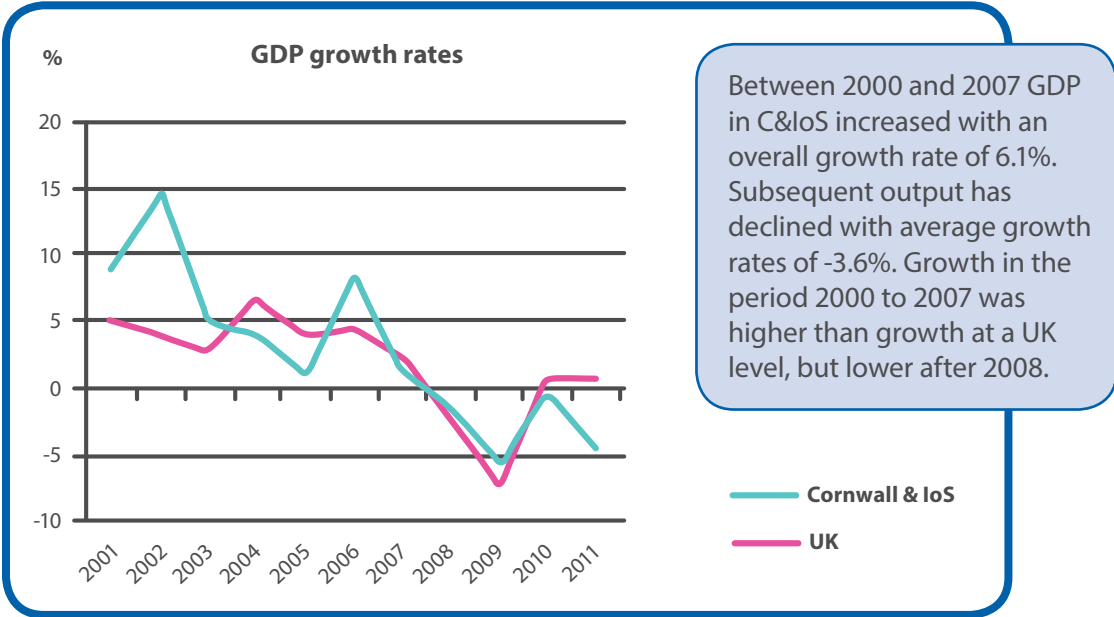
Economic challenges and barriers to growth

C&IoS has a GDP which stands at 64% of the EU average (2011 figures). Despite strong growth rates before the recession (peaking at 78% in 2006), structural weaknesses remain within our economy. The main economic characteristics of the region are set out below:



The region's economy has benefited from significant EU funding since 1994, through the LEADER I, LEADER II, Objective 5b, Objective One, Convergence and Rural Development Programmes and these have had a positive local impact. In some cases, transformational investments such as Combined Universities in Cornwall, Superfast Broadband, Innovation Centres, Wave Hub and

investments in the added-value food processing sector have not had time to impact on historical GDP figures. C&IoS has been recognised as a Less Developed Region from 2014 - 2020 and still faces real economic challenges.



The progress achieved in GVA has not, however, significantly closed the gap with other areas. Our economy generates less added value per head than other areas and is less productive; this is characteristic of our peripherality and small business base – a clear weakness in the economy and an area of focus for future investment. It is important that our ITI Strategy enables a step change in our economy contributing to improving GVA and productivity.

The "Economic Productivity in Cornwall – constraints and challenges" report prepared by Cornwall Council (May 2010) highlights constraints and challenges to economic productivity in our region. It identifies that there is no one single cause of low productivity, but this is likely to be a combination of factors including the lack of large employment units, an above average level of part-time workers, a lower proportion of the population with NVQ4+ and relevant competitive skills, a lack of labour mobility and competition, capital stock and industrial structure, travel time from London and the lack of urban areas. This is supported by an OECD Report – "How regions grow 2009" which suggests that policies that will help to promote regional growth should include a combination of investments in infrastructure, human capital and innovation.

### Employment and economic activity levels

Economic activity rates in C&IoS have shown growth in the 2000's and are now similar to the UK average. Unemployment levels are lower than the UK. However, this needs to be set in the context of employment growth levelling off in recent years. A continuing challenge is that the percentage of economically inactive people in C&IoS is higher than the UK average.

C&IoS's population has continued to grow and is now 534,500 (2011 census). This growth is largely driven by in-migration, which is dominated by people of middle to older working age. This is adding to the number of economically active people in the medium term, but will lead to a higher number of older (generally economically inactive) people in the longer term. C&IoS already

has an ageing population, in line with the national trend, but more marked in terms of percentages of the total population and a larger percentage of its population aged 65 years and older. This creates both market opportunities and structural economic weaknesses, having direct impacts on levels of productivity and GVA per head.

Employment is still predominantly in lower value added sectors, such as tourism and agri-food and drink, although most sectors have lower productivity than the UK average, with a continuing dependence on part time and often seasonal employment and continuing issues of low pay. Overcoming this is a key challenge and investment in increasing the number of those businesses in these sectors that have higher than average productivity should be the focus for this investment.

In relation to pay, earnings can be used as an indicator of the competitiveness of the economy. In general, there has been an upward trend in employee earnings in C&IoS, although earnings for both males and females still remain low when compared to UK figures.

### Enterprise and innovation

Micro, small and medium sized enterprises are an integral and central component of our economy and a key driver of growth and employment. 99.8% of the 21,105 registered enterprises in C&IoS in 2012 are classified as small and medium sized enterprises (of these 88.7% are micro enterprises, 10% are small enterprises and 1.2% medium enterprises).

This high percentage of SMEs is similar to the national position, although an important factor is that C&IoS has a lower proportion of employees in the larger sized businesses than the UK average. This presents the continuing challenge of ensuring priorities and actions identified to support businesses are relevant and accessible to SMEs and micro enterprises. As the dominant size of firm, it is considered that a 'small improvement in their productivity could have a significant effect on the economy'. The ability of these enterprises to access finance and, in particular, working capital is therefore vital to ensure that businesses reach their



growth potential and increase productivity.

Proxy indicators for levels of entrepreneurship show that C&IoS is developing a strong position. Self-employment levels are high when compared to the UK average (one in five of the workforce is self-employed, compared to one in eight across the UK). Start up and survival rates, over a five year period, are also high at 49% compared to the 45% UK average. The Isles of Scilly has the highest number of enterprises per head of population outside London, although in some cases this is as a result of a lack of employment opportunities with large scale employers.

The UK Competitiveness Index provides a benchmark or proxy for innovation. Based upon an integrated measure of competitiveness focusing on both the development and sustainability of businesses and the economic welfare of individuals, ranking for C&IoS shows levels of competitiveness as being low, with a rank of 314 out of the 379 local authority areas, down from 309 in 2009.

An analysis of sector make up over time shows that the economy has changed, with some sectors declining whilst others are expanding. Business services, retail, distribution, hotels and catering, construction and food and drink processing still dominate and there is a high dependence on agriculture and tourism which cannot be overlooked when developing investments to increase productivity. The evidence base, however, suggests that no one sector, or group of existing sectors, offers greatest potential for growth. Our focus, therefore, is on emerging high value sectors and



identifying and investing in those businesses within existing sectors with promising growth potential.

### Infrastructure

Peripherality remains a continuing constraint for C&IoS, with distance from markets a key issue and a number of gaps in the strategic transport network including:

- congestion points in the road network acting as a block to the development of employment space, economic growth and productivity including through extended travel times;
- the need to encourage more sustainable forms of travel;
- the location of the Isles of Scilly as a group of five inhabited islands, 28 miles from the coast of Cornwall.

Cornwall's lack of a single dominant centre in terms of population and functionality impacts upon its economy and future growth potential. C&IoS is dominated by a dispersed network of key town based economies surrounded by a network of rural villages, hamlets and communities. The interrelationships within this settlement pattern are different from most other rural areas as we lack the agglomeration effect of a large city region. There is, therefore, a need to invest in appropriate infrastructure to underpin growth.

Significant progress has been made in the previous European Programmes in relation to employment workspace to address a shortfall in provision and issues of poor quality stock but, as a Less Developed Region, further investment in infrastructure is required. Such investment should support businesses to grow their quality jobs and increase productivity. These businesses should also be supported with a wider package of business and skills investment.

### Social inclusion and skills

Access to the labour market and skills levels are key components of addressing social exclusion and addressing economic issues within C&IoS.

The skills profile of the area is important as it forms a building block, not only for overall economic

growth, but also for individuals. Skills are an important consideration within the arena of social inclusion, providing access to employment, personal advancement, increased earnings and, for some, a route out of worklessness. Progress has been made on increasing skills, but challenges remain with an imperative for further investment in skills at lower and higher levels.

A total of 10% of the population of C&IoS live in areas of social deprivation and in some areas this is linked to the decline of historically significant industries.

This deprivation is particularly evident in towns and this has resulted in some specific areas being the focus of previous and current funding programmes. It is, however, noted that issues of rural deprivation are also of importance where smaller 'pockets' exist in dispersed locations; an issue exacerbated by a lack of employment opportunities in these areas and by a lack of access to public transport and digital connectivity.

Worklessness and low wages impact upon child poverty. 18.4% of children aged under 16 lived in poverty in C&IoS in 2010, a total of 16,460 children. Although this is lower than the England average of 21.1%, there are geographic variations across Cornwall, ranging from just 2.5% to 56.2% (nearly three times the England average). The solutions to this are complex and require a joined up approach across all funding streams as well as the use of mainstream and more bespoke delivery mechanisms, such as CLLD.

The percentage of people with higher level skills of NVQ4+ has increased by over 10% over the last 8 years. This has moved closer towards the UK average, but the challenge remains to increase the number of people with NVQ4+ to the UK level or higher. At the other end of the scale, the percentage of people with no qualifications has remained relatively static.

### Isles of Scilly

The Isles of Scilly lie 28 miles off the mainland and incorporate 5 inhabited islands. The islands have a population of 2,203. Resident numbers are relatively stable but with an increase since 2001. The population is ageing.

The Island's economy is heavily reliant upon tourism and agriculture and estimates suggest that 85% of the economy is tourism related. The tourism sector also supplies the critical mass for infrastructure such as ports and air. The economy is dominated by micro and small businesses.

Other economic factors:

- High levels of self-employment- treble that of the South West and England
- A higher percentage of people working at or from home than that of the South West and England
- Some local residents have a number of part-time or seasonal jobs, but there is also considerable underemployment, reflecting the limited career opportunities available and the seasonal nature of employment
- Incomes are significantly lower than the national and regional averages, due to the preponderance of low paid, part time and seasonal jobs
- High costs of living are associated with scarcity of accommodation and transportation of freight to the islands and the cost of travel to and from the islands

Previous EU programmes have addressed a number of the larger investment needs on the islands.

The 2014-2020 C&IoS ITI strategic priorities and identified areas for investment are relevant to the whole Less Developed Region including the Islands. Skills and workforce development programmes and the business support framework will deliver both on the mainland and on the Islands and activity will be tailored to meet the distinct needs of the Isles of Scilly. A number of outstanding investments as identified in the Isles

of Scilly Economic Plan ‘Island Futures’ will be addressed over the programme period. There will be an emphasis on delivering Smart Islands with a coordinated approach to energy production, management and use to develop truly sustainable island solutions. This will be through a number of funding sources including ESI fund and Rural Development funding. ESI funding from the C&IoS ITI Strategy will be used to complement investments from other sources on the Islands.

Isles of Scilly transport connections

Transport connections to the Isles of Scilly have experienced a number of challenges since 2012. There is a need to secure long term connectivity to the islands and address issues around inter-island travel. Capital investment in this vital infrastructure can make the links commercially viable without revenue subsidy and further infrastructure investment is vital to the future economic wellbeing of the islands.

Some large investments have been made through previous programmes including airports and St Mary’s Quay which address a number of the pressing issues. Further investment in the 2014-2020 programme is required at mainland destinations and with mainland integration of transport services as identified in this strategy and C&IoS Strategic Economic Plan.

Our assets and opportunities

We have structural economic weaknesses and threats to growth, but we also have compelling opportunities which will shape our future economy. Our SWOT analysis forms part of our headline evidence base (see section 3) and sets out our emerging strengths and existing assets.

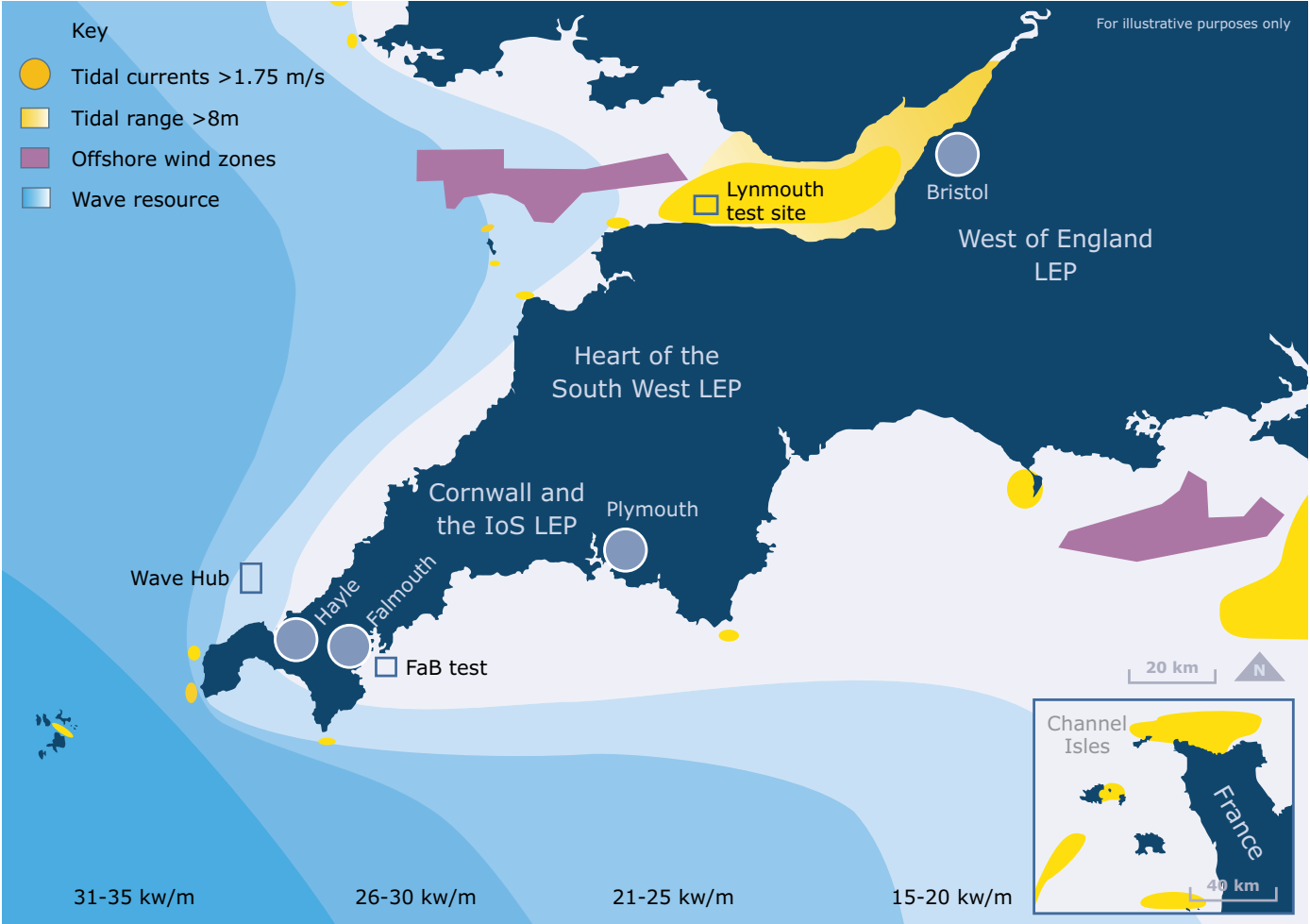
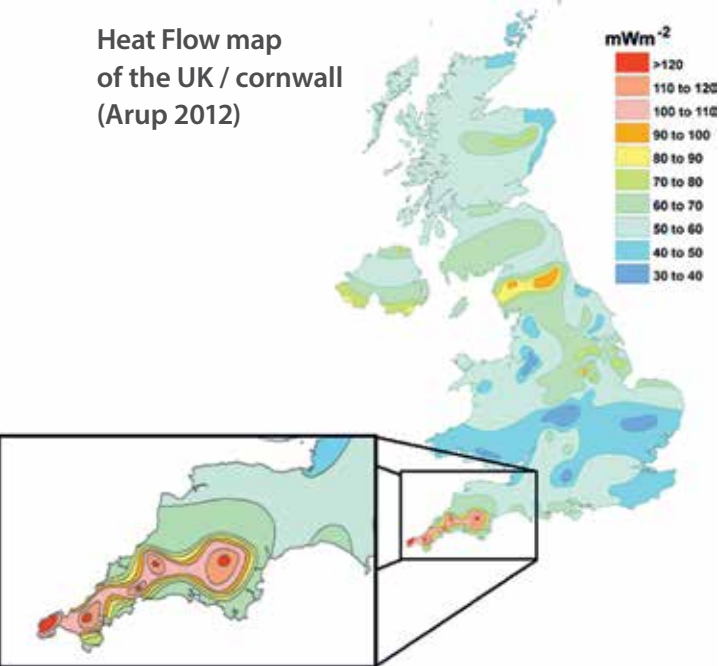
We have made bold investments in higher education and research infrastructure that will continue to be at the forefront of our business growth strategy. Skills levels and participation have increased and we have an opportunity to build on our academic assets and invest in front end research, development and innovation, making sure the value of the R&D is leveraged throughout



Photo courtesy of Cornwall Council. This will require a market-led approach to ‘Smart Specialisation’.

Our offshore renewable potential is significant with 34GW of potential in the wider South West. This provides a focus for future investment and we anticipate collaborating with our partners to deliver the vision of the South West Marine Energy Park and the Plymouth City Deal. This sector has the potential to deliver 1,400 jobs by 2030 but the real potential will come in the export of knowledge, products and services to a global market.

Cornwall and the Isles of Scilly already produces 330MW from existing renewables and this is just the start. We will encourage the sector, utilising existing assets such as the Wave Hub and Fab Test, but we will also provide business support, invest in research and development and support inward investment. There are also significant opportunities



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associated with developing a local energy market.

Our natural environment has the potential to generate a nationally significant proportion of renewable energy in developing markets such as offshore marine and geothermal energy. The scale of our geothermal asset is significant, with recent estimates indicating that the temperature resource in Cornwall could produce as much as 4GW of electricity, 5% of the total UK average electricity demand.

