Report

The benefit of EU Structural Investment Funds for Cornwall and the Isles of Scilly

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Ash Futures

CONTENTS

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European Union
European Structural and Investment Funds

HM Government

Study scope and approach

This report looks at the impact to date, and ongoing impact expected from, the current and previous rounds of European investment within Cornwall and the Isles of Scilly (CIoS). This covers three programme periods: Objective One (1999-2006), Convergence (2007-2013) and Growth Programme (2014-2020).

The report considers all sources of EU funding which have been available as a result of CIoS being recognised as a 'Less Developed Region' for EU Structural Fund support.

The main questions that the report is aiming to answer are:

- To what extent CIoS has benefited from the European Structural and Investment Funds.
- What lessons can be learnt about the impact of interventions that address the challenges of Less Developed Regions.

The work has both a quantitative and qualitative aspect. The core of the work is an analysis focused on understanding what the published data tells us about how well the CIoS economy has performed over the 20 years. This has been done through benchmarking CIoS performance on a range of economic indicators, and against a number of comparator areas.

The report also involves analysis to address the 'what if' question. How would the CIoS economy have developed in the absence of the EU Programme support, or certainly at a lower level. This is a difficult to question to answer. Not least because over the 20-year period there have been a myriad of influences which have affected international, national and regional economies. The CIoS economy has not developed in isolation.

Benchmarking

The aim of the benchmarking exercise is to understand CIoS performance against a number of areas that display similar characteristics. All areas within the UK differ and, in that respect, CIoS cannot be compared directly to any single area. For the purposes of this exercise, output (as measured by GVA) in 1997 (in £m) and population in 2018 were used to identify potential suitable areas through a proximity analysis. We identified eight alternative areas against which to compare CIoS performance. While most were 'rural' to some extent, we also included one purely urban area to offer a contrast - Bradford. Ultimately, our decisions regarding benchmark areas was a combination of the proximity analysis explained above and pragmatism, and were developed alongside the client.

The benchmark areas included in our analysis are shown below:

	2018 Population	2017 GVA	Funding Status
Cornwall & IoS	564588	10075	Less Developed region
Bradford	535328	10185	More developed
Cumbria	470743	11864	Transition
Dumfries & Galloway	148790	2243	More developed
Durham CC	524670	8754	Transition
East Kent	534973	10146	More developed
Herefordshire	192100	3878	More developed
Highlands and Islands	469365	12562	Transition
West Wales	792300	13348	Less Developed region (part)

At an overall level, CIoS can be compared on some of the main economic indicators to the UK areas receiving Structural Funds. This is shown in the Table below.

	1997 - 2017		2017	
	GVA Change %age	**GVA per head change %age**	**GVA per head £**	**GVA per hour £**
Less Dev regions (w/o Cornwall)	85.7	75.9	17,086	26.6
Less Developed regions	88.7	76.7	17,239	26.3
Transition regions	90.9	77.4	20,758	29.5
More Developed regions	106.4	78.8	30,092	33.3
Cornwall	112.8	83.2	18,458	23.8

The table shows that in terms of overall economic growth (GVA) CIoS has performed strongly, certainly growing more quickly than the other area (West Wales and the Valleys) that has been consistently classified as a 'Less Developed' region. It has grown more strongly than the collective growth rates within both the Transition and More Developed regions.

Despite this overall growth, CIoS still lags these combined areas in terms of productivity measures – shown on a 'per head' and 'per hour' basis. The story emerging is that overall economic growth within CIoS has been relatively strong, but that productivity growth is less positive. An initial inference is that growth in CIoS has been driven by:

- Relatively high population growth
- Relatively high levels of labour market engagement (employment)
- Growth in less productive activities

The report sets out comparative ranking through use of traffic lights where the highest ranked areas (1-3) are coded green and the lowest (7-9) coded red. A summary of the CIoS ranking against some of the primary indicators included in the report are shown in the table below. The table reflects differing dates due to differences in data availability.

Indicator	**CIoS Ranking (out of 9)**
Population change (% change - 97-18)	2nd
Population change – working age (% change - 97-18)	3rd
Overall GVA growth (% change - 97-17)	2nd
GVA per head (% change – 97-17)	4th
GVA per filled job (% change – 02-17)	7th
GVA per hour (% change – 02-17)	8th
Change in total employment (% change 00-17)	1st
Change in number of self-employed (% change – 04-18)	4th
Change in hi-tech knowledge intensive businesses (% change – 09-18)	3rd
Growth in total number of businesses (% change 10-19)	4th
Change in scale ups (turnover based definition) (% change 13-16)	1st
Change in proportion working-age population with NVQ4+ (% change 01-18)	1st
Change in average earnings (% change 02-19)	3rd
Change in lower quartile (25%) earnings (% change 02-19)	3rd

Overall, the table indicates that CIoS has performed relatively strongly when set in the context of the other comparator areas. The message is that over the past 20 years CIoS has experienced relatively robust economic and employment growth and this may have influenced the relatively strong net population growth. Several of the other rural comparator areas certainly did not experience the same population dynamics over this period.

There are also some positive signs relating to the business community, with strong growth in the number of scale-ups (fast growing businesses) and 'knowledge intensive' businesses. The proportion of working-age people with higher qualifications has increased more strongly in CIoS than elsewhere.

However, the story around productivity and earnings is more mixed. Measures of productivity remain muted both in absolute terms and also growth over time. The 'productivity conundrum' remains. Also, whilst average earnings has grown in relative terms when set against the comparators, wage levels within CIoS remain low.

'What If' Scenarios:

This section of the report focuses on meeting the core question in the brief which was to envisage what CIoS would look like without the support of the EU programmes. The inherent problem with this is that there are no 'clean' comparator areas, or 'control groups' that have had no public sources of funding to support their local economy.

Initially, we established that the broad level of EU investment that CIoS has received through the three different programme periods is circa £1.5bn. It is important to recognise that this investment has been spread over a 20-year period and should be viewed as an investment flow. It is equally important to place the scale of this investment in the context of the overall size of the economy during this period. We estimate that the cumulative economic output for the CIoS economy over a 20-year period (as measured by GVA) has been circa £179bn.

Our first approach is to establish 'what If' scenarios that set out a range of alternative growth rates for a range of other areas. In effect, the different growth rates experienced by other areas in receipt of EU Structural Fund support (albeit at lower levels) effectively acts as the 'what if' scenario.

We consider all areas in the UK, grouped by their EU Structural Fund classifications – 'Less Developed' (in this instance we mean West Wales and Valleys), 'Transition' and 'More Developed'. We also refer to our comparator areas from the benchmarking exercise, using their relative growth rates .

In each instance we are effectively estimating what the size of the CIoS economy could have been if it followed the growth patterns of these other areas. This is demonstrated in the table below. The right-hand column shows how the CIoS economy (in 2017) would have differed if it had the same average growth rate as the relevant group of areas.

Scenario Identifier Alternative CF	Growth Rate 1997-17 %	If CIoS had growth rate of the other areas the 97-17 change would be £m	The 2017 GVA would be £m	Cornwall Economy would be smaller by £m
CIOS - £4,888m 2017	112.8	5515	10403	-
Less Developed regions	92.5	4519	9407	996
Less w/o CIOS (WWV)	86.9	4248	9136	1267
Transition Regions	92.6	4526	9414	989
More Developed regions	118.1	5771	10659	-256
Transition - Lower Quartile	77.1	3767	8655	1748
Transition - 2nd lowest quartile	87.4	4274	9162	1241

Bradford	86.9	4248	9136	1267
Cumbria	95.2	4655	9543	860
Dumfries and Galloway	106.3	5198	10086	317
Durham	89.4	4372	9260	1143
East Kent	85.0	4155	9043	1360
Herefordshire	84.2	4117	9005	1398
Highlands and Islands	119.3	5832	10720	-317
West Wales	88.3	4315	9203	1200

What this table illustrates is a range of scenarios of how the CIoS economy could have developed if it were in receipt of a lower amount of EU Structural support. Again, it is important to reiterate that there will be many factors at play in determining relative economic performance and it is not possible to exactly attribute these differences to the presence of a higher form of EU Structural support in CIoS. Nevertheless, we feel it does usefully demonstrate some possible 'what if' scenarios for the CIoS economy.

Our second approach is a form of regional analysis that aims to determine how much of regional growth can be attributed to national trends and how much to unique regional factors ('shift share' analysis). In the context of this report, regional growth refers to CIoS.

We have undertaken shift share analysis:

- of CIoS economy against UK national trend
- of all aggregated 'Transition' regions against UK national trend. (we also undertake this analysis against the slowest growing 25% of regions with 'Transition' status)

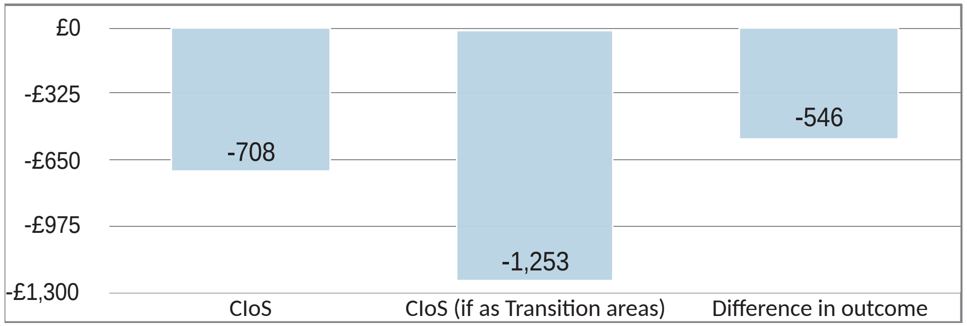
We then analyse the difference in the 'regional competitive element' between CIoS and 'Transition' (and Lower Quartile) areas to, again, create a 'what if' scenario.