C&IoS was at the heart of the first industrial

revolution and we will aspire to be at the heart of the green revolution, as we move towards a low carbon economy. We will build on this proud tradition, but this isn’t about looking back. Our mining heritage has left us a strong engineering skills base and a world class reputation that could support the development of other engineering based sectors, including aerospace. Strategic investment in Newquay Cornwall Airport (NCA) has taken place under the 2007-13 programme to enhance this key infrastructure provision, with complementary investment arising from the



designation of the area as an ‘Enterprise Zone’ (EZ). The EZ is the largest development site in the region; it has created 175 jobs to date and has the potential to create over 2,000 more. This is in an R&D intensive sector, with high productivity and earnings 46% higher than the UK average. A large runway, clear airspace and a developing cluster make the Aerohub a key part of our future investment plan.

A number of infrastructure advances have been set in motion to improve productivity, including the creation of three innovation centres, the Wave Hub and rail and road improvements. A further key investment has been in digital infrastructure, with the roll out of Superfast Broadband. This investment has significantly reduced the challenges associated with our peripherality by decreasing distance to markets for both local businesses and inward investors as well as providing additional social and environmental benefits. By the end of the rollout period in 2015, 95% of homes and businesses in C&IoS are set to benefit from access to fibre broadband. There are

now opportunities for additional investment to further capitalise upon world class connectivity and to support businesses and communities to make full use of the opportunities presented. In order to specialise in digital markets and to grow our vibrant creative industries, it is essential that our connectivity remains competitive.

Previous investments in world class research facilities, such as the Environment and Sustainability Institute and the European Centre for Environment and Human Health, provide us with a distinct advantage in terms of cutting edge research and development potential. These assets will provide researchers with access to unrivalled resource and facilities to ensure our spirit of innovation and inventiveness thrives. These research institutions, combined with our distinct rural geography and excellent broadband facilities, open opportunities for business growth in the growing e-health and e-wellbeing and wellbeing markets.

The development of workspace (including the Innovation Centres and R&D facilities) at key

employment locations has addressed some of the previously identified need. However, in addition we have identified a requirement for grow on space and flexible workspace. The Cornwall Local Plan Employment Land Review (2010) estimates that a supply of around 150ha is needed to meet demand. Due to the economic downturn, only 7.6ha of additional workspace was delivered between 2009 and 2012, and this is only a third of what was required. We anticipate the next programme period coinciding with an upturn in demand, resulting in a continued requirement for intervention to bridge the ‘cost-value’ gap and unlock development opportunities.

Our economy is dominated by micro businesses employing fewer than ten employees and whilst the majority of these organisations remain relatively stable in employment and growth terms, a small proportion of ‘high growth’ companies have a disproportionately beneficial effect upon the wider economy.

Recent analysis by NESTA suggests that high growth companies accounted for 1.9 million new UK jobs between 2002 and 2005 (out of a total of 3 million) and 1.3 million out of 2.4 million new jobs between 2005 and 2008. These companies fell within the definition of SMEs and were more likely to grow organically and create employment rather than grow through acquisition (as is often the case for their larger counterparts). These high growth SMEs enjoy rapid growth over short time periods as a result of their ability to innovate and react quickly and competitively to market opportunities, either by themselves or within various tiers of larger supply chains. We will invest in those businesses demonstrating high growth and the potential to grow and encourage productivity improvements through a culture of innovation and the provision of high quality business support, access to finance and export assistance.

To our long-established national and international reputation in the arts we can now add evidence of growth on the broader front of the Creative Industries. These include the more traditional visual arts, crafts, performing arts, literature and



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music, but also film, television and radio, digital media, architecture, design and designer fashion. Nationally the Creative Sector has grown at twice the rate of the economy as a whole and is well placed for continued growth as demand for creative content grows. According to ONS 2011 data, the second fastest growing sector since 1999 in the region is ‘arts, entertainment and recreation’ at 8.2%, reinforcing the potential in this market.

Cornwall and Isles of Scilly is unique amongst rural areas in the UK, and potentially in the wider European context, in that it supports a density of creative businesses normally found only in urban environments. The 10,000 FTEs working in the sector benefit from, and contribute greatly to, the quality of amenity, quality of life and distinctiveness of C&IoS. Recent improvements in the digital infrastructure and higher education provision mean that the sector is well placed to improve the value and reach of its Intellectual Property, products and services.

The agri-food sector is a key element of the economy of C&IoS. In percentage terms, 11.3% (compared to 4.5% for GB) of Cornwall’s employment is in core agri-food and 29.1% (compared to 15.0% in GB) in all food and drink related sectors. In addition to underpinning the employment base of C&IoS, it also represents over 6.5% of GVA (the equivalent figure for the UK is 3%) and manages over 80% of our land mass. C&IoS is the second most important area in the UK in terms of quality pasture land and in the top ten in Europe. It is therefore not surprising that dairy

Wave Hub Installation, Hayle



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farming is the most important form of primary food production in the region, producing some of the foods most associated with Cornwall, such as Cornish Clotted Cream, Cornish Yarg and Cornish Blue Cheese.

Despite considerable growth in the agri-food sector, average productivity levels remain low (51% to 68%) compared to national averages, providing a key opportunity for growth in the future. Our strong agricultural assets and the legacy from previous programmes will allow us to deliver a suite of activity designed to promote the adoption of best practice and an investment in agri-tech designed to elevate the practical and technical skills of the primary production sector, its advisors and the wider supply chain.

Whilst our business base is diverse, it is not large and we are realistic about potential absorption rates. That’s why we plan to identify businesses from any sector with the potential to move towards improved productivity and increased growth and support them on their journey.

However, unless we give our people and communities the skills to benefit from these investments, we will have achieved little. Consequently, we must connect people to our growth sectors and economic assets such as the

Aerohub Enterprise Zone and our expanding low carbon economy. This will require investment to support people to progress towards gaining employment and support for all skills levels.

There has been a reduction in the number of younger people (aged 16-29) leaving C&IoS. Fewer have left over the last ten years - aided by the greater provision of higher education opportunities. We will make the most of this success by continuing to invest in higher level skills closely linked to the skills needs of our business base in general and our high value sectors in particular.

Opportunities exist to further support our businesses, to develop sustainable supply chains and make investments which support growth for business so that they are equipped to improve levels of innovation and increase contributions to growth and productivity targets. Underlying weaknesses and threats remain and we must create the right conditions for growth. Areas of focus will include investing in key economic and transport infrastructure and addressing pockets of social exclusion.

The area’s unique location, physical geography, age profile, industrial and cultural heritage, clustering of research expertise and previous public and

private investments in new technologies offer a springboard for the testing and development of a future economy. With green and marine at its heart, focus will also extend to the potential of health and wellbeing sectors.

The C&IoS ITI Strategy builds on and reflects the lessons learnt from previous Structural Fund programmes and this knowledge and experience is a key asset in itself. There is evidence of success in the shape of high quality HE and research facilities, award-winning innovation centres and bespoke workspace. However, the area’s relative

ranking has changed little; productivity measures are still below the national average and there are continuing challenges in relation to basic and higher level skills.

We have an opportunity to use EU funding and our unique geographical, cultural and economic conditions to turn our challenges into opportunities for future economic growth.

All future investment in C&IoS will take into account the legacy of investment from the Objective One and Convergence programmes.

Some of the strategic linkages to these investments are explored in the table below.

Previous investment	Future potential investment	Links to ITI Strategy
<b>Higher Education undergraduate provision via Combined Universities in Cornwall:</b> the creation of higher education learning opportunities have been created under the Objective One and Convergence Programmes through investment in physical infrastructure.	Undergraduate requirement now fulfilled. CUC Universities continue to create additional courses and opportunities based upon this infrastructure (from other funding sources).	Additional investment opportunities relate to higher level research skills linked to business needs (see below: research capacity)
<b>Research Capacity:</b> Convergence investment has provided a baseline of new physical assets (European Centre for Environment and Human Health, Academy for Innovation and Research, Environment and Sustainability Institute, Peninsula Medical School)	To further the linkages between our existing business base (and our identified Smart Specialisation markets) and the capabilities of the research centres in order to support business growth	Future Economy Growth for Business
<b>Superfast Broadband:</b> significant investment in digital infrastructure to enable 95% fibre broadband coverage.	To ensure digital infrastructure and speeds are at the heart of addressing our peripherality to provide access to markets for our businesses and to encourage inward investment (with additional social and environmental benefits)	Conditions for Growth
<b>Innovation Centres:</b> investment under the Convergence Programme into 3 Innovation Centres (linked to identified Priority Sectors) that have created good quality, connected workspace for over 150 businesses and which have provided a supportive business incubation environment to nurture growth	To take these benefits to a wider business base, support innovation outreach and further exploit these investments	Growth for Business



Previous investment	Future potential investment	Links to ITI Strategy
<b>Wave Hub/FabTest:</b> investment into world class technologies to support R&D in relation to marine renewables technologies linked to these physical assets to support sector growth, individual business growth and development of local supply chains to embed the benefits within C&IoS	To invest in further R&D	Future Economy
<b>Newquay Cornwall Airport (NCA):</b> investment was made to enable this facility to become a Civil Aviation airport. Investment has opened up opportunities to create an Aerohub (now also a designated Enterprise Zone) that seeks to develop a cluster of related business uses.	To further the opportunities for economic growth (new businesses moving in, existing business growth) within this location.  Links to Smart Specialisation (aerospace assets)	Future Economy Growth for Business
<b>Food Innovation Centre:</b> investment was made into a centre that could work with food processing businesses to develop new products, test new production and packaging processes, etc	To invest in businesses so that they can use the services and facilities provided at the Food Innovation Centre to aid their business grow and improve productivity	Growth for Business
<b>Duchy College Future Farm:</b> investment in a state of the art dairy unit with the added facilities that will enable herd scale research and demonstration activity to be undertaken	To invest in Agri-tech related activity that will support research activity in ruminant animals	Future Economy Growth For Business
<b>Business support:</b> Investment in business support interventions (with a focus on accelerating the productivity of high- growth businesses/ those characterised by high value added products and services) has resulted in an increase in job creation and GVA beyond original contracted targets.	To build on Convergence investment in business support, focusing activities on accelerating the productivity of those businesses able to make the greatest contribution to C&IoS' economy.	Growth for Business
<b>Various added value food processing units e.g. Trewithen Dairy, Dairy Crest, Cornish Cheese Company etc:</b> investments designed to increase the processing capacity of these businesses	To further increase added value processing capacity and drive further improvements in the productivity of their supply chains	Growth for Business

The C&IoS vision

The Cornwall and Isles of Scilly Local Enterprise Partnership were tasked by Government in April 2013 with the development of a strategy for the investment of European Structural and Investment Funds.

The LEP developed their strategy in partnership with other stakeholders in C&IoS. The overarching vision for this work reflected the vision of the Economic Growth Strategy for Cornwall & Isles of Scilly (2012–2020):

**“To make C&IoS the natural place to grow great businesses, by focusing investment on inspiring businesses to achieve their national and global potential, creating great careers, creating value out of knowledge and using the environment as a key economic asset.”**

As outlined, C&IoS successfully secured an Integrated Territorial Investment in July 2014 as part of the LEP’s Growth Deal with Government. The Cornwall and Isles of Scilly ITI Strategy has been developed using the LEP’s original vision and ESIF Strategy.

What does success look like in 2020 and beyond?

We will have realised our vision and achieved our ambition when C&IoS has harnessed the energy to drive change: powering our future from renewables; switching small businesses on to big ideas and plugging Cornish innovation into global markets.

Investment in projects and programmes which increase productivity will have helped us move towards our goal of the GDP per head being above 75% of the EU average with a significant increase in SME productivity and higher paid jobs.

We will have pioneered new industries that make the most of the region’s special environment and developed new, innovative and commercial renewable energy technologies and markets. We will have built on existing European investments, such as Wave Hub and harnessed untapped resource in geothermal energy. Earnings will have increased as a key economic asset as these high value sectors flourish and new businesses start.

We will have upgraded the energy grid infrastructure and collaborated with local communities, utility companies and world class technology developers to make Cornwall a leader in the development of Smart Grids. Our businesses will be more efficient as a result, with GHG reductions down and low carbon practices, processes and products widespread.

We will see exemplar collaborations between community and commercial organisations in green technologies and will support both businesses and individuals to realise the benefits of a low carbon economy. Production will be up and so will the number of firms bringing new products to market.

Our new workspaces will be high quality and flexible. Businesses already expanding through our network of Innovation Centres at Pool (ICT), Truro (health/wellbeing) and Falmouth (creative and environmental technologies) will have grow-on facilities which match their ambitions.



Investments to unlock areas with economic potential and reduce physical infrastructure barriers will have connected our skilled workers with our key economic assets. We will have improved linkages for the Isles of Scilly, met challenges associated with our peripherality and distance to market and stimulated private sector investment in previously unviable sites.

Our region will have contributed to increasing UK productivity through maximising investments in Further and Higher Education to support widening participation, social inclusion, knowledge transfer and higher skills provision which links to the needs of our businesses and builds strong linkages between research and development and business.

We will have a more equal society, with less economic inactivity and increasingly resilient communities, better able to solve their problems and meet future challenges.

EU funding will have supported the region's strategic skills priorities and closed the gap with the UK in terms of those qualified at NVQ Level 2 and NVQ Level 4. Our apprenticeship and scholarship programmes will have increased the number of people progressing through the labour market and participating in education and training.

We will have increased the number of businesses actively innovating by investing in world class research and development, linked to the region's unique natural assets and sectoral strengths.

This will be aligned with the needs of businesses and the focus on offshore renewables, agri-tech, e-health and e-wellbeing and the digital economy will have ensured we are exporting knowledge as well as products and services. This will be complemented by enhanced access to ICT and supporting enterprises to develop products and services via ultrafast broadband.

Our bedrock industries, such as agriculture, food, fisheries and tourism will have taken advantage of best business management practice, new technologies and new market opportunities to increase overall business competitiveness and productivity.

Our cultural and creative industries will be flourishing, providing high value jobs, promoting learning and strengthening the sense of place. Our vibrant cultural offer supported by our outstanding natural environment will give C&IoS a distinctive edge and an international profile.

# 4 Strategic Priorities

This section sets out how our supporting evidence base has informed our strategic priorities.

## Strengths, weaknesses, opportunities and threats analysis




The following table provides an overview of the headline evidence base:

Strengths	Weaknesses
Improvements in our HE/FE infrastructure: better facilities, breadth of courses, increased student and research capacity within world class research clusters	Peripherality and distance from markets contributing to low GDP and GVA
Strong Cornwall brand, increasingly linked to high quality values and positive external image nationally and internationally	Low levels of R&D investment, innovation and competitiveness contributing to low earnings (81% of UK average)
A rapidly growing third sector facilitating innovative delivery (emerging Social Enterprise Zone)	Overall levels of low productivity and seasonal dependence on low skilled jobs (including significant 'bedrock' sectors such as tourism and agri-food)
Vibrant creative sector which can drive innovation	High and persistent levels of worklessness and pockets of severe deprivation (including those associated with health issues)
Unique natural resources with significant food and energy production potential	Skills levels that are below the national average (basic and higher level)
Long history of collaborative partnership working	Lack of regulatory framework for renewable energy project development (geothermal/local energy markets)
One of the best digitally connected rural areas in the world	Low levels of business productivity, numbers of exporting businesses, innovation and product development
High levels of self-employment	
Concentrations or clusters in technologies (e.g. marine renewables, e-health and wellbeing, agri-tech, digital economy)	
Strong and long established enterprise culture	

## Strengths, weaknesses, opportunities and threats analysis (cont.)

Opportunities	Threats
Capitalise upon FE and HE infrastructure to increase R&D, innovation and create the conditions for improvements in productivity and growth	Internal and external connectivity; Failure to address bottlenecks in strategic infrastructure that will then 'block' further development to support economic growth and reduce resilience
Emerging markets and sectors (e-health and e-wellbeing/ renewables/agri-tech) leading to opportunities to increase productivity and shape the future economy	Failure to address low levels of research and innovation could lead to a further decline in relative competitiveness
Exploit our existing competitive advantage in relation to superfast broadband to facilitate growth for business by improving content and access to markets	Failure to address climate change impacting on resilience
Abundant environmental assets to increase productivity and growth in key low carbon sectors	Failure to address the productivity of bedrock industries compounding overall economic performance
Large numbers of agile SMEs and impressive business survival rates create potential for accelerated growth for business if appropriate and bespoke support can be delivered	Continuing barriers to finance for SMEs
Existing physical assets and social capital which have the potential to grow (Innovation Centres/ Aerohub/Wavehub) with further infrastructure investments to enhance conditions for growth	Lack of flexibility and join up in national approaches leading to sub optimal outcomes
Potential to develop replicable pilot/research projects to lead the UK/EU future economy (smart energy infrastructure)	Inability to exploit our natural resources for renewable energy due to constrained grid capacity
	Increased national and international competition and globalisation of trade

There is a direct link from our evidence base and SWOT analysis through to our 3 Strategic Priorities and the outputs C&IoS will deliver. The following table maps our strategic priorities against the ERDF and ESF Operational Programmes.

ITI Strategic Priority	ERDF Operational Programme		ESF Operational Programme	
	Priority Axis	Investment Priority	Priority Axis	Investment Priority
 <b>Future Economy</b> Investment to capitalise on Cornwall and Scilly's strengths and unique characteristics to exploit new and emerging markets where we have and identified competitive advantage. We will utilise RD&I to drive growth	PA1: Research and Innovation	1b	PA2: Skills for Growth	2.1
	PA4: Low Carbon	4a, 4c, 4e and 4f		
 <b>Growth for Business</b> Investments which will accelerate increases in productivity and competitiveness in the region's businesses	PA3: SME Competitiveness	3a, 3c and 3d	PA2: Skills for Growth	2.2
 <b>Conditions for Growth</b> Investments which will address continuing blocks to growth, in infrastructure and human potential	PA2: ICT	2a and 2b	PA1: Inclusive Labour Market	1.1, 1.2, 1.4 and 1.5
	PA5: Climate change adaptation	5b		
	PA6: Environment and resource efficiency	6d and 6f	PA2: Skills for Growth	2.1
	PA7: Sustainable transport & bottlenecks	7a and 7c		
	PA8: Community Led Local Development	9d		

Additionality

This Strategy recognises the need to comply with European Union additionality principles, as laid out in Article 86 of the common provisions regulation (COM(2013) 246 final). Although we understand that it is for the Member State to demonstrate compliance with the regulation, this Strategy details the added value from EU funded investments. The selection of investment activities also takes account of links with other EU, national and regional priorities and this is summarised in the table over the page. Activities and investments that C&IoS intends to implement will complement national programmes and will not duplicate provision. The C&IoS ITI Strategy sits alongside and is closely integrated with the C&IoS Strategic Economic

Plan (SEP). The C&IoS SEP is an overarching plan combining several tools to enable effective delivery. The key financial opportunity from 2014 to 2020 is not the ESI fund on its own. This is not sufficient for our successful transformation. Consequently, the ITI Strategy includes complementary components that are financed from national and local budgets. The SEP equally outlines additional and complementary changes and tools that are required to deliver C&IoS economic goals and to optimise our contribution to UK growth and development.