The expected growth i.e. if the CIoS economy had followed UK national trend growth, is slightly greater than the actual growth. This outcome of the analysis is not surprising given that large regional differentials have remained in place for decades. The structural imbalances within the UK economy have been difficult to breakdown, despite efforts from various Governments (supported by EU programme investment in many areas).

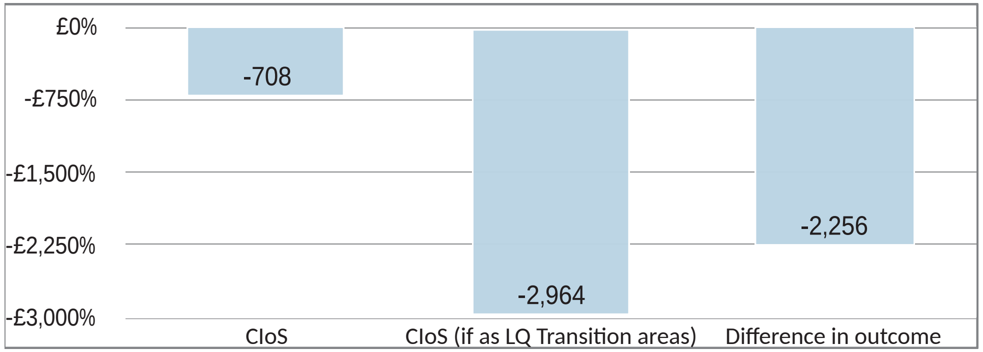
Importantly, the difference between the expected and actual change in Transition areas is significantly larger than seen in CIoS - as set out in the table below.

Therefore, the argument here is that whilst the CIoS economy has not matched national trends (based on its industrial mix and growth in those industries at national level) it has performed better than the aggregated Transition areas, and significantly better than the slowest growing areas – conforming to the conclusion in the first 'difference in difference' approach.

Difference between 'expected' and actual change (transition)- £m



Difference between 'expected' and actual change (LQ transition)- £m



This approach estimates that the CIoS economy could have been £546m smaller if it had followed a similar pattern to the Transition areas (and their constituent industries). This is lower than the c£990m positive differential estimated through the 'difference in difference' approach. However, if we set it against the slowest growing Transition areas, then the potential 'what if' scenario becomes much more significant and highlights the muted growth that those areas have experienced in relation to national growth. This is slightly higher than the comparison in the 'difference-in-difference' approach (£1.7bn).

Conclusion:

When read in combination with the extensive benchmarking exercise undertaken in this report, we conclude that positive change has happened in CIoS in terms of how the economy has developed, and the EU programme support has played a significant role. Our view is that the CIoS economy has performed relatively strongly.

However, this does not necessarily answer the question about whether all of this positive change can be attributed to EU funding programmes alone. Nor does it answer the question about whether it has been invested in the most effective manner and in the most appropriate way. This is a policy debate beyond the realms of this study (and would be very difficult to come to a robust and agreed conclusion).

Deep-rooted structural issues remain within CIoS though, and this is demonstrated through the 'what if' analysis which highlights that, at a macro level, CIoS is not keeping pace with the 'fastest runners' – principally London and the South East. It is well known that regional differentials within the UK are not closing quickly and remain stubbornly wide.

It is important to reiterate the point about 'scale and influence'. Set against the cumulative output of the CIoS over the 20-year period, the c£1.5bn of EU investment represents a small tool to influence those structural issues. This paper – both quantitatively and qualitatively – argues that there are signs (and evidence) that it has certainly supported positive change.

This report provides a communications and research analysis to investigate the impact to date, and ongoing impact expected from, the current and previous rounds of European investment within Cornwall and the Isles of Scilly (CIoS). The aim has been to provide rigorous analysis of the impact of the programmes, with a focus since 1999. This analysis covers the Objective One (1999-2006), Convergence (2007-2013) and Growth Programme (2014-2020) programme periods.

The report considers all funding sources available to CIoS during the 20 year period covered by the analysis.

The main questions that the report is aiming to answer is:

- To what extent CIoS has benefited from the European Structural and Investment Funds.
- What lessons can be learnt about the impact of interventions that address the challenges of Less Developed Regions.

The work has both a quantitative and qualitative aspect. The core of the work is analysis focused on understanding what published data tells us about how well the CIoS economy has performed over the 20 years. This has been done through benchmarking CIoS performance against a range of economic indicators, and against a number of comparator areas. These comparator areas have some similar characteristics to CIoS, such as rurality, broad population, size of economy. However, no one area in the UK exactly mirrors the characteristics of CIoS, and interpretation is important.

We have also undertaken an analysis to address the ‘what if’ question. How might the CIoS economy have developed in the absence of the EU Programme support at the levels it received. This is a difficult to question to answer, not least because over the 20-year period there have been a myriad of influences which have affected international, national and regional economies. The CIoS economy has not developed in isolation. It is also difficult to compare against another area that has not received any public investment to support local economic objectives – there is no clean ‘control’ area.

We have analysed the different growth patterns experienced in other areas and this work has constructed some practical and insightful ‘what if’ scenarios. It is important to recognise that this stops short of attributing all positive change in CIoS to the presence of EU Structural Funds. However, some relatively strong inferences can be made.

In our view, this report contains a set of useful and insightful approaches to addressing the ‘what if’ question. However, it was not commissioned as an academic exercise. Nor can it follow every interesting question that has arisen out of the analysis. As a result, both the benchmarking and what if scenarios have identified some policy questions which could be investigated further - see chapter 9.

This work also recognises that quantitative analysis can only tell part of the story. Therefore, the report also tells the wider narrative of how the programmes have helped several aspects of CIoS life. This is done through a number of ‘Theme Summaries’ – showing where EU Programme investments have supported a range of particular issues. We also include a number of case studies, highlighting projects that the programmes have supported.

The quantitative analysis and the wider narrative are intended to be complementary, allowing a better understanding of how the CIoS economy has been influenced by its ‘Less Developed’ status over the past 20 years.

CIoS Objective 1 period 2000-2006

The Objective One Partnership
for Cornwall & the Isles of Scilly

Review of Programme Aims and Priorities

The Aims and Priorities were set out in a Single Programming Document and linked Programme Complement, incorporating all four EU funding streams, ERDF, ESF, FIFG and EAGGF.

OVERALL AIM:

To achieve a step change in the prosperity of Cornwall and Scilly, making it a place where people and communities have equal access to opportunities and to a quality of life which arise from the sustainable development of its economy and its environment and the enhancement of its distinctiveness.

Five Priorities under which funding was structured:

Priority 1:SME and micro business support. (ERDF, ESF, EAGGF).
OBJECTIVE: improve the competitiveness of business and the creation of new businesses through the provision of high quality support, advice and the development of new opportunities for growth

Priority 2: Strategic investments (ERDF)

OBJECTIVE: increase employment and investment through the development of a limited number of strategic sites and the removal of infrastructure constraints to provide suitable locations for major new investment and the implementation of areas based development plans based on economic growth sectors.

Priority 3: Developing people (ESF, ERDF)

OBJECTIVE: develop and maintain a highly skilled adaptable workforce which meets the needs of the economy of Cornwall and Scilly whilst promoting equality of opportunity for all groups in the labour market

Priority 4: Community economic development and rural structural adjustment (ERDF, ESF, EAGGF. FIFG)

OBJECTIVE: regenerate rural and coastal communities affected by the long term decline of primary and other key sectors give rise to present levels of deprivation

Priority 5: Regional Distinctiveness (ERDF AND ESF)

OBJECTIVE: increase the economic and employment benefits resulting from new opportunities developed from the strength of the region’s environmental, historical, cultural and intellectual distinctiveness.

Review of Programme Management and Delivery

The overall Managing Authority for the Programmes was the then Department of the Environment, Transport and the Regions, who delegated the day to day administration to Government Office for the South West. An Objective One Programme Monitoring Committee (PMC) was set up, with a wide local membership.

Below the PMC, there were two sides to the management process; strategy and delivery. Both sides had sub groups engaging with local partners and with local representation. These included Task Forces, developing sector based strategies and resourced to drive good quality projects; and Priority Management Groups - one for each for the five Programme Priorities, and one each for the Agricultural and Fisheries sectors – who undertook a peer appraisal of projects. Local partner engagement in management and delivery was extensive and included a locally based Objective One Secretariat, proactive on, amongst other things, facilitating this local participation.

Other aspects of management and delivery included:

- Delegated grant schemes for delivery of some EAGGF funding (under £75k), with the grant scheme itself being an Objective One project
- Co-financing programmes through the Learning and Skills Council and JobCentre Plus, which brought together ESF funds and the required match funding into a single pot for providers to access as a single funding stream
- FIFG, was managed in London by its managing authority, in conjunction with the CIoS Fisheries Priority Management Group
- Use of Integrated Area Plans and teams, as part of the delivery of Priority 4, with an opportunity for funding going towards animateurs and other support staff to help undertake community regeneration.
- Delivery was entirely bid led through the project application process

Commentary

In Objective One, the Single Programming Document set out a single strategy for all four EU Structural Funds, with a combination of these contributing to its different funding priorities. It sought to integrate funding opportunities to deliver local priorities through the SPD – and also through its management structure which had a large level of local partner engagement and management.

Discussions for this study have emphasised the value of the local management and delivery in the Objective One period, providing flexibility in use of funding to respond to local circumstances and needs, and to opportunities for innovation. Conversely some evaluation feedback from Objective One highlighted a lack of clarity about its scope in certain areas, and a concern about its bureaucracy.

CIoS Convergence period 2007 – 2013

Review of Programme Aims and Priorities

ERDF and ESF Aims and Priorities set out in the Cornwall and Isles of Scilly Convergence ERDF Operational Programme and the England And Gibraltar European Social Fund Convergence, Competitiveness And Employment Programme. Rural development and agricultural support addressed separately in the Rural Development Programme for England (RDPE). Fisheries also addressed separately through the UK European Fisheries Fund Operational Programme.

ERDF set out four Priority Axes for funding:

Axis 1: Innovation, research and development: to enable Cornwall and the Isles of Scilly to compete as a centre for creativity, innovation and research and development

Axis 2: Enterprise and investment: re-structure the economy to one with a higher proportion of high value added business, under-pinned by more productive enterprises across the business base

Axis 3: Transformational infrastructure: developing a platform which will allow for a step change in economic performance e.g. Newquay airport, digital and knowledge infrastructure

Axis 4: Unlocking the economic potential of place

ESF set out two Priorities for funding:

Priority 4: Tackling barriers to employment: to increase employment and to reduce unemployment and inactivity

Priority 5: Improving the skills of the local workforce: help all people in Cornwall achieve the highest levels of skills and qualifications they can in order to enable them to find jobs and improve their chances of career progression.

The **RDPE** set out national priorities:

Axis 1: improving competitiveness of the farming and forestry sectors

Axis 2: improving the environment and countryside

Axis 3: improving the quality of life in rural areas and promoting diversification of the rural economy

Axis 4: The LEADER approach

The **EFF** also set out national priorities:

Axis 1: adjustment of the fishing fleet,

Axis 2: aquaculture, processing and marketing

Axis 3: measure of common interest. promote the competitiveness and profitability of the UK fisheries sector and encompassed investments in fisheries ports, infrastructure, services as well as training

Axis 4: sustainable development of fisheries areas; supporting coastal communities

Review of Programme Management and Delivery

The Dept for Communities and Local Government was the Managing Authority responsible for ERDF. The South West Regional Development Agency acted as its managing agent. DWP was the Managing Authority for ESF.

A Programme Monitoring Committee was set up for CIoS to oversee strategy and delivery of both ERDF and ESF Programmes. This had local representation on it. Commissioning teams were set up to develop some projects through a commissioning process. Endorsement Advisory Groups were set up to consider applications. A Convergence Partnership Office was also in place from 2008 – 2012.

The Managing Authority for EAFRD was Defra. However Axis 1, 3 and 4 of the RDPE were delivered at the regional level through SWRDA who set out a Regional Prospectus for its use. Some projects were commissioned through calls (sustainable rural tourism, nutrient management, animal health and welfare, Local Action, and social enterprise). Some projects made direct applications for funding, working through the Rural Development Gateway as an initial point of contact. Axis 4 on Local Action was delivered through three LEADER Local Action Groups in Cornwall - West Cornwall, Clay Country and East Cornwall - and the Isles of Scilly Local Action Group.

EFF was managed nationally, although the budget was allocated into Convergence and Non Convergence areas in England, meaning there was a specific allocation for CIoS. Axis 4 was delivered through the CIoS Fisheries Local Action Group.

Commentary

On the ERDF side, there was an intention to make fewer, more strategic investments than in Objective One. Commissioning was used to capitalise on some specific opportunities and meet needs, rather than via open bidding – which also remained as part of delivery.

The Convergence Evaluation of the ESF programme noted that the introduction of the Coalition Government in 2010 caused considerable upheaval meaning it ‘lost significant local strategic oversight’ and ‘the installation of a more rigid, nationally-led approach to contract management’ making the second half of the programme less flexible and subject to delays.

Local Action Groups delivered a locally led approach for both some of EAFRD and EFF funding. LAG Managers for LEADER and the FLAG Animateur have all been able to provide support, advice and guidance to potential applicants. A LEADER evaluation highlighted the added value of the LEADER and Local Action Groups, whilst an SROI evaluation of the FLAG animateur highlighted the benefits of having the post. Both open up the opportunity to a range of smaller communities and individuals to access EU funding.

CIoS EU Growth Programme period 2014 – 2020

Review of Programme Aims and Priorities

ERDF and ESF Aims and Priorities set out in the Cornwall and Isles of Scilly Integrated Territorial Investment strategy, April 2016 (previously the European Structural and Investment Fund (ESIF) strategy and in the ESF England Operational Programme and the ERDF England Operational Programme.

Rural development and agricultural support addressed separately in the Rural Development Programme for England (RDPE). Fisheries also addressed separately through the UK European Maritime and Fisheries Fund Operational Programme.

Nationally, **ERDF** set out eight Priority Axes for funding:

Priority Axis 1: Promoting Research and Innovation

Priority Axis 2: Enhancing Access to, and use and Quality Of, ICT

Priority Axis 3: Enhancing the competitiveness of SMEs

Priority Axis 4: Supporting the Shift Towards A Low Carbon Economy

Priority Axis 5: Promoting Climate Change Adaptation, Risk Prevention and Management

Priority Axis 6: Preserving and Protecting the Environment and Promoting Resource Efficiency

Priority Axis 7: Sustainable Transport In Cornwall and The Isles of Scilly

Priority Axis 8: Promoting Social Inclusion and Combating Poverty and any Discrimination.

Nationally, **ESF** set out two priorities for funding:

Priority Axis 1: Inclusive Labour Markets

Priority Axis 2: Skills for Growth

In CIoS, the ITI Strategy set out three priorities, each delivering different national priority axes:

Future Economy. Exploiting new and emerging markets where CIoS has competitive advantage, using RD&I to drive growth

Growth for Business. Investments to accelerate increases in productivity and competitiveness

Conditions for Growth. Investments to address continuing blocks to growth, in infrastructure and human potential.

The **RDPE** set out six priorities nationally:

P1: knowledge transfer and innovation

P2: Enhancing farm viability and competitiveness

P3: Promoting food chain organisation

P4: restoring, preserving and enhancing ecosystems in agriculture and forestry

P5: Promoting resource efficiency and low carbon and climate change resilience

P6: Promoting social inclusion, poverty reduction and economic development in rural areas

EMFF also set out priorities nationally with six priorities:

1. Promoting innovation and added value in fisheries
2. Environmentally sustainable, resource efficient, innovative, competitive and knowledge based aquaculture
3. Implementation of the Common Fisheries Policy
4. Increasing employment and territorial cohesion (including through Fisheries LAGs)
5. Marketing and processing
6. Integration of the Integrated Maritime Strategy.

Review of Programme Management and Delivery

The Ministry of Housing, Communities and Local Government (MHCLG), is the Managing Authority responsible for ERDF. DWP remains the Managing Authority for ESF.

Locally, the CIoS Integrated Territorial Strategy set out the priorities for EU ERDF and ESF funding. Funding is committed through Calls for projects issued either by MHCLG or DWP. The Calls are CIoS specific. The CIoS ITI Board works with the Managing Authorities on setting out the specifications for these, to ensure that they are framed to meet CIoS needs as set out in the ITI Strategy. Around 50 Calls have been made in total.

For the first time and in response to a national opportunity to do so, some of the CIoS ERDF and ESF funding is being delivered through a community led local development approach (CLLD, following the LEADER and FLAG type model) which targets areas of particular need. Local Action Groups receive project applications and there is also an opportunity to commission projects.

RDPE funding is managed nationally through Defra (as the Managing Authority) and the Rural Payments Agency (administrative management). The RDPE growth programme is delivered through three capital spend programmes, managed by the RPA through calls put out for applications. The Countryside Productivity programme is managed by the RPA nationally through direct project bidding. 5% of the EAFRD budget is being delivered through the LEADER Local Action approach. There are now four LAG areas in Cornwall (West Cornwall, Coast to Coast, Atlantic and Moor, South East Cornwall).

EMFF is managed nationally through the Marine Management Organisation with applications made directly to the MMO. A part of EMFF is locally delivered through the CIoS Fisheries Local Action Group and its local development strategy (LDS).

Commentary

Management of the EU funding programmes is now very much nationally led and largely through a commissioning process – certainly for ERDF and ESF. Discussions for this study have identified concerns about loss of flexibility and missed opportunities associated with this (e.g. if a good potential opportunity arises but there is no Call open).