The three Strategic Priorities in the C&IoS ITI Strategy are replicated in the SEP seamlessly linking these two documents in their priorities and ambitions.

Policy area	ITI strategy contribution
C&IoS Strategic Economic Plan	The C&IoS SEP is an overarching plan to guide economic development in C&IoS for which the ITI is a key delivery mechanism.
EU 2020 Smart	Investment in widening participation and knowledge transfer, driving innovation through capitalising on world class R&D and innovation and growing productivity through enterprise to boost productivity and skills levels
EU 2020 Sustainable	Focus on development of growth, using unique natural characteristics and activities that encourage energy efficiency and low carbon growth
EU 2020 Inclusive	Investment to ensure that those in deprived areas and in poverty are engaged in finding solutions to local barriers to growth and better paid jobs
Common Agricultural Policy	The use of EAFRD (via the ESI Fund, LEADER and future rural development programmes) will be key to the delivery of aims across the SIF investment activities, and these align with the six broad priorities of the Rural Development Regulation and support the delivery of Defra’s four priorities, as identified in the national EAFRD programme
Industrial Strategy (IS)	The ITI Strategy identifies key sectors that might be selected for the Smart Specialisation approach. Engaging with the IS in a Less Developed Region is challenging: however, we are embracing the approach of working with the sectors set out in the IS, through the proposed set of interventions in the ITI Strategy
Smart Specialisation	Key sectors have been identified and are the focus of indicative activities in the ITI Strategy
Witty Review of Universities and Growth	Identifies key local research strengths in areas such as agri-tech and marine sciences, being deployed through Smart Specialisation and investment in supply chain development
UK Strategy for Agricultural Technologies	Our focus on agri-tech will support the UK vision to become a world leader in agricultural technology, innovation and sustainability, exploiting opportunities to develop and adopt new and existing technologies, products and services to increase productivity and contribute to global food security and international development
Connecting Cornwall 2030: Local Transport Plan	Promoting sustainable transport and removing bottlenecks in key network infrastructure, strengthening the response to gaps in the strategic transport network and lack of access to public transport
Cornwall Local Plan	Ensuring housing growth is predicated on economic growth and jobs, through creating the conditions for growth along with investment in business and the future economy
Health and Wellbeing Strategy	A focus on e-health and wellbeing as part of the Smart Specialisation approach, along with specific investment activity to develop communities that are economically and socially resilient, sustainable and inclusive
Cornwall Council Economy & Culture Strategy	Creating the conditions for growth, the future economy and growth for business



## Strategic Priority 1



### Future Economy

This priority sets out how C&IoS aims to target investment into growth markets where we have an identified business and infrastructure base. It specifically seeks to drive growth through investment in research, development and innovation with the support of further and higher education partners.

### Context and key challenges

Smart Specialisation is a European approach to addressing new growth opportunities. It is based on regions identifying a limited number of priorities for investment where they have a competitive advantage based on where they have physical, knowledge and enterprise assets.

C&IoS has the lowest levels of productivity of any of the LEP areas in England. This is a reflection of very low levels of research and development (R&D) expenditure and declining competitiveness. This is partly caused by the predominance of SMEs and the lack of large businesses which generally have the propensity and resources to invest in R&D. As businesses in C&IoS spent only 0.18% of GDP on R&D in 2008 (a fall of 44% since 2005) and its competitiveness is in decline, a different approach to investment in research and innovation is required.

C&IoS will address historic poor performance in R&D through adopting targeted investments. We plan to tackle this by capitalising on Cornwall and the Isles of Scilly's strengths and unique characteristics to exploit new and emerging markets and sectors in which we have a competitive advantage.

For many years we have been acknowledged as a leader in low carbon technologies with excellent

### Objectives

#### Future Economy 1

To drive growth in our region's economy through RD&I investment to support our business base (existing and new) in integrating into the supply chains of key identified global markets where we can demonstrate a competitive advantage.

#### Future Economy 2

To invest in activities with growth potential that support Cornwall and the Isles of Scilly's transition to becoming a 'green and marine' region.

natural resources, innovation clusters and cutting edge infrastructure investments. C&IoS is well placed to develop new technologies and create high-value; knowledge based low carbon economic growth. Other investment in sustainable transport will support this and also address issues relating to our geographical peripherality.

In order to build an innovative and sustainable economy, Cornwall and the Isles of Scilly aim to prioritise targeted support to companies that have the potential to exploit new market opportunities and also those who can deliver the ambition to be a 'green and marine' region.

These strategic ambitions will be delivered through two key objectives:

#### Future Economy Objective 1:

To drive growth in our region's economy through RD&I investment to support our business base (existing and new) in integrating into the supply chains of key identified global markets where we can demonstrate a competitive advantage.

**Rationale for intervention:** Due to low levels of investment in R&D, competitiveness and productivity, C&IoS will seek to deliver a step change in the economy by investing in areas where it has the potential to achieve high growth through Research, Development and Innovation (RD&I) investment in both existing businesses and start-ups, capitalising on exporting opportunities and through attracting high growth companies to the region.

We will achieve this through adopting a Smart Specialisation approach and following the European Smart Specialisation guidance to develop our framework. This is essential to boost regional innovation and reflect the ex-ante conditionality of EU Structural and Investment funding. We have identified four key thematic areas for Smart Specialisation investment along with two key assets. There are several 'enablers' which cut across all of the Smart Specialisation areas and are important to support growth in our identified areas. These include digital, big data, skills and a Smart Energy Programme.

Cornwall and the Isles of Scilly's emerging Smart Specialisation Framework has identified key markets where the area has, or can develop, a competitive advantage. In order to address some of our underlying innovation issues, it is important that we provide the right mix of financial and non-financial support to assist our enterprises to innovate. This will increase the innovation and commercialisation capacity of businesses in C&IoS, to help them access and exploit new knowledge and ideas and to enable them to compete in increasingly global markets.

It is important that investment will position our businesses so that they can benefit from national R&I funding programmes e.g. Innovate UK and Horizon 2020. The most recent evidence (2010-



2013) shows that only 20 local businesses (out of 5464) successfully applied for the national Technology Strategy Board (TSB) funding. When it comes to the value of grants the position is marked, with only £4 million out of £922 million being secured locally.

It is, therefore, critical that those businesses with the greatest growth potential are given necessary support (academic, commercial or financial) to improve their innovation strengths so they are in a position to compete for national funding.

The key markets that have been identified for C&IoS where we have both the assets and potential for growth are:

1. Agri-tech
2. Digital Economy
3. E-health and e-wellbeing
4. Marine Tech
5. Space/Aerospace

In developing our approach to Smart Specialisation, we have worked with local stakeholders and also engaged with a range of national organisations to assess C&IoS' areas for investment.

During the development process for this strategy, partners in C&IoS met the Technology Strategy Board (TSB) to discuss their early thinking on Smart Specialisation. Following these discussions, the TSB agreed that the identified areas of intervention are credible and that we are building on our physical, knowledge and enterprise assets. Partners also engaged directly with the Agricultural and Horticulture Board who identified areas where they felt C&IoS had a nationally competitive advantage and encouraged investment accordingly; these recommendations have been accepted by partners and have formed the basis for our Agri-tech specialisms.

In addition, partners also met with the National Space Agency who confirmed that Goonhilly (a fully operational satellite communications teleport based near Helston in West Cornwall) is seen as a key national asset and confirmed that as space is now a Government priority there are significant opportunities to develop capacity and expertise in this area.

The developing areas for investment have been linked to the UK Industrial Strategy to demonstrate how local priorities will help to deliver national ambitions. These linkages are set out in the table below.

Smart Specialisation Area	Specific Market Opportunities Identified	Links to the UK Industrial Strategy and the 8 Great Technologies
Agri-tech	Animal health and welfare in dairy cattle Resource use efficiency in the production process Plant health	Agri-science Agri-technology Big Data Robotics and autonomous systems
Digital Economy	Digital media / gaming Software development Pervasive media (content application services)	Information economy Big Data Information economy
E-health and E-wellbeing	E-wellbeing – using digital technologies to improve health outcomes End to end skills programme	Information economy Big Data Education (exporting)
Marine Technology	Offshore renewables (wave and floating wind) Advanced marine paint technologies Green ship technologies	Offshore Wind Energy Advanced materials and nano-technology Energy and its storage
Space and Aerospace Assets	Goonhilly – satellite management and applications Newquay Cornwall Airport – long runway; free airspace; unmanned vehicles	Aerospace Space Robotics and autonomous systems Big Data

**Enablers:** these include digital, big data, skills and a Smart Energy Programme.

In C&IoS we will look to make the most of these Smart Specialisation opportunities by providing support to drive excellence and exploit our competitive advantage in key markets and develop an innovation ecosystem across the whole of our economy to drive growth through innovation.

Each of the Smart Specialisation areas are detailed further below, identifying our local strengths and competitive assets including maximising the leverage from the legacy of strategic assets and

investments from previous programming periods. Key assets have been identified as part of the Smart Specialisation sector analysis process. These are significant capital assets and this strategy intends to allocate revenue to maximise these assets and activities that further contribute to the strategy.

The rationale for each of these markets is detailed below:

1. Agri-tech

Development of the agri-tech sector will support our existing agricultural and food strengths in C&IoS by identifying where we could demonstrate a competitive advantage as part of a wider agri-food development programme for the ESI fund and Rural Development Programme.

The importance of this sector is demonstrated by the fact that agri-food and agri-tech make up 8 of the top 20 sectors by locality quotient (2012) for C&IoS. Agri-tech is also the only ‘hit’ we have on the Witty heat maps, once again demonstrating the local importance of this sector.

Agri-science is one of the Eight Great Technologies that have been supported by a national agri-tech strategy. Emerging capability (agri- tech centres of excellence, emerging Horizon 2020 Innovation Partnerships, etc.) are building strong national capacity by supporting regional specialisation. The agri-tech sector crosses boundaries so there is real potential to encourage/facilitate partnership and collaboration.

Finally, there are already well established local and national partnerships in this area. These include the Cornwall Agri-food Council, the Peninsula Partnership for Rural Environment, The Centre for Rural Policy Research and the Food Security and Land Research Alliance. Partners also have established strong links with the Agricultural and Horticultural Development Board and it is through working with these partners that the specific investment activities have been identified.

The agri-food sector represents 6.5% of our total GVA and 25% of total employment. Therefore, productivity gains that are derived from innovation will have significant benefit locally in addition to providing benefits and economic opportunities at a national and international level.

The current collective thinking gathered from meetings with stakeholder groups is that our agri-tech activity will centre on the theme of “Resource Use Efficiency” but with a distinct and different sectoral focus in different areas of England. In C&IoS,

the major focus will be on cattle (dairy and beef) and speciality crops where the region provides a climatic advantage and added value.

The importance of disease (and pest) minimisation and management for crops and livestock continues to be supported as a major component of the proposed work programmes, as a major contributor to the reduced efficiency of use for all inputs (land, water, energy, nutrients etc). It is now envisaged that the work to be done will be integrated across three scales of operation: optimised land and water management for sustainable crop and livestock production, resource-efficient whole farm management and innovative tools and technologies for resource-use efficient farming.

Local Strengths and Competitive Advantage

Physical Assets

**Duchy College** – one of the largest specialist land colleges in the UK, with previous investment in applied research facilities, dairy production, animal management and land based technologies

**Environment and Sustainability Institute** – new facility on the Penryn Campus delivering world class research and knowledge exchange programmes

**Food Innovation Centre** - based at Duchy College, the Centre works with businesses to deliver innovative solutions across all areas of food processing

**Climate and geography** – warm maritime climate enabling early production of crops, fruit and vegetables

**Diverse agricultural land**– with significant production of dairy, fruit and vegetables

**Marine environment** – with sea on 3 of our 4 borders, we have a rich fishing and aquaculture heritage



## Knowledge Assets

**Duchy College Future Farm** – new dairy unit and research facility

**Duchy College Rural Business School** – currently delivering the largest knowledge exchange programme under RDPE in the UK

**Rural Business Research** – the most comprehensive data collection and analysis resource for farm businesses in the UK

**Plymouth University Centre for Agriculture and Rural Sustainability (CARS)** – a cross-disciplinary team developing sustainable solutions to key agricultural and rural challenges

**Exeter University** – research excellence in plant health, and emerging research expertise through the Environment and Sustainability Institute

**Knowledge assets outside of C&IoS** – research excellence from other areas including Rothamsted Research at North Wyke which focusses on grassland management.

## Enterprise Assets

- 25% of the workforce is employed in the agriculture and food processing sector (over 12,000) with many leading national and international brands
- Cornwall Agri-food Council - strategic partnership bringing together the public and private sectors
- 600 dairy farmers (131,000 dairy cattle – 6% of the national herd) with an estimated 120 farmers in a position to benefit from intensive research and innovation developments
- Cluster of food production and food processing businesses, actively involved in research and innovation. These include Trewithen Dairy, Ginsters, Tulip, WC Rowe, Riviera Produce, Winchester Growers and Rowe Farming
- Teagle Farm Machinery – the largest independent farm machinery manufacturer in the UK with a number of patented machines

## 2. Digital Economy

C&IoS's unique positioning in the context of the information economy is that it benefits from the most extensive commercial and residential deployment of superfast broadband in a rural setting in the UK (and possibly the world). Connectivity in Cornwall and the Isles of Scilly is comparable or superior to broadband connectivity in central London. This makes Cornwall and the Isles of Scilly an ideal Digital/ Information Economy 'test-bed.'

The implications for this in a digital age are significant. ICT and software businesses in the digital creative industries/interactive media can now operate and remain as competitive in rural Cornwall as in Media City or London. As a result, many successful businesses are choosing to operate in Cornwall. The growth and expansion of the ICT and creative digital industries in Cornwall and the Isles of Scilly has been significant in recent years, being two of the few growth sectors during the recession.

The benefits of superfast broadband are already being seen as presenting a huge advantage to businesses in the developing digital and creative sectors. The opportunities for innovations exploiting the broadband infrastructure will be broad and wide ranging, impacting on sectors as diverse as e-health and wellbeing; smart grids; smart buildings; space related industries; the creative industries and specialist design and manufacturing.

## Local Strength and Competitive Advantage

### Physical Assets

**Fibre optic broadband network** – by 2015, 95% of C&IoS will have access to the fibre optic network.

**Academy for Innovation and Research** – a new £8m investment providing the home for business research and collaboration for Falmouth University, specialising in the digital economy and sustainable design

**Pool Innovation Centre** – an £11m innovation centre targeting digital technology businesses

**High performance computing** – facilities at the Environment and Sustainability Institute (linking to the Met Office)

## Knowledge Assets

**Falmouth University** – expertise in gaming (supported through an FP7 project and an ERDF graduate start up programme), digital design, digital media and digital creative

**University of Exeter** – expertise in data science/ data analysis and high performance computing

**Plymouth University** – expertise in data security, programming (2000 computing graduates p.a.), digital creative and artificial intelligence

## Enterprise Assets

- Rapid growth in the digital sector – between 2009 and 2014 employment has increased by 26%, with turnover increasing by 24%
- Over 1,000 small and micro businesses in the digital sector
- Cluster of world leading software and digital science businesses – these include Headforwards, Avanti, Altcom, Sullivan Cuff and Geoscience
- Cluster of globally competitive creative industries and digital creative businesses – these include Dogbite, TigerX, ikandi and Spider Eye

## 3. E-Health and E-Wellbeing

C&IoS is uniquely positioned to become a centre of expertise in e-wellbeing, building on its existing assets. With single authorities that have co-terminus boundaries in health, social and primary care, economic development and local government, C&IoS can develop new approaches to public and private health and wellbeing that are integrated, innovative and can be adopted in other regions and countries.

Cornwall has internationally recognised research expertise in this field in the Universities of Exeter, Falmouth and Plymouth, a responsive education and training sector and a dynamic, skilled SME community with appropriate IT and other infrastructure. In

addition, Cornwall has an engaged voluntary and community sector, which is involved in a number of ongoing innovative programmes providing illustrative case studies. Examples include Cornwall's Pioneer Programme working with the frail elderly to improve independence and resilience. C&IoS can demonstrate the value of these services to extreme remote island, rural and urban communities and to vulnerable populations. This will become increasingly important when the dichotomy between reducing resources and increasing demand becomes ever harder to bridge using more traditional approaches to healthcare.

## Local Strengths and Competitive Advantage

### Physical Assets

**European Centre for Environment and Human Health** – research centre focussing on the links between human health and the environment; includes business collaborations, new product development and evidence based solutions. The Centre also has key staff in e-health and e-wellbeing

**Health and Wellbeing Innovation Centre** – situated within a developing health cluster, the Centre offers support to new and expanding businesses in the health and wellbeing sector

**Extensive fibre optic broadband network** – providing appropriate connectivity for individuals and businesses to benefit from e-wellbeing technologies

### Knowledge Assets

**Plymouth University** – expertise in user-led E-health and e-wellbeing, social robotics and computer aided diagnostics and dentistry

**Exeter University** – expertise in electronic monitoring, mathematical modelling and social sciences

**University of Exeter Medical School** - expertise in medicine and research into areas such as personalised care and healthy communities

**Falmouth University** – particular expertise in



user interface design, digital design and smart systems

**Truro and Penwith College** – working with BT Cornwall to develop new telehealth and telecare skills programmes

**Health and Wellbeing Board** – Strategic partnership with a remit for e-health and e-wellbeing

**European Centre for Environment and Human Health** – key staff in e-health and e-wellbeing

### Enterprise Assets

- BT Cornwall – strategic partnership between BT and Cornwall Council to deliver E-health and wellbeing and develop a national centre of excellence
- Health is the second largest contributor to the local economy, providing huge scope to identify new, cost-effective models of delivery
- Cluster of internationally recognised companies working within the digital health sector – includes Carnego Services, Sullivan Cuff and Microtest
- Large adult care sector engaged in the e-wellbeing agenda

## 4. Marine Technology

The UK Renewable Energy Roadmap is seeking some 27 GW from wave and tidal devices by 2050. C&IoS has the potential to become an international market leader in this sector, given its unique location and marine energy resources including significant potential for renewable power generation.

As reflected in the South West Marine Energy Park's (SEMEP) Outlook and Long Term Ambition to 2030 documents, the economic and energy generation potential from the wave energy sector by 2030 is significant. It is anticipated wave generation could reach 15-20 MW by 2020, 50-100 MW by 2025 and up to 300-500MW by 2030, across the region.

Given the available wave resource the majority

of this wave generation is likely to be secured in the water off C&IoS. By deploying this level of generation it will also provide C&IoS with the opportunity to create a diverse local energy market and continue to grow its position in the commercialisation of wave energy generation.

Marine renewable technologies are still in the pre-commercial stage and a number of devices have already been tested off the coast of Cornwall. The aim in the 2014-20 period, as detailed in the C&IoS Marine Renewables Roadmap, is to see devices being tested and moved from device deployment and testing into pre-commercial and commercial applications.