CLLD, LEADER and FLAG all provide an opportunity for more locally led delivery approaches, although changing approaches to their management and administration by their national hosts have had implications for extent of local flexibility and responsiveness. Nevertheless they remain an opportunity for extending the spread of EU funding locally

European Programmes

Cornwall and Isles of Scilly economic position over time

Gross Value Added per head	Total Gross Value Added £ billions	Average Gross Annual Pay	Number of employee jobs	Percentage of working age population with NVQ 4 +
UK - £15,758 **£10,333** 1999	**£5.059b** 1999	UK - £16,964 **£12,995** 2002	**159,000** 1998	UK - 26.0% **21.0%** 2004
UK - £27,430 **£18,458** 2017	**£10,403b** 2017	UK - £24,897 **£20,353** 2019	**213,000** 2018	UK - 39.2% **34.8%** 2018

83,000 population increase

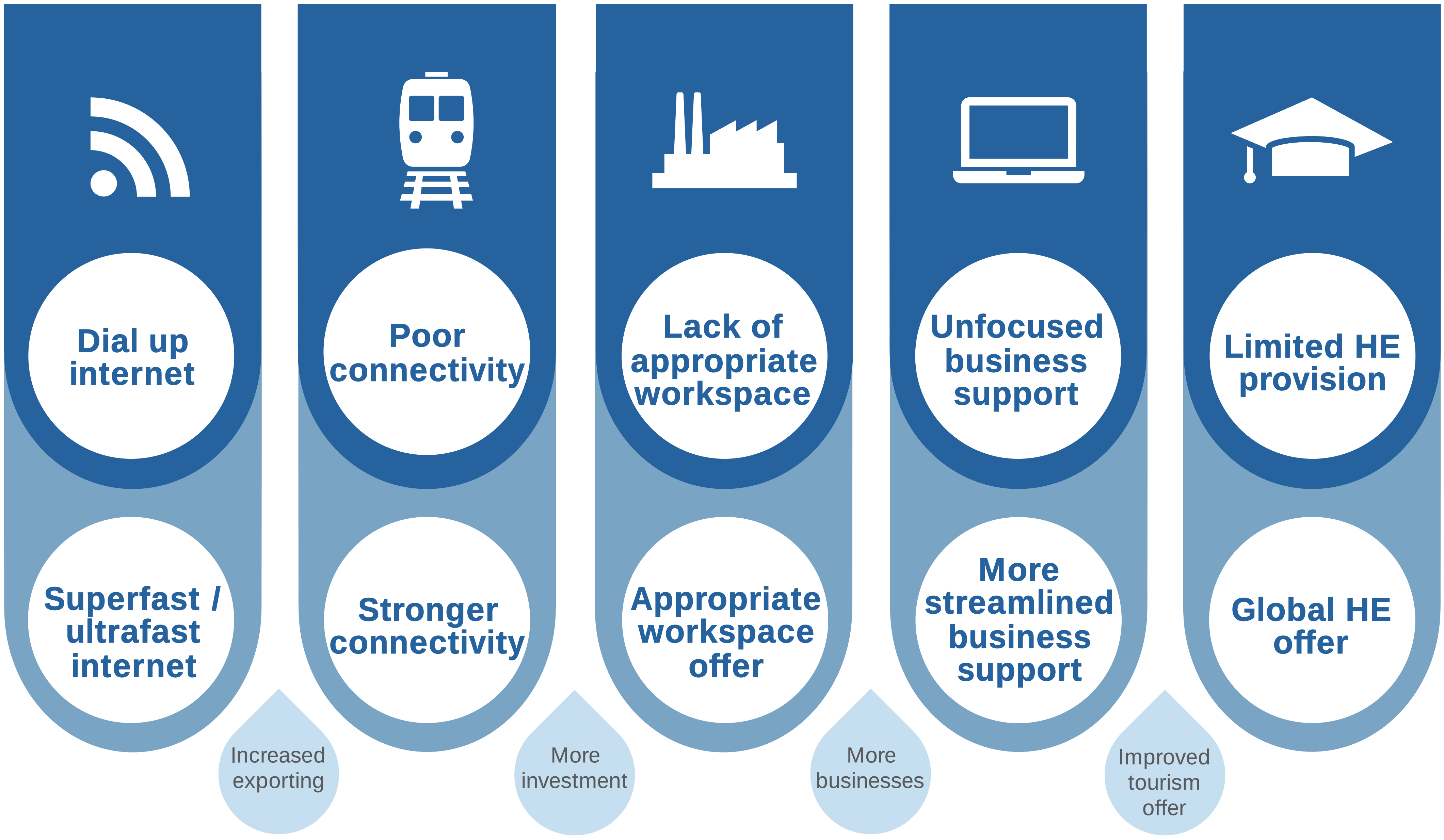
15,200 more self-employed

6,000 knowledge intensive businesses

111,100 qualified to NVQ4+

European Programmes

Cornwall and Isles of Scilly economic issues over time



The following section includes a number of 'Theme Summaries' to illustrate the wider story. The theme summaries are intended to illustrate examples of projects that were supported over the three programme periods to meet a particular agenda/objective. The projects described are certainly not exhaustive and should be viewed as examples.

Two of the theme summaries focus on major infrastructure projects which have been supported by the EU programmes – the establishment of University presence in CIoS, initially through the establishment of the CUC partnership, and the development of Newquay Airport. These have been included to illustrate the subsequent developments which have been unlocked by those initial developments supported by the EU programmes.

The theme summaries and project case studies reflect a focus within the brief. They certainly do not capture the whole extent of support provided but are useful in providing a flavour of the types of activities that have been supported through the various programmes (ERDF, ESF, EAFRD and EMFF).

This section aims to complement the quantitative analysis which is contained in the benchmarking and counterfactual sections. It shows activity and impact at a 'micro' level, whereas the quantitative analysis focuses on the picture at a 'macro' level.

The theme summaries are organised by Programme :

Objective 1

Convergence

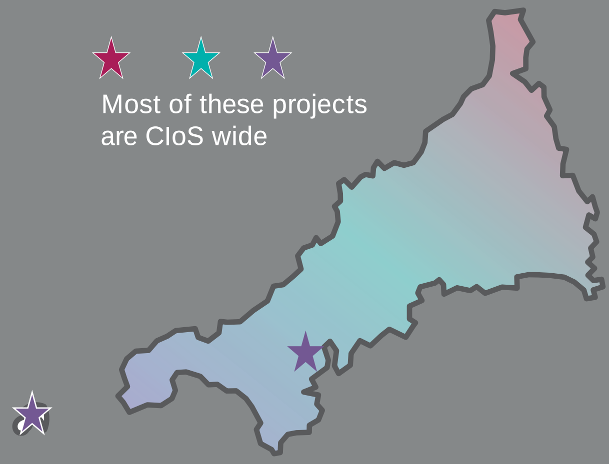
Growth Programme

The summaries included are:

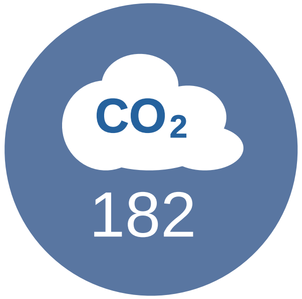
Promoting resource efficiency
Supporting the agri-food sector
Higher Education in Cornwall
Renewable energy and low carbon
Developing workforce skills
Promoting innovation
Investing in health and wellbeing
Cornwall Airport Newquay
Transport infrastructure
Employability initiatives
Inclusive access
Supporting the fishing industry

Each includes a map to show where the projects were based. However, for some themes and projects the delivery has been across the whole of the CIoS area rather than in a specific place.

Resource efficiency



Equivalent carbon savings produced by businesses supported by Envision by 2009. (Kilotonnes)



Commercial and industrial waste collected and recycled in Cornwall (2017) (tonnes)

1999-2006 OBJECTIVE ONE

Priority One sought to improve the competitiveness of businesses; both through increasing competitiveness and profitability of existing businesses and through developing new and high growth sectors. There was also a particular encouragement for adoption of environmentally friendly products and processes, use of applied technology, energy efficiency and alternatives.

Priority 4.6 focused on measures related to agriculture, diversification and the wider rural economy.

The environmental sustainability cross cutting theme also gave an emphasis to resource efficiency, renewables, waste minimisation, water management and biodiversity protection

Envision

This was a partnership project led by the Environment Agency, which aimed to increase the productivity and competitiveness of SMEs through providing environmental support services, helping them to save costs through improved environmental performance and thus improve productivity. It received an ERDF grant of £671,100 towards a total project cost of £1,342,200, gave substantive support to some 260 businesses and advice and guidance to a further 490 and is reported as saving businesses 'well over £1.5m' by 2006..

Cornwall Rivers Project

Led by the West Cornwall Rivers Trust, this was aimed at improving the quality of targeted river catchment areas through advice and small grant support to farmers to integrate environmental practices into their farming activities. It invested c£900,000 of grant in a £2.3m project which supported over 860 farmers

Act Now

Research into the environmental impacts of its ICT projects (broadband infrastructure and business support), found that 55% of businesses said broadband had reduced the amount of materials used; 49% had reduced commuting /business travel; 37% said staff have changed their commuting times as a result of broadband (easing road congestion); 76% had seen a reduction in mail and printing costs

2007-2013 CONVERGENCE

The Convergence programme continued to seek to address productivity issues. Its focus on targeted business support continued to include improving business productivity through improving environmental performance as well as developing new business opportunities relating to changing environmental standards.

The environment continued as a cross cutting theme. This also encompassed improvements to environmental performance as part of an overall approach of 'environment as an economic driver'.

Envision (cont . .)

Continued from Objective One, this received £213k towards a total cost of £278k. It extended the EnVision programme for a further year and finished in 2009 to make way for 'Improving Your Resource Efficiency' (see below). It supported 65 SMEs and gave advice and guidance to a further 157.

Improving Resource Efficiency

Two schemes delivered by SERCO regional services:

- The capital project aimed to support 140 businesses to undertake changes which reduced their carbon footprint; This received £243k against a total cost of £277k.
- The revenue project supported businesses wishing to improve their resource efficiency. It also undertook marketing on climate change, and environmental issues affecting businesses. It received £768k.

Resource Efficiency for Farms

This was part of the SW Agricultural Resource Management Initiative which aimed to help make agricultural and horticultural business more profitable and resilient - whilst reducing the impact of farming on the environment. A 'Small Capital Grants' scheme then provided funding to implement investments that might arise from the advice received.

2014-2020 GROWTH PROGRAMME

Priority Axis 3 supports developing the competitiveness of SMEs, including support to implement productivity improvements through the provision of resource efficiency advice.