There is an opportunity to capitalise on the innovation and knowledge that has been developed in Cornwall locally: the unique demonstrator and test facilities on offer in Cornwall and Plymouth, the world class academic expertise and the emerging cluster of supply chain businesses in Cornwall with potential to access international markets and grow exports. There is also potential to co-operate closely on wave energy research with Wales and Scotland and other regions, e.g. with the European Marine Energy Centre in Orkney, so that C&IoS and its partners can collectively emerge for UK PLC as world technology leaders in wave and tidal energy.

We intend to create an environment where technology developers can flourish. By drawing together and coordinating the best research, supply chain companies and expertise, we will support the development pathway for technology innovators, working with national organisations such as Offshore Renewable Energy Catapult (OREC), we will strengthen links with the broader UK innovation landscape and ensure the sector as a whole learns more efficiently, collaborates to leverage funding and cements the UK's position as a world leader in MRE.

We will also build on our long established tradition of boat building and repair to develop new technologies providing one of our most influential sectors the opportunity to capitalise on its research and innovation strengths and open up new, global markets.

## Local Strengths and Competitive Advantage

### Physical Assets

**Wave Hub** - £40m offshore facility for the testing and deployment of offshore technologies

**FaB Test** – fast, flexible, low cost solution for testing of wave energy technologies, components, moorings and deployment procedures.

**Hayle Marine Renewables Business Park** - a pre-commercial test site for offshore renewable energy technology devices as well as workspace for related businesses

**South West Moorings Test Facility** - designed to develop a thorough understanding of mooring system behavior of Offshore Renewable Energy systems in real conditions as well as to improve computer simulation models

**Falmouth Marine School** – provides technology and innovation solutions for the marine supply chain

**Falmouth Harbour** – 3rd largest natural harbour in the world and one of the largest ship repair complexes in the UK – accommodating vessels up to 100,000 tonnes

**Plymouth University tank test facilities** - physical model testing with combined waves, currents and wind, offered at scales appropriate for device testing, array testing, environmental modelling and coastal engineering

### Knowledge Assets

**Plymouth University** – expertise in marine management, marine engineering and hydrodynamics

**Exeter University** – founder member of the Marine Renewable Energy Group, with expertise in wave prediction and energy conversion, marine operations and moorings and surface and subsea electrical systems

**Peninsula Research Institute for Marine Renewable Energy (PRIMaRe)** - £12m joint venture between Exeter and Plymouth Universities to develop academic excellence and knowledge exchange

### Enterprise Assets

- Concentration of research and innovation - led companies operating in the offshore renewables field, including Mojo Maritime, Fred Olsen, RCH Marine Renewable and Seacore
- Device developers are now using the Wave Hub facility to test prototypes; encouraging evidence that developers are moving from testing to deployment
- Concentration of marine technology companies in the Falmouth and Penryn area with a conservative estimate of at least 100 businesses in the supply chain, employing over 1,500 people; this is further evidenced by 'repair and maintenance of ships and boats' being the top sector by location quotient (2012) for C&IoS
- Globally competitive businesses in ship repair and ship building – including A&P and Pendennis (both named companies in the 'Strategy for Growth for UK Marine Industries')
- Private sector-led research and development projects currently underway including new ship paint/anti-fouling products and green ship technologies

## 5. Space / Aerospace Assets

Space and aerospace assets have been included within the Cornwall and Isles of Scilly Smart Specialisation framework as it is recognised that we have assets of national significance by the UK Space Agency.

The two assets are Goonhilly Earth Station and Newquay Cornwall Airport (NCA).

**Goonhilly Earth Station** is seen by the UK Space Agency as a key national asset and is a fully operational satellite communications teleport.

Goonhilly Earth Station Ltd and Avanti both run operations from the Goonhilly site and there are ambitious plans to link Goonhilly to the Harwell Space Catapult Centre.

Strong academic links exist at Goonhilly, with Universities of Leeds, Oxford, Hertfordshire and Manchester all developing research and training programmes.

**Newquay Cornwall Airport** offers one of the longest runways in the UK and is able to support aircraft of any size. It has uncongested airspace and also a comprehensive air traffic control system. NCA is part of the Newquay Aerohub which has Enterprise Zone status.

Both Goonhilly and NCA are assets that could provide Cornwall with a competitive advantage. The airport, for example, already has linkages with Wales to develop unmanned vehicles. Although it is fully recognised that we are not at a point to fully exploit these assets today, there is an ambition to fully understand the economic potential of the assets and to invest accordingly.

#### Activities for investment within Future Economy 1 include:

- Developing and supporting appropriate models that encourage research and innovation to develop business opportunities in the identified growth markets
- Undertaking collaboration with centres of excellence to support growth within and exploit market opportunities
- Making investments to build upon current physical and knowledge assets, maximise investments made under Objective One and Convergence and address identified gaps in research, innovation and knowledge infrastructure
- Supporting an increase in higher level skills to underpin economic growth linked to identified Future Economy priorities

### Future Economy Objective 2: To invest in activities with growth potential that develop Cornwall and the Isles of Scilly as a 'green and marine' region

**Rationale for intervention:** Over a third of the UK's economic growth in 2011/12 came from the Low Carbon Environmental Goods and Services (LCEGS) sector. The low-carbon economy represents a real engine of growth for C&IoS. This includes areas such as clean-tech development and innovation and can enable C&IoS to capture value from the transition to a low-carbon economy. Additionally, unlocking the unique opportunities for energy generation and value creation presented by our deep geothermal and marine energy endowments provides significant opportunities to generate substantial amounts of renewable energy, whilst building a leading position in these technologies. It is also important that C&IoS exploits the opportunities associated with renewable heat, including the development of heat networks.

Local energy solutions, which include the localisation of energy ownership, generation, supply and markets can also benefit C&IoS through retaining more of our energy spend within the local economy on the journey to developing a local energy market. Research has estimated that up to 69% of Cornwall's electricity spend can be localised by 2030, retaining up to £351m in the economy, whilst presenting opportunities to increase energy security and resilience.

It is also important to promote innovative approaches to energy efficiency in our homes and public estate, fostering new technology applications to support our drive to lower energy consumption and reduce our greenhouse gas emissions.

Given the constraints that are now emerging on Cornwall's grid infrastructure, the requirement for smart energy solutions that build on the concept

of localising the benefit of energy, whilst dealing with constraint issues through technologies such as storage, will become ever more important. These smart technologies also offer a significant economic opportunity for C&IoS, with global markets in these technologies estimated to be worth around \$33-\$36bn and worth between \$400 and \$500bn by 2020.

Transport fuel costs and price inflation acts as a constraint on economic growth. The C&IoS economy can benefit from the transition to more efficient Ultra Low Emission Vehicles (ULEVs), and a greater focus on alternative fuel types, reducing

exposure to increasing fossil fuel prices, with crude oil prices expected to rise to \$150 per barrel by 2020. There is a chance to take the brakes off the C&IoS recovery by addressing transport sustainability barriers to growth. High levels of dependency on private cars and a constrained road network, in conjunction with transport poverty, act to restrict individuals' access to employment and education. With increasing fuel prices, intervention is required to prevent disadvantaged individuals from being locked out of economic activity that could contribute to both their wellbeing and C&IoS's growth.

#### Activities for investment within Future Economy 1 include:

- Delivering low carbon economic growth
- Sustainably and responsibly increasing generation and use of renewable energy
- Supporting the development of technology and innovations to develop the transition to a low carbon economy
- Developing the renewable energy and environmental technologies sectors and supply chain in C&IoS
- Using Smart Energy infrastructure to unlock and drive growth
- Encouraging the adoption of low carbon transport solutions
- Investing in the responsible management of our natural environment that leads to economic growth

- Implementing innovative approaches to maximise sustainable growth for local communities and the local economy (including agri-food)
- Implementing innovative approaches to facilitate and mitigate harbour developments
- Supporting an increase in higher level skills to underpin economic growth linked to identified Future Economy priorities
- Supporting the development of technology and innovations to enable the transition to a low carbon economy, improve environmental management and support ambitions for environmental growth
- Investing in climate change adaptation to increase business and community resilience
- Investing in environmental growth to increase economic potential linked to natural goods and services



Strategic Priority 2



Growth for Business

‘To increase productivity and competitiveness in existing businesses and to encourage and support new enterprise in Cornwall and the Isles of Scilly’

This priority sets out how C&IoS aims to target investment that will accelerate productivity and competitiveness in the region’s businesses. The strategy has been developed in close collaboration with C&IoS businesses and its primary focus is to ensure that local companies have the appropriate support to grow.

Objectives

Growth for business 1

Simplified, single point of access to business support: channelling demand to appropriate solutions

Growth for business 2

Investments to increase levels of R&D and innovation across Cornwall and the Isles of Scilly’s business base

Growth for business 3

Provision of capital infrastructure including high quality workspace for business growth

Growth for business 4

Increase workforce productivity through skills and career development programmes

Context and key challenges

C&IoS’s business base is composed primarily of micro, small and medium sized enterprises. There are approximately 21,105 VAT registered businesses across the LEP area. However, when incorporating all registered enterprises, including those that fall beneath the VAT registration level, there are approximately 65,000 businesses in C&IoS. These SMEs and micro businesses are key drivers for local economic growth as they make up approximately 99.8% of the total number of enterprises across the LEP area.

Cornwall and the Isles of Scilly has the lowest levels of productivity of any of the areas in the country (ONS). GDP is £16,200 per annum per capita, 2011 figures showed 64% of the EU average and 61% of the UK average. GVA is £13,848 compared to the UK average of £20,873.

The local business base also has low levels of innovation. For example, in 2009 R&D spend was 0.19% of GDP compared to a national figure of 1.85%. Business closures have exceeded start-ups in each of the last three years.

Export figures from HM Revenue and Customs shows that the Southwest had the smallest total value of exports for the year ending March 2013 (£12.7bn). This is 5.7% of England’s total. UKTI estimate that approximately 1,000 (5%) of the total number of registered businesses in C&IoS export goods and services.

National data sources also demonstrate that there is a strong correlation between the quality of the workforce and how well an economy performs. However, Cornwall and the Isles of Scilly is lagging behind its counterparts in skills attainment levels. In order to achieve national levels, 13,000 people of working age will need to achieve qualifications at NVQ level 4. In addition, approximately 75,000 people of working age are not qualified to NVQ level 2 (the national skills benchmark level).

Peripherality and physical distance from markets is also considered a barrier to local economic growth.

A comprehensive evidence base, that identifies key drivers of productivity in order to assess where further investment is required, was used to support development of this Strategy.

In order to address the issues facing C&IoS’s

businesses we aim to invest in activities that will enhance the productivity and competitiveness of existing SMEs, encourage new enterprise and support business growth through innovation, exporting opportunities and investment into C&IoS.

This activity will be complemented by the provision of capital infrastructure including high quality workspace for business growth (where the evidence demonstrates a need for investment) and research, skills development, training and apprenticeship opportunities that are closely aligned to the current labour market and C&IoS’s emerging growth sectors.

Growth for Business Objective 1: Provision of simplified, single point access to business support: channelling demand to appropriate solutions

In order to implement an effective local business support infrastructure, we aim to deliver related activities under a single, coordinated, strategic framework and have identified the development of a bespoke local Growth Hub as a central pillar of the business support offer.

**Rationale for intervention:** Feedback from C&IoS’s businesses during the ESI Strategy and Strategic Economic Plan consultation shows that the current business support landscape is confused. There are too many different schemes available, each with their own targets, marketing and promotion.

The current situation in C&IoS reflects the national business support picture. A consultation conducted in 2013 by the Department of Business, Innovation and Skills entitled ‘Small Business: Great Ambition’ has resulted in a nationwide drive to simplify, rationalise and integrate Government initiatives and local business support programmes

through a Growth Hub model across all LEP areas.

The C&IoS Growth Hub and business support provision will be co-designed with local companies and support providers to ensure a business-centric approach to delivery. The local offer will build on existing partnerships and will also ensure strategic collaboration with national schemes, where appropriate.

Business support: the local approach

C&IoS’s business base is predominantly made up of micro, small and medium enterprises many of whom do not meet the strict high-growth criteria set nationally for intensive business acceleration support<sup>1</sup>. However, a significant proportion of businesses demonstrate the potential to become high-growth and/or make significant improvements in their productivity. Therefore, through ESI fund intervention, C&IoS aims to focus investment on accelerating the productivity of both ‘high-growth’ and ‘growth-potential’ businesses. This activity will include support to increase the growth of those sectors and businesses characterised by high value added products and services.

The aim of the C&IoS Growth Hub is to encourage a competitive, enterprise focused culture. However, support will not be provided where displacement of other businesses and jobs is likely to take place as a result.

**Supporting high-growth businesses:** A research project commissioned by NESTA in 2009 provides a comprehensive study into UK business growth over the past decade. The report concludes that high-growth firms are responsible for the majority of job creation in the UK and that focusing attention on growing businesses and promoting excellence will give rise to widespread economic growth. Consequently, interventions that target firms with high growth potential are likely to be more efficient than generic business support activities for all SMEs who may lack the ambition to grow.

According to the OECD definition (which utilises employment growth data) C&IoS had only 65 high-growth businesses in 2011. Alternatively, Oxford

<sup>1</sup> High growth businesses are defined by the OECD as those with at least 10 employees and who have experienced growth (jobs or turnover) at an annual average of 20% over a three year period.



Innovation (a national business support provider that delivers services locally) estimates, using turnover data, that there are approximately 400 high-growth businesses in C&IoS.

This evidence demonstrates that C&IoS have a low proportion of high-growth firms within its business base when compared to other areas across England. It is for this reason the strategy seeks to support businesses with 'growth potential'.

#### Supporting 'growth potential' businesses:

It is important to note that the state of growth is not constant. An analysis of the market position, innovation pipeline and ability of the management to embrace these opportunities is simply a starting point. On-going monitoring of internal and external factors is a crucial factor in harnessing and exploiting growth opportunities as they arise.

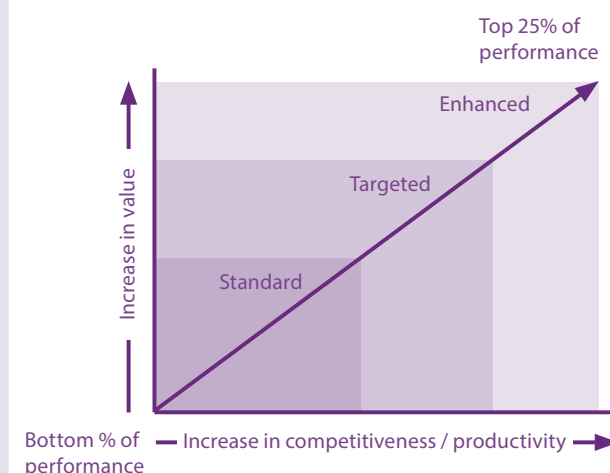
Data collated in January 2014 from business support services currently operating across C&IoS estimate that there are potentially 3,293 businesses that do not meet the national criteria but are considered to have the potential to become high-growth. 1,138 of these are start-up enterprises.

Therefore, in order to best support C&IoS's businesses to become more productive, we intend to focus business support activities on both ERDF eligible high-growth and growth-potential businesses. Broadening the C&IoS business support offer to include growth potential companies will benefit a wider section of the business community whilst still focussing the most intensive support on the relatively small cohort of businesses that will deliver the highest ratio of outputs. This dual approach to business support will be offered on a sliding scale. As businesses demonstrate the willingness and the skills to grow and become more productive, they will be able to access additional support.

The commissioning process for the Growth Hub will identify criteria for types and levels of intervention that will be applied throughout delivery. However, the diagram below begins to identify how businesses with the potential to contribute towards productivity will receive support to strengthen their core activities:

### The Growth Hub in Cornwall and Isles of Scilly

We will allocate the majority of the funding to businesses that are high-growth or have the potential to make the greatest contribution to raising productivity in the area as set out below.



This approach will be coordinated to ensure a strategic approach to business support.

#### This model identifies three levels of intervention:

standard, targeted and enhanced (there will be flexibility between the levels so that those that are high growth can go straight to the enhanced support).

**Standard:** In order to streamline support, improve productivity levels across the business base and reach those who have not yet been able to access EU structural funds, there will be a standard offer to all businesses. At this stage there will be a diagnostic service to identify the appropriate interventions, as well as an ERDF eligibility check. This will allow for ineligible businesses to be signposted to other services. This level of support will include one-to-many services such as those offered by national government, private sector provision or any projects separately funded through other resources.

This stage is designed to support all businesses to come through the same route but move those businesses with growth potential to the more targeted and enhanced elements of the business support provision.

**Targeted:** We anticipate that this level of support will be available to businesses that show the potential to grow. This area will test business ability and commitment to grow through sessions with smaller groups as well as short one-to-one support.

**Enhanced:** The enhanced offer will focus on those businesses that are high-growth (or can be with enhanced support). It will offer tailored support to those businesses on areas such as strategy, finance, international trading and the key changes needed in order for the business to reach its growth potential including through business support vouchers.

### The development of a bespoke C&IoS Growth Hub

Activities for investment include interventions that will support businesses to:

- Develop growth strategies
- Implement productivity and resource improvements
- Navigate the regulatory environment and access public sector procurement opportunities
- Access professional advice (i.e. human resources, technical and legal)
- Access appropriate finance programmes at each stage of their lifecycle
- Adopt flexible working practices to address workforce health issues, disabilities in the workplace and an ageing workforce

In addition to the activities listed above, we have identified the importance of **supporting businesses to expand their market reach:** increasing access to local, national and international markets as a key area of focus.

**Rationale for intervention:** Global competitiveness and changing markets have increased the need for businesses to maximise trade opportunities in both domestic and

international markets. In order to maximise growth and employment potential, businesses must seize opportunities to trade and export products and services to new and emerging markets.

A recent study into the contribution of exporting to UK productivity concludes that firms that export products and services experience faster productivity than non-exporting firms<sup>2</sup> and, therefore, contribute more to national economic growth. This report also confirms that, on average, businesses that trade online have double the turnover of businesses which do not.

Research carried out by Oxford Economics notes that approximately 68% of SMEs in the UK are now focusing on penetrating new geographic markets. This research also confirms that 40% of UK SMEs say that within three years they will generate between 21% and 40% of their revenue globally.

Export figures from HM Revenue and Customs shows that the Southwest had the smallest total value of exports for the year ending March 2013 at £12.7bn. This is 5.7% of England's total. In C&IoS, UKTI estimate that only c5% of registered businesses export goods and services. There is also a lack of Foreign Direct Investment across C&IoS. ONS data (2009) shows that 9% of employees and 2% of companies operating in Cornwall are in foreign ownership compared to a figure of 18% nationally.

**Strengthening local supply-chains** also has a number of benefits to a local economy: including potential for growth, future resilience, potential reduction in transport costs (and therefore emission) and driving out waste. The development of long-term, outcome based relationships across the supply chain will facilitate a culture where:

- Design and manufacture is brought closer together
- Productivity rises
- Best practice is shared across the supply chain
- Constraints are identified, removed and delivery accelerated

Therefore, the development and further integration of businesses across supply chains has been identified as a key element of the C&IoS ITI Strategy's business focused initiatives.

<sup>2</sup> BMG Research, SME Business Barometer, March 2014

**The Cornwall brand:** Exploiting local branding opportunities can also open up access to new markets and allow business competitors to use mutually beneficial marketing opportunities (i.e. the use of Brand Cornwall). Businesses moving into an area can bring a large amount of high-quality jobs in a short period of time.

**Supporting businesses to expand market reach**

**Activities for investment include:**

- Providing businesses with expertise and support to start and/ or increase trading in new markets: helping them to overcome barriers (legal, regulatory, cultural and financial)
- Connecting local companies, clusters, networks or other multi- business partnerships to local, national and international partners
- Promoting the internationalisation agenda at a local level
- Supporting businesses to make the best use of the 'Cornwall Brand'
- Encouraging Foreign Direct Investment into Cornwall and the Isles of Scilly
- Developing local supply chains

**Growth for Business Objective 2: Investments to increase levels of R&D and innovation across Cornwall and the Isles of Scilly's business base**

Rationale for intervention: The BIS Innovation and Research Strategy for Growth<sup>3</sup> demonstrates that investment in innovation is an important driver for economic growth and productivity. This report also confirms that businesses that innovate are more productive than those that do not.

As previously defined, C&IoS's business base generally has low levels of innovation. In 2009 R&D spend was 0.19% of GDP compared to a

national figure of 1.85%. This is also evidenced by low take up of R&D tax credits and the levels of competitiveness.

There is a weak innovation and R&D culture within the business base of C&IoS, the lowest of all 39 LEP areas in England in terms of employment in export intensive industries.

This evidence is further supported by the lack of local businesses securing national funding schemes to support innovation. Therefore, it is critical that local companies are supported to improve their innovation strengths so that they are able to compete for national funding streams and become more competitive. Support will include a range of activities from equipment and advice to collaboration.

Evidence also suggests that new job growth can be most successful in new company start-ups. A recent report from the Enterprise Research Centre confirms that new firms (2007-2010) accounted for 61% of all job creating companies and 36% of all job creation in the UK. Although there are issues with the overall survival rate of new companies, the need to support a culture of innovative business start- ups is a key ambition in terms of job creation.

Despite poor evidence in terms of research and innovation, strides have already been taken to address some of the fundamental weaknesses in Cornwall's innovation culture. This is demonstrated by previous European investment in facilities such as the Academy of Innovation and Research, Environment and Sustainability Institute, and the three Innovation Centres, offering both new and existing businesses exceptional facilities and support. These investments are already delivering results in both business productivity and job growth and it is important that we continue to build on these successes and further extend the reach into the business community.

<sup>3</sup> BIS, Innovation and Research Strategy for Growth, December 2011

**Activities for investment within Growth for Business 2 include:**

- Increasing levels of R&D and developing an innovation culture from early ideas through to commercialisation and implementation, including technical skills development
- Using existing Research and Innovation Centres to drive jobs and growth
- Ensuring the appropriate availability of equipment and specialist advice to meet the needs of the innovation business base and stimulate new business growth
- Enabling businesses with growth potential to overcome barriers preventing them from benefiting from research and innovation and stimulating new business creation by supporting graduates (and others) to drive job creation and growth
- Using social innovation to provide collaborative solutions to key challenges (i.e. energy, health and housing)
- Stimulating collaborative opportunities to drive knowledge transfer, research and development and innovation to drive jobs and growth (business: business, HE: business etc.)

**Growth for Business Objective 3: Provision of infrastructure including high quality workspace for business growth**

**Rationale for intervention:** Low commercial property values and high development costs (often as a result of contamination from Cornwall's historic mining industry) have for many years rendered commercial property development unviable in all but a few prime locations. As a result, many businesses have located in cheap but outdated accommodation, not suited to their requirements or their aspirations.

The Cornwall Local Plan Employment Land Review (2009/10) estimated that a supply of around

150ha is needed to meet demand by the end of the Plan period, reflecting a need to address longstanding stock and market challenges. Since the Employment Land Review, market capacity and delivery has remained depressed. 7.6ha of workspace was delivered in the period 2009-12. This is only a third of what the review forecast was required in this period.

Investment through the Convergence programme in workspace, land remediation and site infrastructure to create 'oven ready' development opportunities has helped to address this issue. However, the provision of market led, high quality, modern, well located workspace must remain an important objective if Cornwall is to attract, retain and grow ambitious high value businesses.

Evidence from the Convergence programme shows that the vast majority of workspace investments had an investment gap (where the market value of the development is lower than the costs of delivering the project) in excess of 50%. This is the maximum that could be provided to an SME under the state aid rules in force at the time. It is also important to note that the values and costs for each project supported through the Convergence programme were verified independently by an appropriately qualified professional.

A positive change in the macro-economic climate may improve commercial values and reduce the funding gap, although equally a rise in construction costs (which fell sharply following the recession) could easily cancel out any increase in values. However, it is reasonable to assume that closing the investment gap so that the market can function without public intervention is a medium to long term goal and the provision of quality industrial and office accommodation, which meets the highest standards of environmental and social sustainability, will continue to require public intervention during the life of the new programme.



#### Activities for investment within Growth for Business 3 include:

- The provision of demand responsive high quality well located workspace including grow-on space.
- Investment in workspace for business clusters that support Cornwall and the Isles of Scilly's cultural distinctiveness or sectors where we can demonstrate a competitive advantage.

#### Growth for Business Objective 4: Increase workforce productivity though skills (including higher level skills) and career development programmes

**Rationale for intervention:** There is a strong correlation between the quality of the workforce and how well an economy performs. Therefore employment, training and skills are key areas of focus within the C&IoS strategy for economic growth.

The evidence demonstrates that in Cornwall we are lagging behind our counterparts in skills attainment. The Isles of Scilly have a higher level of skills but, due to the lack of employment options, the main issue is the underutilisation of those skills. Tackling skills attainment levels is, therefore, likely to be a focus of investment.

Job Seekers Allowance (JSA) claimant rates in Cornwall are at 2.9% (DWP, June 2012) compared to 3.8% nationally. However, economic inactivity attributed to those with ill-health, disabilities and caring commitments is a significant issue within the C&IoS area. For example, 28.4% of people aged 16-64 are economically inactive, which equates to 94,300 people. This is higher than the UK figure of 23.4%.

In addition, approximately £100m per year is spent in C&IoS on support and care for adults with a learning disability and unemployment rates for people with learning disabilities are over 90%. Therefore, finding new and innovative ways to

address issues relating to workforce ill-health, caring commitments and those with disabilities (who are able to work) will add value to national initiatives designed to support people into work.

Another significant challenge for C&IoS is to establish ways of transferring skills from those working in declining industries to growing, dynamic, knowledge intensive sectors which are likely to be more productive in the future. We are committed to ensuring that employers are at the heart of the design and delivery of skills development, apprenticeship and training opportunities.

This approach will be developed to enable businesses to adjust to changes in technology and markets and to prepare for the skills needs of the future. Consequently, through ESI fund and national and local interventions, industry engagement programmes will be broadened to enable business to influence the curriculum, identify education- industry links, and influence research institution activities.

Furthermore, young people in C&IoS are not attaining the skills levels or qualifications that they need to progress through the labour market. The C&IoS Employment and Skills Evidence Base identifies trends of long term unemployment starting in early adulthood as well as geographic variations in skills attainment levels among young people in Cornwall.

The gender attainment gap in Cornwall is also significantly greater than the national average with 72% of boys achieving level 4+ in reading, writing and maths compared to 78.4% of girls. This pattern continues into Higher Education and the Job Seekers Allowance claims for the under 25 cohort is also heavily weighted towards males.

ESI fund investment will be used to encourage and enable young people to access relevant vocational and academic skills development routes. This intervention will increase the number of young people undertaking skills training and provide a greater breadth of advanced and higher level apprenticeships as well as aligning to future national and local initiatives to support young people into employment.

**Issues facing the Isles of Scilly:** There are particular challenges for the Isles of Scilly. Incomes are significantly lower than national and regional averages due to the preponderance of low paid, part time and low skilled jobs. There are high levels of employment on the Islands, however, this is due to the levels of self-employment and many people have multiple jobs. The majority of employers are micro SMEs and there is no 16+ education provision, restricting participation in mainstream skills and training activities, including HE, FE or Work Based Learning, by both individuals and businesses.

The additional costs for delivery on the islands can also be prohibitive. Due to the small population size there is little opportunity to reduce costs through delivery to large cohort groups. Additional costs for traditional skills and training on the islands are in the region of £100-£200 for one day courses, upwards of £1,500 for a full level 2 NVQ and between £3,000 and £6,000 for

apprenticeships.

In order to ensure a sustainable economic future we will work with partners to implement new and innovative ways of tackling low academic performance, economic inactivity and the lack of young people engaging in higher-education across the area. This activity will include research, skills development and training and apprenticeship opportunities that are closely aligned to the current labour market and C&IoS' emerging growth sectors.

Higher level skills (including post-graduate qualifications) will be supported where specifically linked to local business growth ambitions, key local societal issues or where funded intervention could encourage additional participation from specific groups and where existing mechanisms cannot achieve.

#### Activities for investment within Growth for Business 4 include:

A comprehensive programme of high-level skills development activity

- Graduate placement schemes and internship programmes
- Specialist skills development programmes, including the delivery of PHDs and MRs in local businesses
- Development of Higher Apprenticeship delivery and take up alongside Academic High Skills

Programmes to overcome economic inactivity attributed to those with ill-health, disabilities and caring commitments

- Projects to support those with ill- health to stay in work i.e. one to one support, minor equipment needs: business support (HE, legal technical training advice for employers)
- Projects to enable people to work effectively from home

- Self-employment programmes for those with significant ill-health or disabilities

Employer designed career and skills pathways for the future economy of Cornwall and the Isles of Scilly

- The development of a full support offer to employers, employees and those entering the labour market to support skills and career development
- Employer consortia and industry engagement programmes to enable businesses to influence the curriculum, identify industry- education links and influence research institution activities
- Apprenticeships as part of delivery at both high-level and at a lower level to support small businesses.
- An enhanced National Career Service offer for all working age population
- Specific learner support for the Isles of Scilly (particularly for expenses i.e. living and travel costs)



## Strategic Priority 3



### Conditions for Growth

**'Investment in infrastructure, digital connectivity, employment, skills and community resilience: setting the foundation for economic growth'**

This priority sets out how C&IoS aims to invest in both people and infrastructure to create the economic conditions for growth.

### Objectives

#### Conditions for growth 1

To invest in digital infrastructure and digital skills for growth

#### Conditions for growth 2

To implement support programmes to optimise carbon management and to improve resource and energy efficiency

#### Conditions for growth 3

To remove physical barriers to business growth and improve the economic viability of areas through infrastructure investments

#### Conditions for growth 4

To develop communities that are economically, environmentally and socially resilient, sustainable and inclusive

#### Conditions for growth 5

To improve progression into the labour market

### Context and key challenges:

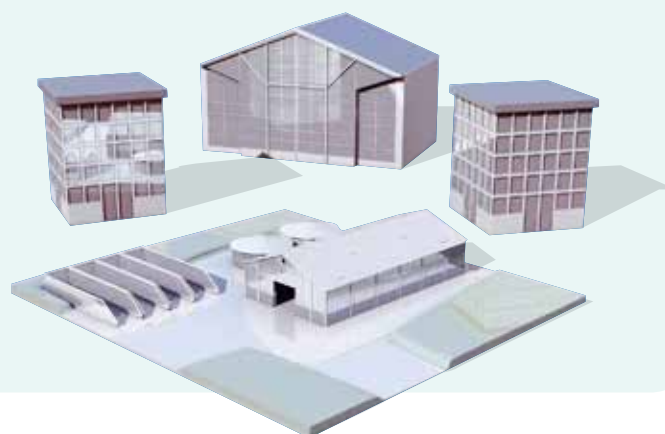
The Conditions for Growth theme identifies the underpinning challenges C&IoS faces and sets out how we will invest in creating the right conditions to support this strategy and wider economic growth.

Low earnings are a key issue and in 2012 median gross annual earnings for all employees in C&IoS equalled £17,389, 81% of the UK average (£21,473). This is both a reflection of our traditional industrial base and the low skills levels of our workforce. The average household in C&IoS has higher costs compared to the national average, including for water and sewerage, energy, fuel, transport and housing. When combined with the low average earnings this leads to issues of debt and financial instability, with high levels of deprivation in some areas.

Improving peoples' chances of gaining employment is a key condition for growth. Inactivity levels are very high with 28.4% of people aged 16-64 economically inactive, this equates to 94,300 people. This is higher than the UK figure

of 23.4%. There is a clear need to address this and to support people to move towards and into the labour market.

There are particular issues facing the Isles of Scilly. The geographic isolation of the islands directly affects the economic, social and environmental needs of communities and businesses. Whilst the islands enjoy high levels of employment (with high levels of self-employment), individuals frequently have multiple jobs. Incomes are significantly lower than the national and regional averages due to the preponderance of low paid, part time and low skilled jobs.



C&IoS has for a long time been at the forefront of the transition to a low carbon economy. We will invest in energy infrastructure to unlock the high growth potential of the low-carbon economy, support resource and energy efficiency and promote better carbon management.

Alongside this is the need for investment in physical infrastructure to tackle the issues of peripherality and low productivity and underpin the delivery of this strategy.

Significant investment through the 2007-13 Convergence programme has delivered world-leading fibre broadband coverage across C&IoS, with 89% of premises able to access superfast broadband speeds of 24+Mbps by June 2015. Independent research has demonstrated that access to this infrastructure is providing significant economic impacts, with jobs being both created and safeguarded amongst connected businesses. To maintain our position at the forefront of rural digital connectivity, we now face the challenge of providing access to the 'hard to reach' areas across C&IoS. Alongside investment in digital infrastructure, we will provide advice and support to ensure that businesses are able to recognise and grasp the competitive advantages that connecting to superfast speeds can bring.

Transport connectivity is a key driver for a successful C&IoS and provides the basis for facilitating private sector investment, job creation and GVA. It enables the dispersal of development in areas with growth potential; for example in agri-food, renewable energy and the digital sector. Transport connectivity can allow the dispersal of skilled jobs in a rural region.

The importance of internal movements to support local supply chains requires a reliable mix of transport infrastructure. This is also a prerequisite for labour mobility in a region without major agglomerations. For example most food and drink and agricultural businesses operate in the rural and coastal periphery of C&IoS. Food and drink alone employs 6,700 with 21,000 employed across the wider supply chain.

Product value and labour productivity must be supported by addressing the bottlenecks and gaps in our transport infrastructure to maximise

the capacity of the network and ensure value in previous investment. Road, rail and air need to complement one another and the markets that use them.

Where single carriageway roads are closed because of accidents or flooding, or subject to maintenance, there are often no viable alternative routes. This is particularly true of the single carriageway section of Carland Cross to Chiverton Cross: one of the last sections of the A30 not to be dualled.

Transport infrastructure is an important employer in its own right and in the case of Newquay Cornwall Airport directly supports over 500 jobs. In addition, it is important in unlocking both connectivity potential and development land through the Enterprise Zone facilitating greater job and economic growth potential.

In terms of rail, between 2000 and 2013, there has been a 7.9% (per annum) average growth in rail patronage in Cornwall, with over 5 million rail journeys each year. The network currently provides 9 services per day to London, with 16 mainline services in Cornwall per day. Around 70% of all long distance journeys are made for economically productive purposes with 69% of business travellers undertaking valuable work on journeys. Consequently, investment in the rail network remains a priority to support economic growth. The rail network currently suffers from capacity and line speed limitations due to signalling and gauge restrictions, which impact on both passenger services and freight movements. Furthermore, integration with the rest of the public transport network is limited.

Delay can impact on both productivity and perception. For business, this means the need to reduce the cost of congestion and delay.

The UK National Infrastructure Plan highlights some of these issues as themes:

- The need to increase output per hour (to drive up wages and salaries)
- Reducing delay and increasing effective working hours
- Unlocking additional investment and attracting national and international investment.

The importance of investment in sustainable transport can be demonstrated by the example of previous structural funding for the Truro/ Falmouth branch line taking the pressure off the A39 and ensuring business connectivity between the regional centre of Truro and the University at Falmouth.

In order to create the conditions necessary to unlock the future economic potential of C&IoS, the activity we will invest in under this strategic priority is required to ensure that our human and physical resources are fit for purpose and prepared to exploit future opportunities.

**Conditions for Growth**  
**Objective 1:** To invest in digital infrastructure and digital skills for growth

**Context and key challenges:**

Physical distance from national and international markets is seen as a key issue prohibiting businesses from growing and accessing new markets. Previous investment in the award winning Superfast Cornwall programme has begun to address this issue by delivering a world-leading fibre optic broadband network across C&IoS. By the end of June 2015, fibre broadband coverage had reached 95% of the region, with 89% of premises able to access superfast broadband speeds of 24+Mbps. Independent research shows that 2,000 new jobs have so far been created and a further 2,500 safeguarded in businesses that have connected to the new network, contributing £186m to the local economy.

Despite Superfast Cornwall's considerable success in delivering fibre broadband infrastructure, as many as 20% of adults in Cornwall are thought to have never been online and many businesses have been slow to recognise the competitive advantage that use of Superfast could bring. In order to maximise the benefits of the Superfast Broadband provision, an integrated investment programme will be developed, aligned to the Digital Agenda

for Europe 2020, to ensure that C&IoS builds on its world class infrastructure to extract the maximum socio- economic and environmental benefits from the investments made.

Further exploitation of new and emerging technologies will be employed, with ICT enabled society benefits including reduced energy consumption, additional support for ageing citizens, new and alternative employment models and revolutionary approaches to the delivery of health and care services.

- Activities for investment within Conditions for Growth 1 include:**
- Advice and support to ensure that businesses are aware and able to make effective use of the opportunities of digital connectivity
  - Investment in digital infrastructure to support delivery of strategic aims and to develop and maintain competitive advantage
  - Development and delivery of a skills programme to enable the exploitation of digital technology
  - Supporting digital inclusion by helping excluded people to access, understand and benefit from the internet

**Conditions for Growth Objective 2:** To implement support programmes to optimise carbon management and to improve resource and energy efficiency

**Rationale for intervention:** There are excellent opportunities to invest in promoting resource efficiency to drive growth and deliver productivity gains for the C&IoS economy. There is strong empirical evidence that resource efficiency makes business and environmental sense.

Creating sustainable production and consumption will secure future prosperity through:

- Improving the sustainability of products and services;
- Improving the sustainability performance of organisations;
- Deploying sustainable and responsible public procurement.

With the demand for energy and material resources expected to rise to 170% of the planet's generation capacity by 2040, economic competitiveness will be improved through resource efficiency gains and building an eco-effective economy.