Priority 3 - Conditions for Growth, gives a focus to promoting resource efficiency to drive growth and deliver productivity gains. The Cornwall and IoS ITI states '*With the demand for energy and material resources expected to rise to 170% of the planet's generation capacity by 2040, economic competiveness will be improved through resource efficiency gains and building an eco-effective economy.*

Environmental sustainability continues to be a cross cutting principle. A focus is on how projects providing support for SMEs embed resource efficiency, as well as ensuring specialist support on environmental issues such as eco-innovation.

TEVI

This environmental growth for business project is an innovative programme that focuses on developing environmental growth and circular economy initiatives. It helps businesses improve their processes, make cost savings and benefit Cornwall's natural environment. It is aiming to work with a number of businesses over its 36 month period. It has received a grant of £2.42m towards a total cost of £3.03m.

Isles of Scilly Voucher Scheme

While this scheme is mainly seeking long term, sustainable business growth, with funding of between £1,000 and £100,000 to SMEs, a beneficiary survey showed that many investments incorporated features to minimise environmental impact

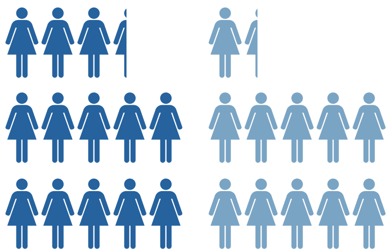
Initial funding of £1.37m was followed by an additional £1.33m.

Superfast Business Cornwall

This a specialist ICT support and digital skills development programme delivered by SERCO, to improve business competitiveness through enhanced understanding and exploitation of digital technologies. Businesses within this were able to achieve resource efficiency and reduced carbon footprint as part of the digital transformation.

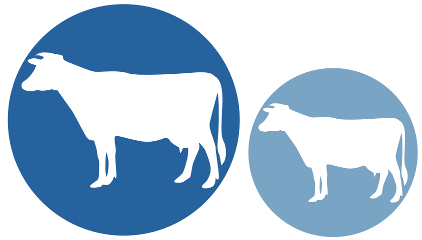
Supporting the agri food sector

Number of employees in agri-food sector
2000 / 2016



13,121 11,180

Number of farm holdings
2000 / 2016



7,986 4,571

Value of the agri-food sector
2000 / 2017

£329m GVA £567m GVA

1999-2006 OBJECTIVE ONE

Cornwall and Isles of Scilly Agri-Food Council (CAC) was first set up in the 1990's. It has been important in setting the strategic direction for the agri-food sector in CIoS. It acted as a voice for the agricultural sector including food processors within the Objective One Programme period. Where gaps existed CAC developed bids to deliver key aims

The first strategy written in 1999 and revised in 2003, focusing on four key themes. A development team was itself an Objective One supported project. It provided guidance to over 2,000 rural businesses and £68 million of private sector funding.

Policy Background

Priority 4.6 was a measure that could provide the basis for achieving this including marketing of quality agricultural produce and developing and marketing speciality foods.

Cornish Country Larder

£92,000 towards a £2.3m project to expand their dairy at Trevarrian, allowing the business to expand UK market share for speciality and mould-ripened cheeses.

Lynher Dairy

£310,000 to support a purpose-built production dairy to allow it to relocate and more than double production of hand-made cheese, including its famous Cornish Yarg

Cornish Natural Spring Water

£97,000 towards developing their production, including a range of organic flavoured water for schools.

Little Meadow Dairy

A diversification project near Looe to set up processing of milk into cream, yoghurt and dairy products. £96,000.

Davidstow Creamery

£12.5 m towards a major rebuild of the Dairy Crest creamery - creating the UK's largest mature cheddar plant. Supported local dairy farmers and and aimed to increase production by 66%.

Ginsters Project Baker

Awarded £1.3m towards costs of £3.24m, to increase production and expand the range of products. Created over 100 new jobs and supported local supply chains.

Cornwall Food and Drink Partnership

Provided smaller capital and revenue grants to a wide range of food and drink producers, manufacturers, wholesalers and caterers.

2007-2013 CONVERGENCE

Cornwall Agri-food Strategy continues to provide an important context to agri-food developments. A core team remained in place to support project development

Policy background

The theme of agri food and added value to local produce continued into the 2007 – 2013 structural fund period. Supply chain development and adding value to produce was one of eight themes

The LEADER Local Action Groups established in the Convergence Programme period, were also supportive of food and drink processing and development.

Trewithen Dairy Project

£5.7m towards the £12m Milky Way project - to develop its dairy activities and achieve quality standards for new markets.

Cornish Orchards

In order to expand its cider and juice production, Cornish Orchards was was awarded a grant of £834,00 towards a £1.7m project. This aimed to double its production over two years following completion.

Pengreep Biochar and Compost Tea

Awarded a grant of £15,700 to investigate using the waste cheese products and wood from their woodland to make a “compost tea”, a treatment applied to land to help improve soil quality.

Norton Barton

This farm, near Bude, was awarded a grant of £340,000 for converting buildings into food processing units, office and meeting space.

Davidstow Creamery continued to make significant investments in its factory, investing c£45m of their own funds in a plant that would enable its skimmed milk by-products to go into baby foods and protein drinks,

Lynher Dairies, the home of Cornish Yarg production, continued to invest in developing their cheese production

2014-2020 GROWTH PROGRAMME

In response to a pilot project announced by Defra in 2015, CIoS became one of 17 pilots nationally, to be awarded food enterprise zones. Two sites were approved – Norton Barton Farm at Bude and Trewithen Dairies in the Glynn Valley.

Policy Background

The RDPE supports development of productivity and competitiveness in farming, providing capital grant funding for constructing/improving buildings or purchase of equipment or machinery to support processing activities.

The ITI strategy continued the emphasis on agri-food focusing on driving productivity improvements, adding value to agricultural products and increasing supply chain integration.

LEADER continued to support food and drink processing and marketing through smaller scale capital investments, although its focus was more on social and community projects.

Three projects supported at Food Enterprise Zone, Norton Barton, Bude

Cornish Charcuterie. £280,000 towards new equipment (climate controlled slicing and packing, new butchery and drying room) and a new plant to increase production.

Cornish Distilling Co Ltd. Awarded £165,000 to create a new rum distillery and visitor area.

Popti Ltd £164,500 to create a new production unit for its range of savoury biscuits - aiming to increase output by up to 400%.

Carvannel Free Range Dairy

Developing a new milk processing business to promote its own free-range and un-homogenised dairy products - with grant of £83,800.

Carron Farm

Awarded £37,000 to set up a craft distillery and warehouse on ST Martins, Isles of Scilly.

Sample LEADER funded projects

Tremedda Farm, Zennor. £23,000 for new ice cream equipment

Fowey Brewery. £11,800 to expand production

Cornish Natural Spring Water. £33,900 to produce own low carbon bottles.

Lynher Dairies received a further grant to provide storage facilities for its new Cornish Kern cheese.

HIGHER EDUCATION IN CORNWALL

In 1998 Cornwall and the Isles of Scilly was one of the last few areas of the UK without a university. What little higher education did exist was fragile and fragmented. The Combined Universities in Cornwall (CUC) was a unique initiative to promote regional economic regeneration through Higher Education. The partnership consisted of the Higher Education institutions and Further Education Colleges operating in the area. It was recognised that Cornwall needed more HE places and that locally produced graduates would make a key difference to Cornwall's economy

DEVELOPMENT PROCESS

- £ 673k - to fund start up work and appointment of key staff to develop CUC Strategy
- £4.9m to continue into second phase of Phase 1 start-up work
- £1.3m to take forward preparations for further Phase II development
- £1.5m to fund support costs for the development of Phase III at Tremough
- £2m for infrastructure planning and design for roads, services and landscaping for all subsequent Phase III Hub development.

DEVELOPING THE PENRYN CAMPUS

- C.U.C.
  - £12.2m to start construction of CUC campus
  - £9.2m for second phase at Tremough - providing seminar rooms, learning resources and administration space.
  - £3m to establish The Exchange, a facility to cater for the growth of undergraduate and postgraduate students
- UNIVERSITY OF PLYMOUTH.
  - £4.7m for Peninsula Dental School research facilities
  - £2m to deliver the Enterprise Programme
  - Management of the three CIoS Innovation Centres
  - EPIC (£2.7m) and Acceleration for Innovation (£2.5m) programmes
- UNIVERSITY OF EXETER
  - £12.5m to start other elements of campus construction, including for the Camborne School of Mines
  - £22.9m to establish the Environment and Sustainability Institute, a research centre for environment and sustainability
  - £3.9m to build a Science and Engineering Research Facility at the Tremough site.
- FALMOUTH UNIVERSITY
  - £500k towards specialist equipment for the Design Centre at Falmouth College of Arts
  - £6.7m to establish the Academy for Innovation and Research (AIR) - a centre for R&D and creative facilitation

In 2005, Falmouth College of Arts became University College Falmouth, the only independent Higher Education institution based in Cornwall able to offer degrees in its own name. In April 2008, Falmouth merged with Dartington College of Arts. University College Falmouth's was recognised as a full university following a rigorous appraisal process, and in December 2012 the establishment was granted full university status.

DEVELOPING TEACHING AND RESEARCH CAPABILITY

- UNIVERSITY OF EXETER
  - £550k to extend course choices at the Tremough Hub and other centres (the Rim)
  - £104k for web-based learning in environmental management and technology related subjects
- FALMOUTH UNIVERSITY
  - £1.5m to support CPD through research activities focusing on 3D design and art and design.