Developments in energy storage will enable the emergence of decentralised energy systems and, when linked to demand response and demand reduction solutions, this will unlock productivity and resilience gains.

Natural capital underpins all other types of capital (man-made/manufactured, human, social and financial), providing the foundation on which our economy, society and prosperity is built and this is often undervalued in conventional economic analyses and decision making.

A proactive approach to natural capital management will ensure the wealth of natural assets are better harnessed to support economic and environmental growth, rather than acting as a constraint to our economic development ambitions. Additionally, investment in green infrastructure has been shown to demonstrate very strong leverage ratios.

The ERDF Operational Programme identifies two specific areas for investment in Cornwall and the Isles of Scilly that contribute to achieving this objective as follows:

Investment	ERDF contribution
Alternative fuel infrastructure	€8,511,563
Multi modal transport points	€1,167,951

- Activities for investment within Conditions for Growth 2 include:**
- Improving environmental quality, energy and resource efficiency, including in waste and water sectors to reduce economic burdens
  - Piloting new models of energy storage
  - Investment in green and blue infrastructure to support businesses and communities
  - Ambitions and actions to increase economic potential linked to environmental growth
  - Development of multi modal transport points and alternative fuel infrastructure
  - Developing natural environment hubs as focal points for emerging environmental business clusters
  - Strengthening the economic & environmental resilience of coastal and rural communities
  - Developing carbon management, environmental management and resource efficiency skills

**Conditions for Growth Objective 3:** Removing barriers to business growth and improving the economic viability of areas including through infrastructure investments

**Rationale for intervention:** The peripheral location of C&IoS places added importance on the connectivity of the area to the rest of the UK and beyond.

Whilst digital connectivity has much improved, there are continuing issues surrounding the resilience of our physical (rail, air and road) networks which are vulnerable to significant events (man-made and/or weather). With a limited trunk road network in and out of Cornwall, there are frequent and significant economic impacts from



seasonal variations of high traffic flows and journey time reliability. Road closures and congestion have significant economic impact: there are often no appropriate diversions for high volumes of traffic (including for HGVs), directly impacting upon potential employment growth.

The ERDF Operational Programme identifies three strategic infrastructure investments in Cornwall that contribute to achieving this objective as follows:

Investment	ERDF contribution
A30 Carland Cross to Chiverton Cross	€26,359,028
Mainline Rail Signalling	€15,278,329
St Erth Multi modal hub	€6,608,676

Consequently, addressing key bottlenecks will enhance economic opportunity.

The Isles of Scilly face particular difficulties, with the flow of goods and services to the tip of Cornwall vital to support its sustainability. Issues also relate to inter island connectivity and transport costs significantly impact on business viability.

Supporting connectivity in to, out of and within C&IoS is fundamental to the area’s future economic wellbeing.

Cornwall has a strong mining and quarrying heritage, however, this has left a legacy of contaminated land and water which can form a barrier to economic development.

Climate is fundamental to almost all aspects of our lives; it directly affects our economy, ecosystems, food, water, health, homes, infrastructure, trade and leisure. Climate change could have a serious negative impact on C&IoS’s growth potential, with the 2006 Stern Review estimating the long-term economic cost of climate change to be equivalent to losing between 5-20% of global GDP. Our economy is already vulnerable to extreme weather events and will become increasingly so in the future, as organisations and individuals will be forced to absorb the growing costs of climate change. The ability to respond to these risks by building sustainable infrastructure, especially in relation to coastal protection and management,

and ensure the economic viability of areas is maintained and preserved will form a key part of this objective.

**Activities for investment within Conditions for Growth 3 include:**

- Removing physical infrastructure obstacles to business growth
- Investments to improve the economic viability of areas to enable growth and mitigate against the effects of our changing climate
- Investment in river restoration, flood and coastal risk management and upstream water management to fulfil our economic potential
- Invest in the decontamination of land and water to maximise re-use of brownfield sites and economic potential based on a quality environment

**Conditions for Growth Objective 4: To develop communities that are economically and socially resilient, sustainable and inclusive**

**Rationale for intervention:** Employment, education and skills are major factors in economic growth and to address issues of social inclusion and to combat poverty. Inclusion Cornwall is revising the strategic approach to inclusion in C&IoS and is leading the work to tackle the key issues of our low wage, high living cost economy. Using our economy as the driver, we believe people in C&IoS can look forward to a more inclusive society, with an innovative approach to problem solving providing individuals and families with a better balance between income and cost. There are also particular issues of isolation for the Isles of Scilly which directly affect the economic, social and environmental needs of the islands’

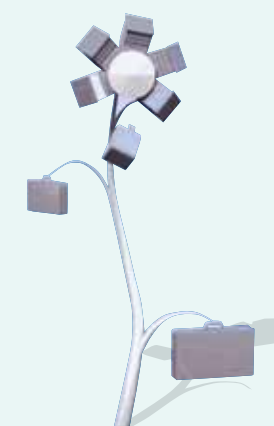
communities.

The increasing role of the Civil Society in C&IoS has been highlighted by recent research, demonstrating the importance of the sector to the economy (around £580m), offering new delivery methodologies in the health, social care, welfare and education sectors and reaching many people from local disadvantaged and minority groups. The announcement of the first rural Social Enterprise Zone in Cornwall in 2013 shows the commitment to using different partnership based business models to provide new service delivery methodologies for the development of new markets and to address issues of market failure.

Despite common perceptions, there are high levels of poverty, including within households in employment. Work by Experian identified that 26% (59,000) of households in Cornwall are ‘at risk of poverty’. This places Cornwall in the worst 5% of areas in the UK.

Cornwall has a severe debt problem and it is getting worse relative to the rest of the country. Around 40% of all CAB advice requests relate to debt: in 2013 29,000 people sought CAB support on this issue and personal insolvency rates in Cornwall continue to be higher than the South West and national averages.

Recent work has identified that parental employment is the single biggest determinant of family income and children in out of work families are at a high risk of poverty. Work with families will tackle the anticipated effects of welfare reform: studies have identified that large families (with 3 children or more) will be among the most adversely



affected by the multiple welfare changes. Child poverty levels remain static, with approximately 18% of all children and young people aged 0 to 19 in Cornwall considered to be in poverty, and the EU investment will meet the challenge this poses to our society and economy.

Cornwall is reliant on the natural environment for stable communities and economic activities. However, in some areas the environment poses risks globally and locally. To mitigate and adapt to these challenges, investments to support the development of a circular economy and environmental growth are essential to ensure community resilience and economic stability. A number of communities in Cornwall are already embracing community owned energy and local food markets. There is considerable scope to extend this model. Despite our high quality environment there are opportunities to increase access to the natural environment to support healthy lifestyles. Equally in places there are significant environmental risks, such as flooding, droughts, air quality, noise pollution etc, and there are opportunities to mitigate these through community-led initiatives.

**Activities for investment within Conditions for Growth 4 include:**

- Spaces and skills for social innovation; building community capacity to solve their own problems
- Developing the VCSE sectors to meet community challenges
- Tackling in-work poverty and reduce average household indebtedness
- Tackling low aspiration and inactivity through families
- Support community-led initiatives to develop a circular economy
- Support community actions to deliver environmental growth



**Conditions for Growth**  
**Objective 5:** To improve progression into the labour market

**Rationale for intervention:** We have high levels of economic inactivity. On average over the past three years, approximately a quarter of those aged 16-64 were economically inactive (this excludes those who are unemployed and seeking work) and this figure has remained relatively consistent for some time. There are an estimated 32,100 workless households in Cornwall, 19% of total households. Of these, the majority (27,300) relate to adults who were inactive rather than unemployed which shows our real issue is with inactivity rather than substantial unemployment.

The majority of this inactivity is health and disability related, identifying the need for specific, targeted interventions. In addition, specific support to find new work and employment opportunities for these individuals is required. Often the most difficult to place with employers, there are increasing opportunities (often through digital technologies) to engage and encourage alternative work methods.

Current unemployment rates are on a par with the national average, but there is a small entrenched long term unemployed 'group' which has remained at over 20% of JSA claimants for the last year.

The unemployed are far less skilled (43% are below NVQ2, double the rate for the employed). Adults with disabilities (of any kind) have a much higher unemployment rate (for example: adults with LLDD (Learners with Learning Difficulties and/ or Disabilities) have an unemployment rate of over 90%).

There is a clear seasonal link to the unemployment figures. In the 6 months plus category, there is a very clear pattern of people falling in and out of employment, reflecting seasonal variations. The need is therefore to develop more sustainable, rather than seasonal, jobs. Re-training and re- skilling programmes will enable those with occupational experience in 'harder to place'

occupations to move into the growing markets. Although similar to the national average (4.9%), youth unemployment is still a concern, with a larger percentage long-term unemployed compared with the overall claimant rate. There is also clear evidence of the seasonal nature of youth employment, with young men more likely to be unemployed than young women. There is a support gap at the age of 19+ when those who have been NEET can become invisible through the existing support mechanisms.

As our evidence identifies, we have further work to do to identify specific groups to target as the mix of issues are complex. Very specific interventions in specific geographies will be required to reach those who have, as yet, not benefitted from support.

This will require a local focus and new approaches, including a recognition that 'engagement' activity is long-term and costly.

There are synergies between this objective and increasing workforce productivity through skills and career development as identified in the Growth for Business activities.

**Activities for investment within Conditions for Growth 5 include:**

- Enabling individuals to design, start and develop their careers
- Building on and developing new solutions to tackling long term unemployment through individual approaches for those with particular needs
- Using social innovation to develop alternative employment opportunities in targeted geographical areas
- Tackling individual barriers for young people within the labour market

**Fund integration**

**Co-ordination between ERDF and ESF and other funds**

As detailed within the European Commission Guidance Fiche on Integrated Territorial Investments, the C&IoS ITI sets out the challenges and development needs specific to the C&IoS geographical area and aims to address the challenges in an integrated way. It sets out financial allocations, investment plans, outputs and delivery elements for ESI fund as well as other local and national funding. The ITI Strategy covers the Less Developed region's allocation of ERDF and ESF from the England Operational Programmes. Additionally, Defra as the Managing Authority for EAFRD will align an allocation of EAFRD funding to the ITI for the Less Developed region and detail of the strategic alignment of the C&IoS EAFRD allocation is also set out in the C&IoS ITI Strategy.

As integrated territorial strategies are vital for the achievement of the aims of European funding, the Common Provisions Regulation introduces the Integrated Territorial Investment (ITI) as a key instrument to implement such strategies. We intend to respond to the European Commission's aim and use an ITI to draw on funding from several priority axes of Operational Programmes to enable the efficient implementation of



integrated actions through simplified financing. The Commission recognise that ITIs lead to a better aggregate outcome for the same amount of public investment; the securing of structural and investment funds at inception ensures greater certainty and confidence over investments and as a place-based approach can assist in unlocking the under-utilised potential and resource contained at local levels.

The ITI will include components that are financed from national and local budgets and not solely by the EU. This will include Single Local Growth Fund, Regional Growth Fund, Cornwall Council match funding and other economic development funds.

The C&IoS ITI will include the use of non-repayable grants, as well as financial instruments and Community-Led Local Development (CLLD). The Managing Authorities will facilitate joint capacity building, selection and financing of CLLD strategies from the relevant ESI funds.

The lead Managing Authority will also ensure co-ordination of appraisal of any separate but aligned projects from ERDF and ESF to align decision making and streamline processes for applicants.

**Demarcation**

Due to the integrated nature of the C&IoS ITI Strategy, it is important that there is clear demarcation between the activities or investments ERDF, ESF and EAFRD funds can be used for. The Managing Authorities of each fund will be responsible for ensuring the demarcation of funding and this will be detailed within the relevant Operational Programmes. Examples where this is relevant include rural skills investments and business support for agricultural businesses.

**European Agricultural Fund for Rural Development (EAFRD) activities**

The EAFRD Growth Programme allocation to the C&IoS LEP area has now been confirmed at £9,396,623 and we will align this to our wider ESI fund delivery as part of our ITI. We will use our EAFRD allocation to deliver investments in the agri-food sector and support wider rural development activity which adds value to ERDF and ESF provision. As set out in our intervention logic, this

will lever in over £8m of private sector investment, creating over 200 jobs and providing training for over 3,000 people.

Given the modest scale of EAFRD available to the area and the importance of the agri-food sector to C&IoS, we will focus the majority of EAFRD on driving productivity improvements in agri-food businesses, adding value to agricultural and forestry products and increasing supply chain integration. We will do this by investing in agri-tech knowledge transfer, developing an energy storage/ renewables programme, business grants for adding value, a supply chain development and productivity programme, encouraging rural tourism and broadband provision for those rural business that may fall outside the wider broadband provision.

The agri-food sector is important to the economy of C&IoS, as set out in our evidence base. 11.3% of Cornwall's employment is in core agri-food activities, with a further 12.6% in supermarkets, bars and restaurants and 5% in accommodation, giving a figure of 29.1% (compared to 15% in GB) in all food and drink related sectors.

Dairy and animal production and horticulture are our key sectors. We have 19% of all the cattle in the South West of England and dairy production is by far our biggest output. Horticultural production is increasing and, despite only 29.6km<sup>2</sup> of Cornwall's horticultural land area being farmed for fruit and vegetables, this contributes 29.5% of the South West's fruit and vegetable production — more than any other region. In addition, we have 16% and 11% of the sheep and pigs in the South West, respectively. Arable is also very important to Cornwall, at 13% of the farmed area.

Food processing has grown significantly over the past 10 years with significant local, regional, national and international businesses involved. Annual turnover is now in excess of £1.5 billion per annum. Products range from our more traditional products (clotted cream and the Cornish pasty) to new, novel and niche products (sparkling wine, cider, beer, preserves, cheese, gin, bakery products, biscuits, charcuterie, etc), with many of these businesses using local ingredients in their production processes. Scale ranges from the very large scale e.g. (Dairy Crest, Arla, Samworth

Group (Ginsters/Kensley Foods/Tamar Foods), Tulip Foods, Sharps, Cornish Orchards, WC Rowe, WT Warren and Son, etc) to small and medium businesses (Lynher Dairies, Proper Cornish, Foods, Crantock Bakery, Cornish Cheese Company, Camel Valley Vineyard, Cornish Charcuterie, North Coast Cider, Primrose Herd, Troy Town Farm, Holy Vale Vineyards, etc).

In addition to underpinning the employment base of C&IoS, the agri-food sector also represents over 6.5% of GVA (the equivalent UK figure is 3%). However, despite considerable growth in the sector, average productivity levels remain low compared to national averages especially in the primary production sector and addressing this issue across the supply chain must be a key element of activity in the 2014 to 2020 period.

Much of the current delivery in this area is "issue" based, rather than taking a holistic approach to business/supply chain performance, resulting in a lack of joined up investment and this approach does not maximise productivity gains or minimise delivery costs. Due to the scale of the agri-food sector in C&IoS, any additional improvement at sector level will deliver significant productivity benefits to this bedrock sector and improve its growth trajectory.

In the 2014 to 2020 period, Defra will deliver a national Countryside Productivity Scheme and support improvements in agricultural and forestry productivity via their LEADER initiative. Both of these will aim to address many issues affecting productivity at business/farm level and any activity we undertake with our EAFRD Growth Programme funds at the C&IoS level will not duplicate or replace this activity. However, it may be possible to deploy some of our EAFRD allocation into activity that adds value to the national offer by working with businesses to maximise access to national schemes (i.e. by encouraging more, higher quality applications that address the needs of the businesses as a whole, filling any existing gaps and testing innovative delivery options).

In addition, we will also support activity that will be bespoke to C&IoS as this will help us to implement a more integrated approach to the delivery of activity in the agri-food sector. We will combine the adoption of best practice, diversification and

increased added value with the need for new science, research, innovation and knowledge transfer.

Delivering an integrated supply chain approach in the agri-food sector will not be possible unless EAFRD Growth Programme funded activity and any National Rural Development Programme activity is developed and delivered in parallel and this approach is at the core of our preferred delivery model.

We have secured an additional £7.3 million of EAFRD via our four LEADER Local Action Groups and they are likely to support improvements in farm productivity, support for micro and small enterprises, farm diversification, rural tourism, rural services, culture and heritage and improvements in forestry productivity. Whilst LEADER and national Rural Development Programme activity falls outside the scope of our ITI we will ensure that overlap with other EAFRD, ESF and ERDF activity is avoided.

The wider ESI programme (ESF and ERDF) will cater for many of the needs of businesses in C&IoS, whether they are located in a rural or an urban setting. Defra have stated in their guidance for the use of EAFRD that generic business support and training for farming, forestry and food businesses will be eligible for support from ERDF and ESF and we intend to include the provision of business support to these sectors in our Growth Hub and other business support and training proposals. However, where this business support or training changes to activity relating to primary production (as opposed to the primary producer as a business) we will use EAFRD to cater for their support needs.

Dovetailing EAFRD funds into wider ESI fund delivery activity in this way will help to reduce any gaps in provision. For example, many ERDF funded projects can currently assist second stage food processors (e.g. bakeries or breweries) but they cannot support farmers or first stage processors (e.g. pedigree beef breeders or cheese processors) due to eligibility issues. It is our understanding that this distinction does not apply in the 2014 to 2020 programme period as

long as the support required does not relate to the "production" elements of the business.

We intend to make use of the full range of Rural Development Regulations measures available and access EAFRD from the range of Thematic Objectives from both the ESI fund and any future Rural Development Programme. This will enable us to achieve joined up delivery at the local level.

### European Maritime and Fisheries Fund (EMFF) activities

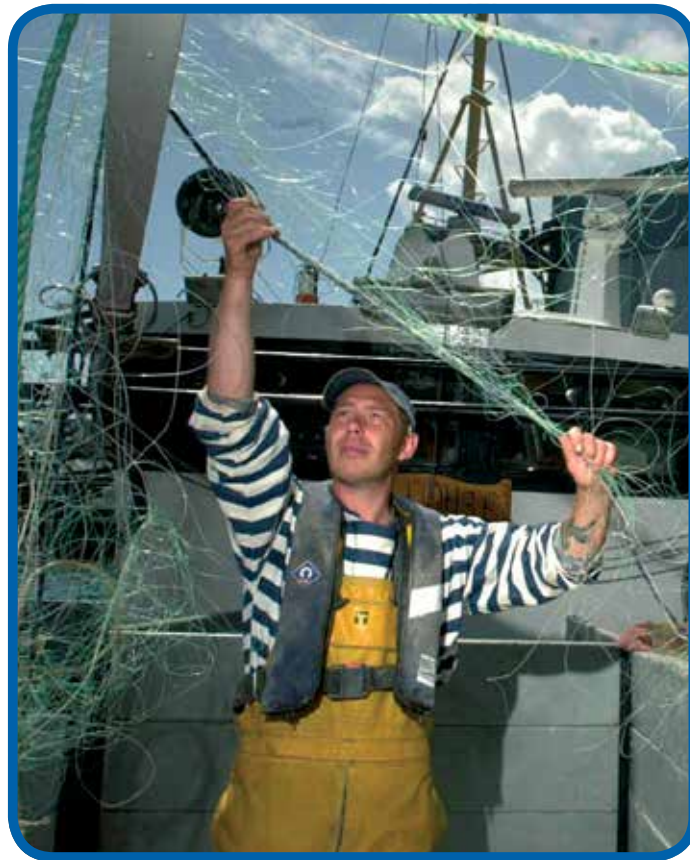
In 2009 it was estimated that fishing contributed £10 million to GVA, but including related sectors the figure is estimated to be closer to £20 million.