HE PROVISION IN FE COLLEGES

- £3.7m to Truro College for new building at Truro College to act as a focal point for all HE students.
- £4.9m to Cornwall College to provide new HE facilities at 6 of its campuses around Cornwall.
- £4m to Truro and Penwith Colleges to further expand HE provision

Examples of spin out projects

- Agri-tech
- Renewables research
- TEVI
- Smartline
- Marine i

SUPPORTING BUSINESSES IN CIOS

- UNIVERSITY OF EXETER
  - £3m to develop a business support programme in specialist sectors, such as environment and multi-media
- FALMOUTH UNIVERSITY
  - £1.1m to establish Alacrity Falmouth - creating a new generation of Cornwall-based companies in the high value Digital Games sector.
  - £9.8m to establish Launchpad, an innovative post-graduate Incubation and Acceleration programme
  - £4.6 million sought to extend the Launchpad programme for an additional three years
  - £790k to provide a pilot outreach programme for Launchpad.
  - A £1.63 million application for an immersive technology facility on the Penryn campus is awaiting a decision

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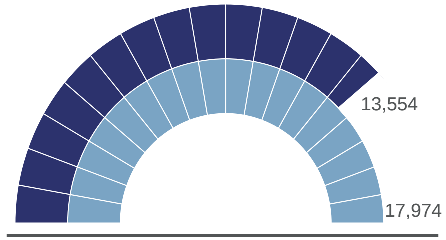
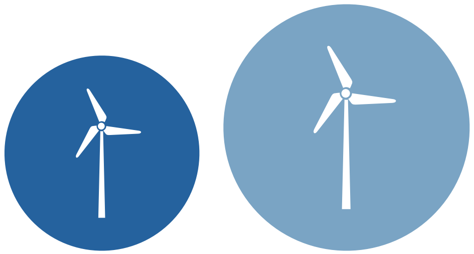
- 6,000 students enrolled at Falmouth University, of whom 650 from overseas (2017/18)
- Falmouth University supports 1,300 jobs and £58mn GVA in Cornwall annually
- Falmouth ranked one of top universities for business start-ups
- 2,550 students at University of Exeter Cornwall campus- 205 from overseas (2018/19)
- University of Exeter supports 850 jobs and £43m GVA in the Cornwall annually
- University of Plymouth supports 450 jobs and £23m GVA in Cornwall annually

Renewable and low carbon sector

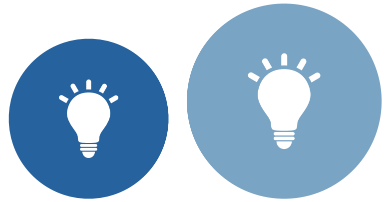
Number of renewable installations
2014 / 2018



Renewable electricity generation (MWh)
2014 / 2018



Installed renewable capacity (MW)
2014 / 2018



1999-2006 OBJECTIVE ONE

<u>Policy Background</u>
The development of competitive businesses was seen as a key part of revitalising CIoS. Due to overdependence on declining sectors, there was encouragement for innovation, diversification and developments in sectors, with renewable energies being one of these.

Investment in energy crops (miscanthus) was a measure in its own right (Measure 4.3). It was seen as having potential to contribute to GHG reductions and diversification of agriculture.

The environment was one of the three cross cutting themes of the Objective One Programme, with the emphasis on integrating environmental needs with economic ones. Renewable energies were recognised as an opportunity in this context.

Miscanthus as an energy crop

Four projects under Measure 4.3 were supported for the growing of miscanthus on agricultural land. Grants of c£72,000 awarded against total costs of c£180,200.

Anaerobic Digestion

Awarded c£26,600 from EAGGF towards a £71,000 study to establish a site for the commercial use of anaerobic digestion technology in North Cornwall.

Greenpark Feasibility Study

Investigation of the potential for using power generated by incinerating household waste to provide heat and electricity for a business park. Grant of £51,100

Eden Biomass Project

£70,000 was awarded from EAGGF towards the installation of a 300kW Biomass boiler in Eden's existing energy centre.

Horticulture and Biomass Feasibility

Feasibility study into the potential of a Combined Heat and Power thermal biomass plant using sustainable energy crops. £30,075 towards a £70,150 project.

Added to this were individual businesses receiving business support, and working in the renewables sector. One example was Capture Energy which designed, supplied and installed renewable energy technologies in homes and businesses. This received a £19,000 loan from South West Investment Group, allowing the business to grow and develop.

2007-2013 CONVERGENCE

Policy Background

The Convergence programme recognised the added value of ideas, knowledge and technology in a global economy. This included environmental goods and services (including renewable energy), given issues of global climate change.

The low carbon agenda was also recognised as important, as domestic and overseas markets were moving towards low carbon economies. Axis 1 therefore incorporated a specific strand of activity on environmental technologies and renewable energy. Construction of Wave Hub as a marine energy testing platform was seen as a catalyst for this.

Convergence took forward the concept of the environment as an economic driver, in line with national policies around climate change. It emphasised the importance of investing in a low carbon economy across the programme.

Wave Hub Development and Construction

A demonstration site for testing of wave energy conversion devices, and a connection from Wave Hub to the electricity grid. An initial grant of £1.95m for Wave Hub, followed by a grant of £18m towards a £33.23m cost to construct an electrical 'socket' on the seabed in St Ives bay

Hayle Marine Renewables Business Park

£11.6m ERDF was awarded for construction of the Park, providing 2,500 sq.m. of new workspace.

Community Energy pilot project

£150,000 was awarded for the third phase of a project to establish the potential for a community-based sustainable energy heat and power supply pilot project in Pool

National Solar Centre

This was to be the UK hub for solar research. The service is operated by BRE, whose team are based at Eden. £871,000 approved for a total cost of £1,161m.

Mojo Maritime Ltd

£328,000 against a total project cost of £729,000 for low floating platforms for the marine renewable energy sector capable of carrying site analysis equipment.

Hendra Low Carbon Grant

Energy efficiency technologies to make the Hendra Holiday Park swimming pool more efficient and carbon friendly. A 50% grant of £133,140 awarded.

Headworks, Wheal Jane

A central hub to the Wheal Jane Earth Science Park at the former mining site.Awarded £1.37m towards cost of £2.4m. Also site of large scale solar farm.

2014-2020 GROWTH PROGRAMME

Policy Background

The Growth programme continues to develop the renewable energy theme, recognising renewables as a major asset and opportunity in CIoS. Both offshore renewables and geothermal have the potential to generate a nationally significant proportion of renewable energy.

The ITI intends that CIoS should become a net exporter of energy and aims to help businesses reduce energy costs and carbon emissions. Energy storage is particularly identified as an opportunity, as is developing carbon management.

Sustainable development is an important cross cutting theme in the Growth Programme and the Cornwall Environmental Growth Strategy is an important reference for this. It seeks to improve natural systems as the quality of the environment will give a stronger foundation to growing the economy.

United Downs Deep Geothermal

A project to demonstrate commercial viability of the technology. Two commercial scale geothermal wells will feed into a 1MW power plant. Grant of £10.6m is supporting a total project of £18m

Jubilee Pool

Demonstrates how geothermal heat can be used directly to provide renewable heat to buildings (and the pool). Awarded £1.43m towards total costs of £1.78m

Wave Energy

CETO Wave Energy UK is a wave energy technology developer and received grant to share knowledge and to build expertise in the sector. A grant of £313,000 was approved, against a total project cost of £481,000

Smart Energy Islands

An Internet of Things (IoT) solution on the Isles of Scilly that will control electricity loads in properties as well as clean energy vehicles. Awarded £8.64m towards total project costs of £10.796m.

Cornwall Local Energy Market

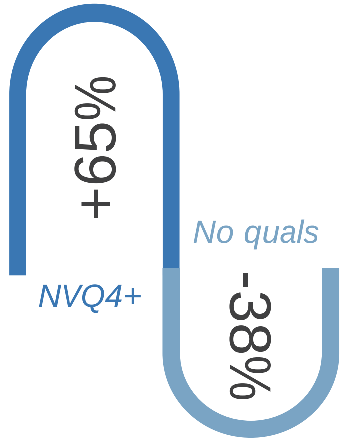
A project, led by Centrica, seeking to address issues of grid constraints by starting to build a local marketplace for energy within Cornwall. Awarded £12.99m towards total cost of £18.7m

Energy Independent Farming

This is an experimental project using on-farm renewable energy to generate high value green energy products. It includes an anaerobic digester and a biogas plant powered by wind and solar. It has a grant of £0.997m towards costs of £1.22m

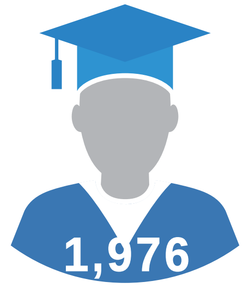
Workforce skills

Workforce development was a key strand across Objective One, the Convergence and Growth Programmes. Each funding stream invested in a number of projects but there was an increasing focus on employer engagement in skills. Individual projects across all three programmes have sought to strengthen the capacity of sector-led organisations to work with their businesses in identifying and providing tailored solutions. This includes smart specialisation and high growth sectors as well as the bedrock industries where employment levels are high but pay is typically low. The capacity of sector networks and clusters has nevertheless continued to strengthen through European investment.



CIoS working age population with qualifications (increase/ decrease) 2010 - 2018

Graduates supported through the Unlocking Potential programme



1999-2006 OBJECTIVE ONE

Priority 3 of Objective 1 focused on developing people.

Projects within the Training and Skills investment cluster were all about training, retaining and up-skilling people to meet the needs of businesses now and in the future. This included a range of generic workforce skills projects but Objective 1 also made a small number of investments that focused on the needs of specific sectors through ESF, ERDF and also the EAGGF strand.

Workforce Development Project

The Cornwall Union Learning Network developed this Project with a grant of £248,096 from ESF towards a £750,400 project. This encouraged the development of Sector Networks, made up of business representatives aiming to represent the skills needs of the businesses that fall within the Sector and supported 11 sectors.

The Objective One ESF Impact Evaluation indicated that those networks were beginning to provide visibility, strength and voice to the Sector members, especially when bidding for funds and in terms of training provision.

Cornwall Marine Network

Established in 2002, the network received specific support from the Objective One programme through a grant of £535,000 from ERDF towards a £1,070,000 project to grow its team in order to support its businesses and improve the sector's skills base, which was seen as a model of good practice.

Creative Skills Consortium

A Cornwall Arts Centre Trust project was funded to develop the skills of people in the industry. The project received ESF grants in three phases (£329,950; £286,673 and £280,744.

Land-based Industries

A range of projects were supported, including:

An Agrifood Training Centre in 2006, led by Cornwall College.

Skills for Dynamic Agriculture – providing the technical, management and business skills to improve agriculture.

Vocational and Short Courses Scheme – a Duchy College project to train 16,000 farmers and farm workers.

The South West Rural Enterprise Gateway – to provide support to clusters of rural, land based agricultural businesses to facilitate skills and information.

2007-2013 CONVERGENCE

There was an aim within the Convergence Programme to increase the proportion of employment in higher paid jobs with a more highly skilled workforce at all levels.

ESF Priority 5 focused on improving the skills of the local workforce. Support for specific sectors continued and expanded under Convergence. This had an increasing focus on developing sector based groups to support SME skills.

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Key Sectors

Under Convergence, support for sector networks was significantly increased. An ESF 'Key Sectors' project was funded in 2008 with £8.57m. It worked within 13 sectors to engage businesses in workforce development activity.

The project aimed to equip employees with additional qualifications; develop new courses and promote career options to school students.

Cornwall Clusters

Also funded in 2008 with £3.8m, this Learning Partnership project aimed to develop sustainable cluster groups that were responsive to local circumstances. It linked sector based partners with place-based organisations. Cornwall Clusters promoted the benefits of training to employers to up-skill the workforce.

Rural Land Project

Delivered by Cornwall College with a £1.29m grant £1.29m, this project supported people working in the land based sector - widening participation in relevant vocational, management and leadership qualifications

Graduate Placement Programme

Cornwall College awarded £4.1m to offer a package of support to businesses to enable them to recruit recent graduates. Also included a graduate recruitment portal that aimed to advertise all graduate-level jobs in CIoS.

How 2

The Eden Project was awarded £384,000 to work with Cornwall College to explore the potential for joint training. Several years on the two organisations have developed a set of university-level degrees (awarded by Plymouth University) taught on-site at Eden.

2014-2020 GROWTH PROGRAMME

The Growth Programme likewise has a clear focus on developing the skills of the potential and existing workforce. ESF Priority Axis 2 is specifically about Skills for Growth and 2.2 focuses on improving the labour market relevance of education and training systems. This involves improving employer participation and engagement in learning so that it is responsive to the needs of the local economy and enables more individuals to progress into or within learning.

The Growth Programme builds on Convergence investments with a clear sector-specific focus where actions are primarily about improving partnerships and systems.

Cultivator Skills

Support for the Creative Industries has continued through the Cultivator Skills project which was designed by sector specialists to provide tailored provision of advanced skills for creative industry SMEs. With a grant of £998k towards a £1.24m project, it is directly aligned with the Cultivator Business Support programme, to provide an integrated programme of skills and business development.

Developing Skills for Business (DS4B)

Another significant sector focused project. With over £3m of funding, DS4B is led by Cornwall College and works with a range of sector-based partners alongside the Council and Chamber of Commerce to provide a strategic approach to developing employer-led skills.

Small Sectors

Smaller scale sector focused projects have also been supported, each with around £500k of funding. Examples include:

REACH. This project focuses on improving the labour market relevance of education and training systems for the health and care sector, and on facilitating the transition from education to work.

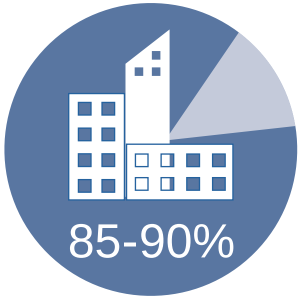
Hospitality Table Cornwall. This project brings together employers from the hospitality and tourism sectors to raise aspirations, increase recruitment and improve skills, productivity and quality.

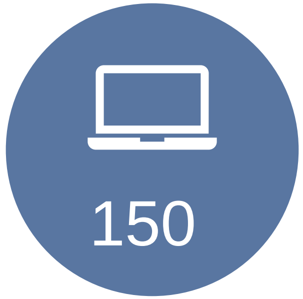
Grow Digital. This project works with businesses to identify their digital skills needs to increase business productivity and competitiveness.

Together for Tourism Futures. This project works with businesses within the tourism sector to identify, and deliver the skills needs the sector.

Promoting innovation

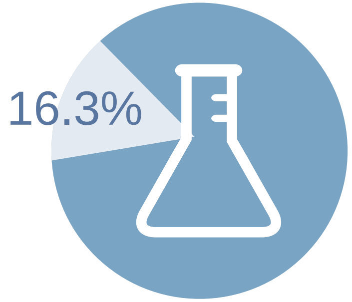
Typical occupation rates across the 3 innovation centres





Businesses tenants in innovation centres – supporting 1,000 jobs

Estimated percentage of firms undertaking R&D in CIoS



1999-2006 OBJECTIVE ONE

Whilst there was a priority to support the growth of SMEs and micro businesses there was no explicit emphasis on promoting innovation in the Objective One programme's objectives.

HERRON Project

Award of £1.4m from ESF to the University of Plymouth to deliver the HERRON project, providing a range of business services to help companies innovate and exploit new technologies.

Cornwall Research Fund

Award of £3m from ESF to University of Exeter to establish the Cornwall Research Fund which aimed to stimulate the creation of intellectual capital in the region.

CUC Business and Social Research

Cornwall College was awarded £200k from ESF to disseminate research findings to 80 SMEs to promote their own innovation and development.

2007-2013 CONVERGENCE

Priority 1: Innovation, research and development - Increase the intellectual capital of Cornwall and the Isles of Scilly through investments in the knowledge infrastructure and research capacity in higher education; increasing and where necessary supporting business investment in research and development and increasing HE/business collaboration

Health and Wellbeing Centre

£10m from ERDF awarded to establish the Health an Wellbeing Centre in Truro. The Centre works alongside other organisations in the health industry.

Tremough Innovation Centre

£9.8m to develop the Tremough Innovation Centre, situated next to the CUC Tremough Campus.

Pool Innovation Centre

A further investment in the innovation infrastructure with the potential to support up to 70 businesses. £9m awarded.

South West Innovation Accelerator

This aimed to transfer specialist technical knowledge from the further education sector to the region's small and medium sized enterprises. £563k grant.

PRIMaRE

Award of £4.2m to University of Plymouth to establish the Peninsula Research Institute for Marine Renewable Energy (PRIMaRE) - a centre of excellence for the marine renewable energy industry in the South West.

MAS Manufacturing Plus

Award of £420k from ERDF to South West Manufacturing Advisory Service Ltd to deliver MAS Manufacturing Plus, the objective of which was to support innovation and growth of manufacturers in CIoS through a virtual Product Development Centre.

2014-2020 GROWTH PROGRAMME

Priority 1: Promoting Research and Innovation - increase investment in research and innovation infrastructure that catalyses collaboration with the research community especially in sectors identified through smart specialisation

Acceleration through Innovation (ATI)

Award of £2.5m to University of Plymouth to deliver the Acceleration Through Innovation (ATI) project. It aimed to drive a culture of innovation and assist businesses who are looking to adopt innovative processes.

High Value Manufacturing

A Cornish High Value Manufacturing Investment Programme (HVMIP) which aimed to promote innovation in Cornish manufacturers leading to improved product design. Awarded £728k

Agri-tech

Award of £7.7m from ERDF to Cornwall College to deliver the Cornwall Agri-Tech project. This has a RD&I focus which pulls in expertise from delivery partners to support SMEs with RD&I activities to drive growth, productivity and exploit new market opportunities.

E-health

The University of Plymouth leads the E-Health Productivity and Innovation in Cornwall (EPIC) project which aims to promote research and innovation in the emerging digital health sector. £2.7m awarded.

Marine-i

Award of £6.8m to stimulate and support business-led and RD&I within the marine technology sector.

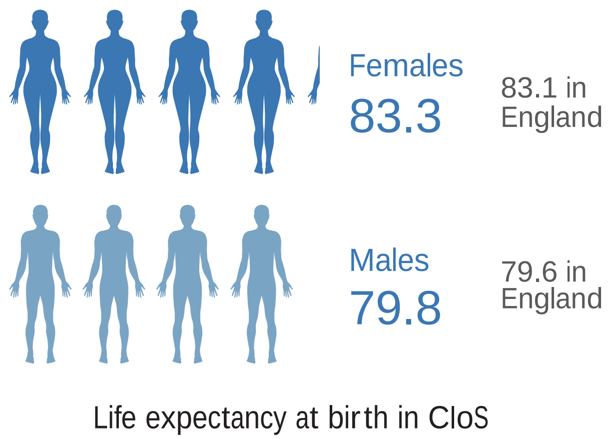
Propel Cornwall

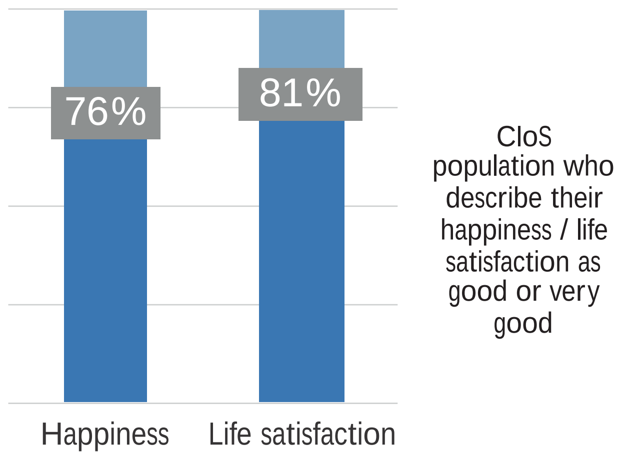
Award of £615k from ERDF to the Cornwall Marine Network to deliver Propel Cornwall. This aims to stimulate innovation in the marine sector.