Whilst the fisheries industry makes a relatively small direct contribution to GVA, it contributes to other industries. For example, the catching sector supports boatbuilding and repair, marine equipment suppliers and port and harbour facilities. In some areas, the contribution made by commercial fishing supports other commercial and recreational activities (including tourism), often with wider beneficial social impacts, especially in more remote areas, where a significant contribution is often made to maintaining local services.

**We anticipate that c.£1.5m of EMFF will form part of our approach and will fund projects that will contribute to one or more of the following key themes:**

- Developing sustainable supply chains
- Market development
- Providing infrastructure and communal facilities for fishing communities and cooperatives
- Capacity building, cooperative development and networking
- Training, retention and recruitment including diversification
- Coastal communities, tourism and economic development
- Advocacy and engagement for fishermen
- Regional sustainable management engagement





Projects will need to have an on-the-ground support mechanism available to them to aid development and help them through the application process.

In 2003, it was estimated that for every £1 of output in the sector, another £2 was generated through downstream activities, such as processing, trading and ultimately retail. Therefore, we propose to allocate £3.5m to commissioning infrastructure in this area of the sector in order to achieve maximum impact and value for money.

### Local Growth Fund

In 2014, C&IoS LEP secured a total of £60m from the Government's Local Growth Fund to support economic growth in the area. When combined with the matched funding secured, the Growth Deal has a total value of £210m. It aims to work alongside the EU Structural and Investment Funds and a number of the investments include both funds. Investments are focussed on high growth, high value specialist business sectors, raising productivity and employment in the economy

as a whole and improving infrastructure. The largest portion of the Growth Deal is focused on improving the transport infrastructure in Cornwall and the Isles of Scilly to improve Cornwall and the Isles of Scilly's connectivity to the rest of the UK.

### Regional Growth Fund

The £13m Regional Growth Fund investment programme in C&IoS consists of 3 elements, all of which have a principal focus on job creation.

This is delivering a significant number of new high value jobs and has already been used to complement ERDF investments in order to maximise the economic impact. Although most funds are committed, those jobs are profiled to be created up to and including the financial year 2018/19.

The funds are delivered in a partnership approach – Cornwall Council is the Accountable Body with LEP oversight and day to day management and administrative functions are carried out by Cornwall Development Company. Any future RGF programmes will be strategically linked to the ITI delivery.

### Growing Places Fund

The Growing Places Programme is an investment scheme totalling £6.3m. The investment sits alongside the Regional Growth Fund to the extent that the management and governance are closely linked. This ensures that the investment funds are properly complementary and are having the maximum impact.

The Growing Places Fund enables the delivery of otherwise stalled local infrastructure schemes in Cornwall and the Isles of Scilly. In addition, it provides the up-front investment needed to get development underway, with the flexibility to recycle funding for other projects as developments are completed.

### Alignment with other European funds

The C&IoS ITI Strategy also recognises the added growth potential of ensuring strong linkages between the Structural and Investment Funds and

all other European funds delivering the priorities set out in this Strategy.

### Horizon 2020

Closer integration of Horizon 2020 with the main SIF Programmes is a key intention of the European Commission in the next programming period.

As a minimum, it is expected that Horizon 2020 applications emanating from C&IoS would show how they align with the ITI Strategy and demonstrate what actions will be taken to deliver their outcomes, whilst adding value to the main ERDF and EAFRD activities. To ensure maximum strategic fit, we would endeavour to have all applications seen by the ITI Board.

### Territorial Cooperation Programmes

Although Territorial Cooperation is not seen as a major priority for the LEP or Councils, applications to the 2014-2020 cross-border, transnational and inter-regional cooperation programmes put forward by partners from C&IoS should demonstrate how they support the ITI Strategy and how their outcomes will complement specific investments in the main programme.



## Local match funding sources

In line with the EU regulations for ERDF and ESF C&IoS ITI can access a maximum 80% intervention rate across the programme for the Less Developed Region. We wish to manage the intervention rate on investments at an ITI level, allowing us to take a flexible approach, selecting intervention rates on an investment by investment basis allowing for 100% EU funded investments where necessary and where headroom exists in priority axes.

Our EAFRD Growth programme allocation is matched at source by Defra and again we would wish to manage the intervention rate on investments at a project level, allowing us to take a flexible approach, selecting intervention rates on an investment by investment and needs based basis allowing for 100% EU funded investments where necessary.

We have established a C&IoS Growth Programme ITI Team, to work closely with Managing Authorities to manage the strategic procurement of both the ESI funds and related economic development match funding. This will ensure a joined up approach to the provision of match funding and create a more efficient approach to delivery.

In recognition of the importance of ESI funds for delivering local growth, Cornwall Council has earmarked a substantial proportion of match funding for the 2014–2020 funding period from its capital programme and revenue budget.

We are working with other partners to identify synergies with their programmes and therefore, possible other sources of match funding.

## ESF Opt-In Match Funding

There are three ESF Opt-ins available to Cornwall and the Isles of Scilly and the ITI Board has opted in to all three. A minimum of 70% of the ESF Programme will be delivered via Opt-in providers:

### Skills Funding Agency

The Skills Funding Agency (SFA) funds skills training for Further Education in England. They support colleges, private training organisations and employers.

As an Opt-in organisation the SFA can match fund and manage the skills and training elements of the ESF Programme. They fulfilled this role in the 2007-14 European Convergence Programme and have substantial experience of managing delivery through local partners.

The Skills Funding Agency (SFA) is a member of the C&IoS Employment and Skills Board (ESB) and is fully appraised of local requirements and expectations

### Department for Work and Pensions

The Department for Work and Pensions (DWP) is responsible for welfare, pensions and child maintenance. It administers a range of working age, disability and ill health benefits and is also responsible for supporting workless individuals back to work. DWP will also have a major role in administering Universal Credit as it is introduced from 2015.

As an opt-in organisation, DWP can match fund and manage specific elements of the ESF Programme. DWP is a member of the ESB and is fully appraised of local requirements and expectations.

### Big Lottery

The Big Lottery Fund (BLF) are responsible for distributing over £650 million each year (40%) of all the money raised for good causes by the National Lottery. As an opt-in organisation the BLF will match fund and manage specific inclusion elements of the ESF Programme.

The BLF offer differs from the other options in the following ways:

- Projects will be developed and offered through a competitive grant making process
- Projects will work on 'actual' costs (not based on 'output' costs)
- The match funding is 'cash' match not 'programme' match

### Direct Delivery

Where an Opt-in mechanism is not appropriate (usually due to match funding and activity issues), there is scope for ESF to deliver projects through direct (also known as open) calls.

## Calls

A Call is an invitation for applicants to submit proposals against a published specification. The calls will be approved by the ITI Board before they are published. Applicants will need to have their own match funding in place to respond to a direct call. Opt-in calls already have match in place.

In relation to Opt-ins, we would anticipate seeing a more bespoke and tailored approach to programme and investment design in the Less Developed Region and in many cases, we would expect to see proposals including the creation of locally based teams.

In line with the C&IoS Growth Deal, we plan to have a wider conversation with government departments to discuss the potential to develop other ESF opt-in type projects which fit our strategic priorities, potentially involving partnerships with Higher Education Institutions, DECC, Defra, Arts Council England and Creative England.

Outputs and results are essential to demonstrate the achievements of individual investments, to monitor the progress of the programme and to measure impact over the longer term.

As a Less Developed Region the setting of targets needs to be commensurate with the economic circumstances of the region and the achievements of previous programmes. This has been addressed in the following ways during the local Strategy development process and England Operational Programme development stage:

Outputs and results

	Outputs	Results
ERDF and ESF	Development of a detailed evidence base and compilation of previous programme data to determine what was achievable and realistic for C&IoS. Followed by detailed discussion with local partners about this information.  C&IoS contribution to the national target setting methodology. C&IoS contribution included analysis of local unit costs (where applicable) from the 2007-13 Convergence Programme.	ERDF: results and targets for the Operational Programme have been set at a Programme (England) level using national data sets. There are no specified C&IoS result targets.  ESF: nationally determined results indicators with specific targets for C&IoS based upon local evidence base.
EAFRD Growth Programme	Output targets were discussed with the Managing Authority during strategy and Local Implementation Plan development. These were based upon the local evidence base and 2007-13 Programme achievement where applicable.	Results – there are no specific result targets that have been set for C&IoS.

Output targets and the Performance Framework

The following table reflects the key C&IoS Operational Programme output targets that need to be met by 2018 to ensure that the full C&IoS ERDF and ESF financial allocations are available in the second half of the Programme. In addition there are a range of other programme output targets that projects will have to deliver within the Programme period.

Key Output Targets for the Performance Framework

ERDF

Priority Axis	Output	Milestone target 2018	Final target 2023
1	Number of enterprises receiving support	109	558
2	Additional businesses capable of accessing broadband of at least 30 Mbps	370	1,449
3	Number of Enterprises receiving support	499	2,121
4	Estimated GHG reductions (CO <sub>2</sub> equivalent)	74 tonnes	17,700 tonnes
5	Number of businesses and properties with reduced flood risk	100% of schemes in place	163
6	Surface area of habitats supported in order to attain a better conservation status	18ha	82ha
7	Length of reconstructed road of which TEN-T	100% completion of planning processes and necessary clearances, including SEA for road	12.5km
	Length of railway with new or enhanced signalling installation	50% where signalling improved (subject to final end of project safety sign-off)	43km
8	Number of enterprises receiving support	4 local strategies agreed	200



ESF

Priority Axis	Output	Milestone target 2018	Milestone for men 2018	Milestone for women 2018	Final target for men 2023	Final target for women 2023	Final target 2023
1	Number of participants	7,300	3,700	3,600	19,700	19,200	38,920
2	Number of participants	2,500	1,200	1,300	6,300	7,200	13,500

The following tables show the Performance Framework financial targets for the Less Developed Region (2018; which triggers a Priority Axis performance reserve and 2023; end of programme). These spend targets are inclusive of match funding for contracted investments.

Cornwall and the Isles of Scilly ERDF Financial Targets (€)

Priority Axis		Milestone for 2018	Final target (2023)
1	Promoting research and innovation	29,083,926	113,875,263
2	Enhancing access to, and the use and quality of ICT	6,077,794	23,797,010
3	Enhancing the competitiveness of SMEs	54,957,867	215,182,137
4	Supporting the shift towards a low carbon economy in all sectors	18,484,326	72,373,569
5	Promoting climate change adaptation, risk prevention and management	3,728,708	14,599,393
6	Preserving and protecting the environment and promoting resource efficiency	4,101,579	16,059,333
7	Sustainable transport in Cornwall and the Isles of Scilly	18,492,848	72,406,934
8	Promoting social inclusion and combating poverty and any discrimination	4,210,671	16,486,473

Cornwall and the Isles of Scilly ESF Financial Targets (€)

Priority Axis		Milestone for 2018	Final target (2023)
1	Inclusive Labour Markets	28,000,000	145,618,479
2	Skills for Growth	11,000,000	62,174,183

EAFRD

There are no specific Performance Framework measures associated with the EAFRD Growth Programme allocation. However, as part of a national Programme the Managing Authority is able to move money between underperforming and over performing Local Enterprise Partnership areas (as they have financial allocations not ring fenced budgets) if there has not been satisfactory progress at the point of the mid-term review.

It is the intention of the ITI Board to support all projects in giving careful and considered thought to their output targets to maximise the impact of

the overall programme – but whilst also being very realistic about what they can achieve (and not over-committing).

It is a local view that not all investment activities will demonstrate short term value for money or provide immediate output returns. It is the intention that the investment portfolio in its entirety will balance high risk, slow return projects with those that deliver value for money and outputs within the lifetime of the programme. It is important to note that the risk referred to does not refer to compliance risk.

	Total	Growth catalyst/ transformational - high risk	Leading edge/could deliver transformation – medium risk	Incremental/ proven delivery models – low risk
Percentage of ESI fund Budget	100	30-45	40-50	15-25
Future Economy	30-35			
Growth for Business	35-40			
Conditions for Growth	30-35			

The Growth Programme delivery arrangements are established in a series of ERDF and ESF ‘business processes’ prepared by the Managing Authorities. These are documented in England Programme guidance notes.

The C&IoS delivery model is an Integrated Territorial Investment (ITI). C&IoS are clear in their view that an ITI will enable the region to build on past and current successes in delivering economic benefits from the investment of European Funds. It will enable the region to address its specific economic circumstances (as encapsulated by its Less Developed Region status). Previous experience suggests that national programmes can often have little impact in C&IoS, particularly in terms of supporting businesses to improve productivity due to the specific make up of businesses in the area. This has been compounded by nationally driven commissioning and by the use of procurement and

delivery models in the current programme which have not been bespoke, accessible or flexible, resulting in sub optimal delivery.

Our ITI will seek to extend beyond the ESI funds to include coordination of, and influence over, the funds available to the Less Developed Region through the EAFRD and EMFF Operational Programmes.

Additional C&IoS guiding principles and support mechanisms are outlined below.

Cross Cutting Theme

Sustainable development is a core element of the C&IoS ITI Strategy.

We recognise that the Environmental Growth Strategy and the Inclusion Cornwall Strategy for Cornwall are essential to helping deliver exemplar projects and striving to be the most sustainable programme to date.



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Cross Cutting Theme

C&IoS partners recognise the central role the ESI funds play in promoting equal opportunities and empowering people to overcome barriers that they face to economic and social inclusion. C&IoS recognises that, in addition to the 9 protected characteristics there are also other groups in society who face significant barriers to economic and social inclusion and consideration needs to be taken to highlight these to ensure maximum access to opportunities and funds.

In order to support and develop the continual commitment to delivering equal opportunities throughout the programme and at project level an independent Equality Impact Assessment has been conducted with the following actions:

- An experienced Equality and Diversity champion to be identified within the governance structure to ensure full consideration is given to social sustainability throughout project development and delivery, including accessibility in capital builds and equality of opportunity.

- Continue embedding equal opportunities and access into the labour market through the procurement process to ensure maximum inclusion. Additionally, websites and any public facing documentation should be fully accessible with alternative formats statements.
- Monitoring and reporting mechanisms to be put in place to ensure that equality and diversity opportunities are maximised and issues identified. The monitoring procedures should also include specific equality related complaints procedures at strategic and project level.

As a result of this additional emphasis, the C&IoS ITI Board will request that all applicants ‘exceed the cross cutting theme requirements outlined in the Operational Programmes by referencing the Inclusion and Environmental Growth strategies of Cornwall and the Isles of Scilly’.



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[Strategy for Inclusion in Cornwall](#)  
[Cornwall’s Environmental Growth Strategy 2016-2065](#)



## Technical Assistance

Technical Assistance (TA) exists to support the effective delivery of EU Structural Funds. A TA team has been established in both Cornwall (C&IoS ITI Support Team) and the Isles of Scilly (Technical Assistance Team) to support local Programme delivery.

The ITI Support Team is funded by both ERDF and ESF. Elements of this project cover the Isles of Scilly, and where the Isles of Scilly TA project has its own resource, this project seeks to complement this.

## Delivery arrangements

### 1. ITI Development : Pre-Call

The project will work on behalf of the ITI Board to ensure that ESI funds allocated to the Less Developed Region (LDR) in the Operational Programme are effectively delivered. This includes review of the ITI delivery plan; expert input to Managing Authorities as they develop calls pre-call studies, Financial Instrument development and start up and identification of programme gaps and opportunities.

### 2. ITI Development: Local Intelligence and Fund Integration

The project will develop and use up to date local intelligence to support call and project development. In addition, there will be resource to underpin the cross cutting themes and ensure the integration of funds within the ITI.

### 3. Access to the Programme

This element of the project will provide support and guidance to any potential applicants at both outline and full application stages to ensure high quality compliant applications are developed that meet Programme objectives and address issues and barriers to the Programme.

### 4. Communications and Publicity

Programme Communications and Publicity for Cornwall and the Isles of Scilly. A small team will lead this work, which will operate within the framework provided by the national communications plan and give compliant recognition to the contribution of individual funds. The work will include advice on communications requirements, the promotion of calls with the Managing Authority, publications and e-promotion, dissemination events and case studies.

Support to the Voluntary, Community and Social Enterprise (VCSE) sector: each of the project's activity areas detailed above will include an element of support for the VCSE and a focus on the sector's potential to make a major contribution to the ESF programme's delivery.

## Financial Instruments

Under the lead of the C&IoS Local Enterprise Partnership, it was agreed by local partners that a step change is needed in the way we make economic development investments. Interventions should be market led and move us from a reliance on grants to a culture of investment. In order to make a step change, whilst supporting our business community, we will deliver approximately euros 47m (plus match) of the ESI fund allocation using Financial Instruments (FIs).

This is developed from an evidence base and demand assessment undertaken to inform the development of this strategy and since then to refine the proposals.

### Access to Finance: Financial Engineering Instruments (FEIs)

We need to make a step change in the way we structure economic development investments. Interventions should be market-led, commercially focused and move us away from a reliance on

grants to a culture of investment. In order to make that step change, whilst supporting our business community, we will deliver approximately €46.8m (plus match) of the ITI allocation using FEIs.

The C&IoS approach, driven by the CloS Local Enterprise Partnership, has been developed over a number of years and seeks to provide access to finance support to drive SME business creation, development and growth. In particular, the aim is to create an integrated, co-ordinated, compelling and comprehensive business support and access to finance infrastructure for small and medium sized growth enterprises in the area. This ambition links to the Future Economy and Growth for Business strategic priorities outlined in the ITI strategy.

A series of independent commissions have been undertaken to establish an evidence base and assess market demand. This work has resulted in the development of an FEI Investment Strategy which outlines the preferred FEI delivery model and fund focus.

The FEI Investment Strategy will continue to be promoted by local partners and will form the basis of establishing a workable delivery model in line with the requirements of the Managing Authority and the European Commission.

The strategy seeks to promote a 'fund of funds' style financial instrument programme and will provide a range of instruments including debt, mezzanine and equity finance for early stage and more established SMEs.

We are aware that the EU has launched an opportunity relating to the use of financial engineering instruments within the delivery of EAFRD. C&IoS have experience of this from the Objective One Programme (2000-2006) where EAGGF funds were used to support loans to tenant farmers and new entrants into the agricultural sector. We continue to be keen to explore options for EAFRD loans with DEFRA as either a stand-alone farm based business development loan or as an EAFRD allocation within the wider ESI funds.

The FEI investment model has the potential to deliver significant 'legacy funds' which will be

reinvested in the future. This could support the creation of additional future benefits and contribute to the creation of further jobs. The FEI programme will align with appropriate business support products to ensure that our SME community are best able to make the transition from reliance on publicly funded grants to this market-led, non-grant investment approach.

## Community Led Local Development (CLLD)

Numerous evaluations of the LEADER approach, undertaken at UK and EU level over the past 20 years, demonstrate that the multi-sector, multi-goal nature of the LEADER process delivers an emphasis on integration, getting people together and developing links that would not normally happen under most mainstream economic development activity.

As a result of adopting the LEADER approach to delivery project proposals tend to have a different perspective and greater relevance to local communities/localities than they would if they were simply projects built around specific schemes or issues and delivered from the top down. The sense of place and geographic targeting created as part of the process acts as the stimulus that unlocks new forms of enterprise that deliver local economic and social benefits that might not be captured otherwise.

The LEADER process has been adopted for the delivery of EAFRD funds in Cornwall and in order to create the opportunity to use the LEADER approach for the delivery of ERDF and ESF we also plan to adopt CLLD as a delivery mechanism for those funds. As the focus for CLLD will be on different funds and different activities than LEADER delivery, this will help to improve synergies between the activities and reduce delivery costs.

It has been agreed that CLLD will only be used in those areas of Cornwall that are in the bottom 30% of the national Indices of Multiple Deprivation (IMD) ranking and their "functional economic



hinterlands". These "hinterlands" must be adjacent to the bottom 30% IMD areas or their incorporation must provide a link between need and opportunity and/or presents a more coherent functional economic geography for CLLD delivery. The exact coverage will therefore be developed as part of the preparatory support phase for CLLD.

However, in order to ensure that the majority of the funds are targeted at the areas of greatest need it has been agreed that 70% of the CLLD funds will be allocated to the bottom 30% IMD areas with the remaining 30% of CLLD funds being allocated to their "functional economic hinterlands".

In the 2014 to 2020 EU Programmes, that the LEADER approach will manifest itself in three forms:

- **Community Led Local Development** – via the delivery of ERDF and ESF through the ESI fund. The allocation for CLLD activity has been established in the ERDF and ESF Operational Programmes
- **LEADER** – via Defra for the delivery of the European Agricultural Fund for Rural Development (EAFRD)
- **Fisheries Local Action** – via the Marine Management Organisation (MMO) for the European Marine and Fisheries Fund (EMFF)

The CLLD and LEADER approach is a proven method of increasing local engagement with EU programmes, encouraging both social inclusion and social innovation. It enables local economic actors (businesses, social enterprises and the voluntary and community sectors) to actively develop and regenerate their areas by implementing and testing their own innovative solutions.

It will not duplicate delivery being funded by the other 95% of the programme. This can be assured during the design of the delivery frameworks and during delivery through regular communication between CLLD staff and other delivery bodies.

We are very clear that CLLD should be seen as an integral part of the delivery framework of the ITI and not a separate activity that operates in total isolation.

### Partnership working: governance and roles of ESI Funds Growth Programme Board, its national and local sub-committees, Managing Authorities and local partners

A national ESI Funds Programme Monitoring Committee (PMC) has been established in England. It is the PMC for the Operational Programmes for the ERDF and the ESF in England and is known as the ESI Funds Growth Programme Board (GPB).

The EAFRD PMC will be the PMC for EAFRD funds within the European Growth Programme.

The GPB is chaired by a representative of the Managing Authorities, who also provide the Secretariat. The membership of the GPB is drawn from representatives of a wide range of partners across the public, private, business, social, voluntary and environmental sectors.

The GPB is supported by a number of sub-committees advising it on relevant policy and operational matters. These sub-committees, which will provide supporting advice in specific policy areas such as innovation, skills and aspects of implementation, will bring in leading experts from their fields and provide an important resource for the GPB and ESI funds Growth Programme.

All sub-committees will report to the GPB, to ensure transparency of proceedings. The GPB will not delegate decisions to these national sub-committees though their advice will be important in informing the GPB's perspective, advice and decisions.

The Managing Authorities will work in partnership with economic, environmental, equality, social and civil society partners at national, regional and local levels throughout the programme cycle, consisting of preparation, implementation, monitoring and evaluation.

At the local level, ESI funds sub-committees have been set up. In Cornwall and the Isles of Scilly, this is the ITI Board which operates as a sub-committee of the GPB, to whom it will report. Local promotion of ESI funds projects and their impact will be a priority, as will local leadership of this amongst

partners. It will complement the functions of the Managing Authority but not substitute for them.

The C&IoS ITI Board is chaired by a local partner who, along with other members is drawn from business, public, environmental, voluntary and civil society sectors and is an advocate for the opportunities and impact of the ESI funds. Membership is inclusive and in line with EU regulations and the wide scope of ESI funds priorities and the Managing Authority is the Deputy Chair

The role and purpose of the ITI Board is clearly defined in Terms of Reference. It is not responsible for any tasks set out in EU regulations for which Managing Authorities are responsible in relation to management of the ESI funds.

The ITI Board will:

- Provide advice to the Managing Authorities on local development needs and opportunities to inform Operational Programmes and the ITI Strategy;
- Work with sectors and organisations it represents so that it engages with and understands the opportunities provided by the ITI to support Operational Programme objectives and local economic growth;
- Promote active participation amongst local economic, environmental and social partners to help bring forward activities which meets local needs in line with the Operational Programmes and local ITI strategy and Implementation plan;
- Provide practical advice and information to the Managing Authorities to assist in the preparation of local plans that contribute towards Operational Programme priorities and targets. Similarly, provide local intelligence to the Managing Authorities in the development of project calls decided by the Managing Authorities that reflect Operational Programme and local development needs as well as match funding opportunities;

- Provide advice on local economic growth conditions and opportunities within the context of Operational Programmes and the local ITI Strategy to aid the Managing Authority's assessment at outline and full application stage;
- Contribute advice, local knowledge and understanding to the Managing Authority to aid good delivery against spend, milestones, cross-cutting themes, outputs and results set out in the Operational Programme and local ITI strategy;
- Utilise the support provided by the C&IoS ITI Support Team and the Isles of Scilly Technical Assistance Team where appropriate.

In this way local partners will play the important role foreseen in the Common Provisions Regulation and the main principles and good practices set out in the European Code of Conduct on Partnership. Managing Authorities will ensure that partner roles and responsibilities are clearly set out at all levels and that conflicts of interest are avoided.

The Managing Authority has designated Cornwall Council as an Intermediary Body which will seek advice from the ITI Board in the same way as the Managing Authority would. The ITI Board will therefore provide advice to the Intermediate Body and/or the Managing Authorities as appropriate and as set out in the written agreement with the Intermediate Body (IB).

Cornwall Council will undertake the following delegated tasks on behalf of the Managing Authorities in relation to the selection criteria for ERDF and ESF 2014-2020 programme, to assess that:

1. The proposed operation contributes the needs/opportunities identified in the Call for Proposals to which it is responding;
2. The proposed operation is aligned to the local growth needs set out in the ITI Strategy and contributes to the specific objectives, outputs and results of the relevant priority axes set out in the Operational Programme.

Cornwall Council will have responsibility for:

- Call design: The IB will decide on the local strategic fit content for project calls based on the ITI Strategy and will seek the advice of the ITI Board.
- Outline application: The IB will assess each Outline Application for local strategic fit based on the ITI Strategy and will decide which to approve in relation to the relevant Project Selection Criteria. The Managing Authority will undertake the assessment against the remaining criterion. Cornwall Council will present the assessments of the Outline Applications at ITI Board meetings and will seek the advice of the ITI Board to inform its decision
- Full application: Where there is a material change affecting local strategic fit or a condition relating to strategic fit to discharge, Cornwall Council will appraise the Full Application based on the relevant ITI Strategy and will decide which to approve.

Discussions are at an early stage within Defra regarding Intermediary Body for EAFRD funding. We are keen to understand further the opportunities this may present and will look to engage with Managing Authorities on this.

Evaluation

An ex ante evaluation for the C&IoS ESI fund was carried out<sup>1</sup> in 2014 to provide clear guidance to local partners with regard to the strategic approach and investment priorities identified for the Region. A subsequent C&IoS ERDF Convergence Programme Evaluation (May 2015) and C&IoS ESF Convergence Programme Evaluation (July 2015) are being used to inform call development and support C&IoS ITI Board decision making<sup>2</sup>.

The 2014-2020 Programmes (ERDF, ESF and EAFRD) will be evaluated according to national evaluation plans. The ERDF and ESF Plans will be agreed by the National Growth Programme Board (Article 54 and 56 of Common Provision Regulations). The plans will cover all categories of region and will seek to establish the key evaluation questions and the identified methodology early in the Programme cycle.

Local partners will seek to support development of these national evaluation plans through local involvement, as agreed in the Growth Deal, in particular with regard to identifying 'added value' for C&IoS in relation to evaluation lessons and the impact of the investments in C&IoS.

Provision for project evaluations will be built into individual project applications (summative assessments) and CLLD strategies will cover requirements for evaluation (Article 33 of Common Provision Regulations).

Monitoring

Monitoring of project outputs is the responsibility of the Managing Authorities and the national Growth Programme Board. Monitoring will enable a review of progress towards achieving Programme objectives. The C&IoS ITI Board will review progress against output targets on a regular basis using monitoring data provided by the MA. Monitoring data will relate to each of the priority axes (aggregated) and will relate specifically to outputs identified in the Performance Framework but also include all other outputs. The ITI Board will request 'exceptions reporting' at intervals in order to appraise project under-performance.

<sup>1</sup> Ash Futures (2014) Cornwall and Isles of Scilly EU SIF Ex Ante Evaluation

<sup>2</sup> Amion Consulting and ICF International (2015) C&IoS



# Annex 1 – ERDF Investment Priority targets

## Cornwall and the Isles of Scilly

Investment priority	ID	Indicator	Measurement unit	Target value (2023)
				Less Developed
1a - Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest	CO25	Research, Innovation: Number of researchers working in improved research infrastructure facilities	Full time equivalents	0
1a - Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest	P1	Number of researchers working in improved research or innovation facilities	Full-time equivalents	0
1a - Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest	P2	Public or commercial buildings built or renovated	Square metres	0
1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	558

1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO02	Productive investment: Number of enterprises receiving grants	Enterprises	390
1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO03	Productive investment: Number of enterprises receiving financial support other than grants	Enterprises	98

1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO04	Productive investment: Number of enterprises receiving non-financial support	Enterprises	136
1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO05	Productive investment: Number of new enterprises supported Final	Enterprises	48

1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO06	Productive investment: Private investment matching public support to enterprises (grants)	EUR	471,369
1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO07	Productive investment: Private investment matching public support to enterprises (non- grants)	EUR	772,256



1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO08	Productive investment: Employment increase in supported enterprises Final	Full time equivalents	45
1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO26	Research, Innovation: Number of enterprises cooperating with research institutions Final	Enterprises	303

1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO28	Research, Innovation: Number of enterprises supported to introduce new to the market products Final	Enterprises	45
1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products Final	Enterprises	89

1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	P2	Public or commercial buildings built or renovated	Square metres	240
2a - Extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy	CO01	Productive investment: Number of enterprises receiving support	Enterprises	143
2a - Extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy	CO05	Productive investment: Number of new enterprises supported	Enterprises	31
2a - Extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy	P3	Additional businesses with broadband access of at least 30mbps	Enterprises	1,449
2b - Developing ICT products and services, e-commerce and enhancing demand for ICT	CO01	Productive investment: Number of enterprises receiving support	Enterprises	189
2b - Developing ICT products and services, e-commerce and enhancing demand for ICT	CO05	Productive investment: Number of new enterprises supported	Enterprises	133
2b - Developing ICT products and services, e-commerce and enhancing demand for ICT	CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products	Enterprises	30

2b - Developing ICT products and services, e-commerce and enhancing demand for ICT	P4	Additional businesses taking up broadband with speeds of at least 30Mbps	enterprises	724
3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	431
3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	CO02	Productive investment: Number of enterprises receiving grants	Enterprises	283
3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	CO03	Productive investment: Number of enterprises receiving financial support other than grants	Enterprises	56
3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	CO04	Productive investment: Number of enterprises receiving non-financial support	Enterprises	110
3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	CO05	Productive investment: Number of new enterprises supported Final	Enterprises	340
3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	CO06	Productive investment: Private investment matching public support to enterprises (grants)	EUR	1,493,120
3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	CO07	Productive investment: Private investment matching public support to enterprises (non- grants)	EUR	50,036



3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	CO08	Productive investment: Employment increase in supported enterprises Final	Full time equivalents	178
3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	CO28	Research, Innovation: Number of enterprises supported to introduce new to the market products Final	Enterprises	34
3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	P11	Number of potential entrepreneurs assisted to be enterprise ready	Persons	1,358
3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	P2	Public or commercial buildings built or renovated	Square metres	53
3c - Supporting the creation and the extension of advanced capacities for product and service development	CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	1,061
3c - Supporting the creation and the extension of advanced capacities for product and service development	CO02	Productive investment: Number of enterprises receiving grants	Enterprises	708
3c - Supporting the creation and the extension of advanced capacities for product and service development	CO03	Productive investment: Number of enterprises receiving financial support other than grants	Enterprises	140
3c - Supporting the creation and the extension of advanced capacities for product and service development	CO04	Productive investment: Number of enterprises receiving non-financial support	Enterprises	275
3c - Supporting the creation and the extension of advanced capacities for product and service development	CO05	Productive investment: Number of new enterprises supported Final	Enterprises	340

3c - Supporting the creation and the extension of advanced capacities for product and service development	CO06	Productive investment: Private investment matching public support to enterprises (grants)	EUR	4,479,359
3c - Supporting the creation and the extension of advanced capacities for product and service development	CO07	Productive investment: Private investment matching public support to enterprises (non- grants)	EUR	1,501,094
3c - Supporting the creation and the extension of advanced capacities for product and service development	CO08	Productive investment: Employment increase in supported enterprises Final	Full time equivalents	444
3c - Supporting the creation and the extension of advanced capacities for product and service development	CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products Final	Enterprises	170
3c - Supporting the creation and the extension of advanced capacities for product and service development	P13	Number of enterprises receiving information, diagnostic and brokerage	Enterprises	106
3c - Supporting the creation and the extension of advanced capacities for product and service development	P2	Public or commercial buildings built or renovated	Square metres	132
3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	637
3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	CO02	Productive investment: Number of enterprises receiving grants	Enterprises	425
3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	CO03	Productive investment: Number of enterprises receiving financial support other than grants	Enterprises	83
3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	CO04	Productive investment: Number of enterprises receiving non-financial support	Enterprises	165

3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	CO05	Productive investment: Number of new enterprises supported Final	Enterprises	204
3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	CO06	Productive investment: Private investment matching public support to enterprises (grants)	EUR	2,954,344
3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	CO07	Productive investment: Private investment matching public support to enterprises (non- grants)	EUR	1,000,729
3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	CO08	Productive investment: Employment increase in supported enterprises Final	Full time equivalents	266
3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products Final	Enterprises	102
3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	P13	Number of enterprises receiving information, diagnostic and brokerage	Enterprises	64
3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	P2	Public or commercial buildings built or renovated	Square metres	79
4a - Promoting the production and distribution of energy derived from renewable sources	CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	49
4a - Promoting the production and distribution of energy derived from renewable sources	CO05	Productive investment: Number of new enterprises supported Final	Enterprises	11
4a - Promoting the production and distribution of energy derived from renewable sources	CO30	Renewables: Additional capacity of renewable energy production Final	MW	6
4a - Promoting the production and distribution of energy derived from renewable sources	CO34	GHG reduction: Estimated annual decrease of GHG Final	Tonnes of CO2eq	3,894

4b - Promoting energy efficiency and renewable energy use in enterprises	CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	0
4b - Promoting energy efficiency and renewable energy use in enterprises	CO34	GHG reduction: Estimated annual decrease of GHG Final	Tonnes of CO2eq	0
4c - Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector	CO31	Energy efficiency: Number of households with improved energy consumption classification	Households	277
4c - Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector	CO32	Energy efficiency: Decrease of annual primary energy consumption of public buildings	kWh/year	267,474
4c - Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector	CO34	GHG reduction: Estimated annual decrease of GHG Final	Tonnes of CO2eq	4,425
4e - Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures	CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	478
4e - Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures	CO34	GHG reduction: Estimated annual decrease of GHG Final	Tonnes of CO2eq	4,425
4f - Promoting research and innovation in, and adoption of, low-carbon technologies	CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	117
4f - Promoting research and innovation in, and adoption of, low-carbon technologies	CO05	Productive investment: Number of new enterprises supported Final	Enterprises	23
4f - Promoting research and innovation in, and adoption of, low-carbon technologies	CO26	Research, Innovation: Number of enterprises cooperating with research institutions Final	Enterprises	11

4f - Promoting research and innovation in, and adoption of, low-carbon technologies	CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products Final	Enterprises	19
4f - Promoting research and innovation in, and adoption of, low-carbon technologies	CO34	GHG reduction: Estimated annual decrease of GHG Final	Tonnes of CO2eq	1,770
5b - Promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems	CO23	Nature and biodiversity: Surface area of habitats supported to attain a better conservation status	Hectares	0
5b - Promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems	P6	Businesses and properties with reduced flood risk	Number	163
6d - Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure	CO22	Land rehabilitation: Total surface area of rehabilitated land	Hectares	1
6d - Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure	CO23	Nature and biodiversity: Surface area of habitats supported to attain a better conservation status	Hectares	85
6f - Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution	CO01	Productive investment: Number of enterprises receiving support	Enterprises	148
6f - Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution	CO05	Productive investment: Number of new enterprises supported	Enterprises	30
6f - Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution	CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products	Enterprises	24

7a - Supporting a multimodal Single European Transport Area by investing in the TEN-T	CO14a	Roads: Total length of reconstructed or upgraded roads, of which: TEN-T	km	13
7a - Supporting a multimodal Single European Transport Area by investing in the TEN-T	P7	Length of railway with new or enhanced signalling installation	kilometre	43
7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility	P10	Number of multi-modal transport hubs	number	1
7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility	P8	Alternative fuel charging/re- fuelling points	number	66
7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility	P9	improved multi- modal connection points	number	2
9d - Undertaking investment in the context of community-led local development strategies	CO01	Productive investment: Number of enterprises receiving support	Enterprises	199
9d - Undertaking investment in the context of community-led local development strategies	CO05	Productive investment: Number of new enterprises supported	Enterprises	139
9d - Undertaking investment in the context of community-led local development strategies	CO08	Productive investment: Employment increase in supported enterprises	Full time equivalents	149



9d - Undertaking investment in the context of community-led local development strategies	P11	Number of potential entrepreneurs assisted to be enterprise ready	Persons	557
9d - Undertaking investment in the context of community-led local development strategies	P12	Square metres public or commercial building built or renovated in targeted areas	Square metres	476