Smartline

Award of £3.7m to the University of Exeter for the Smartline project which support innovation in products and services in smart housing and smart communities.

Investing in health and wellbeing





1999-2006 OBJECTIVE ONE

With an aim to generate wealth and income for the people of CIOS by facilitating the expansion, growth and competitiveness of the SME sector Priority Axis 1 focused on creating the conditions for competitive businesses.

Objective 1 also had a strong emphasis on the Knowledge Economy. The Knowledge Economy investment cluster funded activities that supported the development of much stronger links between Higher Education and business including in health related fields.

Well Cornwall Phase 1

In June 2003 the Royal Cornwall Hospitals Trust was awarded a Priority 1.1 grant to create a multi-professional education, research and business development facility – Well Cornwall Phase 1. Grant of £1,250,000 from ERDF towards a £4,041,600 project.

Knowledge Spa incubation units

This led to the development of the knowledge spa incubation units which were designed to help businesses that worked in health-related sectors to develop. The units had the advantage of being adjacent to Cornwall's largest major hospital, as well as being housed within the Knowledge Spa with its comprehensive medical library and students from a range of medical professions.

Knowledge Spa Study

October 2005 saw the Royal Cornwall Hospitals Trust was awarded a further Priority 1.1 grant to fund a study of the commercial opportunities for the Medi-Park**:** the Knowledge Spa Business Development Study. Grant of £68,200 from ERDF towards a £148,200 project

MJ Medical

An Objective One case study shows how significant the Knowledge Spa facilities were for local company MJ Medical which deals with multi-million pound contracts to design hospitals. Having taken up one of the Knowledge Spa's business incubation units, the facility helped them to develop their links with the Royal Cornwall Hospitals Trust which was advantageous to their continued growth

2007-2013 CONVERGENCE

Under Convergence the ERDF Strategic Objective was to establish the momentum for transforming the economy to a high value added economy where knowledge, environment and quality of life underpinned sustainable economic growth.

Priority Axis 1 focused on innovation, research and development. Through actions aimed at investing in the future, Convergence focused on the role of Higher Education as a means of opening up opportunities for the individual whilst also facilitating innovation to help build the business base of CIOS. Within this context there were a number of significant health related investments.

Peninsula Dental School - building

Funded in 2007, this University of Plymouth initiative was the first new dental school in the UK for 40 years. It aimed to widen education and research opportunities in CIOS and it also supported the construction of a four storey extension at the Knowledge Spa. Grant of 3,545,000 ERDF towards a £9,264,111 project.

Peninsula Medical School — research

Also funded in 2007 this project supported the above by creating a Head Quarters for the Dental School. It contributed to the University of Plymouth's aim to create a research and educational community that was closely linked with local business. Grant of £1,244,000 ERDF towards a £2,722,000 project.

Environment and Human Health (ECEHH)

Funded in 2010, this Peninsula College of Medicine and Dentistry project formed the cornerstone of the third Phase of the Combined Universities in Cornwall initiative and was also located at the expanded Knowledge Spa. Grant of £3,053,620 ERDF towards a £6,046,772 project.

Health and Wellbeing Innovation Centre

This sought to maximise the potential of the emerging health and well-being cluster at the Knowledge Spa and was funded in 2010 as part of a suite of new innovation centres managed by the University of Plymouth. WIC aimed to create an environment that encouraged growth and minimised risk for new and growing companies. Grant of £9,993,000 ERDF towards a £13,324,000 project.

2014-2020 GROWTH PROGRAMME

The focus on innovation has continued within the Growth Programme where ERDF Priority Axis 1 focuses on enhancing RD&I infrastructure and the promotion of business investment in RD&I.

The CIOS ESIF strategy includes actions under the Future Economy theme to drive growth through RD&I investment to support the business base in integrating into the supply chains of key identified global markets where there were demonstrable competitive advantages.

Given the significant investments in the underpinning infrastructure, E-health and well-being was identified as one of the five 'smart specialisation' sectors.

Smartline

Funded in 2016 and led by the University of Exeter, this is an R&D project that explores the relationship between technology and the way people live in their homes and communities. It has already provided a unique dataset and is now playing a leading role in supporting businesses to develop new e-health and wellbeing products and services. Grant of £3,780,374 from ERDF towards a £9,372,862 project.

E-health Productivity and Innovation

Funded in 2017 and led by the University of Plymouth, EPIC involves doctors, nurses, care homes, patients, academics and small companies in the region working together to find the best uses of the internet, apps, and robotics in health and social care. Grant of £2,730,513 ERDF towards a £3,413,141 project.

Inclusivity Project

Having secured ERDF funding through the Growth Programme in 2019 for the '**Inclusivity Project'** the University of Exeter is currently working alongside other local partners to understand and address the opportunities and challenges faced by SMEs in relation to inclusive growth. This specifically relates to older workers and those with disability or long term chronic health conditions which are particularly prevalent within the CIOS demography. Grant of £1,941,038 ERDF towards a £2,426,297 project.

CORNWALL AIRPORT NEWQUAY

In 1993, a new civil aviation terminal was opened at Newquay Airport , although part of the site was still for MoD (RAF) use. In 2007, the EU agreed funds to transform it into a commercial passenger airport. Cornwall Airport Limited was formed to assume operational management of the airport. The Masterplan was launched in 2008, setting out the long-term vision for future development to 2030. In 2012 Newquay Airport became part of the Aerohub Enterprise Zone.

An important feature of the Airport development has been how a relatively small tranche of initial ESIF funding has been a catalyst for further investment and a number of spin out projects.

SUPPORTING THE DEVELOPMENT

- **£ 223k - To establish a development team to lead the change process** (2002)
- **£126k Development Studies to inform future direction of the airport** (2006)
- **£1.3m to prepare the transfer from MoD and plan new partnerships** (2006)

The ERDF funded Development Team was key to the subsequent bidding for new routes, Enterprise Zone status and wider project development.

PHYSICAL AIRPORT DEVELOPMENT

- **£1.3m Phase One improvements - to terminal building and apron**
- Non EU funded improvements
  - New arrivals hall
  - ANPR parking
- **£10.8m investment to reconfigure terminal, improve baggage handling and sustainable energy**
- **£390k Refurbish existing hangar and build another, opening up business opportunities**
- **£538k Echo taxiway and apron to improve access to Southern Development Zone**

Route development

Airport improvements, especially to passenger facilities has supported new route connections. This has led to a gradual increase in passenger numbers.

BUSINESS PARKS

- **£1.8m Treloy site - first phase of development**
- Aerohub
  - **£3.9m Phase One - unlocked 21.7 hectares of land**
  - **£4.4m to develop Phase Two - mainly for 'Smart Specialisation' SMEs**

Creating Aerohub has allowed the airport (CC) to make a commercial income which has subsidised the airport operations - which has been important for sustainability of the airport

Enterprise Zone designation - initially in 2011, extended to Aerohub+ in 2015

SPACEPORT

Cornwall Council have made a commitment to £10.3m investment in the development of Spaceport, matched by up to £8m from UK sources

GOONHILLY

Objective 1 funding

Convergence funding

Growth Programme funding

Other funding

4 daily flights to Heathrow (2019)

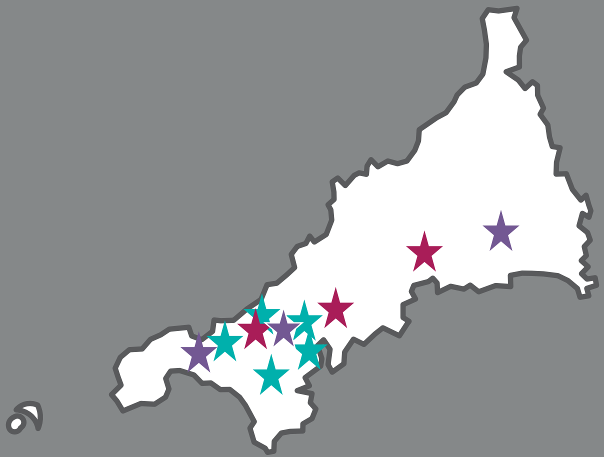
173,000 passengers to/from Gatwick (2018)

Passengers: 252,000 (2004) 466,000 (2019)

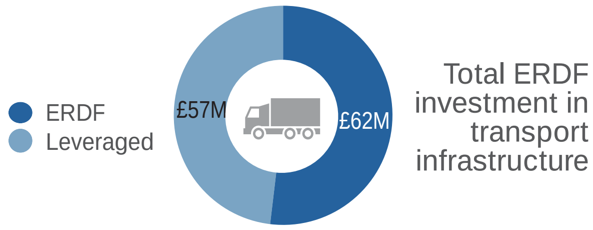
40 tonnes of emergency aid flown to Haiti by Shelterbox, after earthquake

All Aerohub workspace now rented

Transport infrastructure



Increase in journeys on the Cornish mainline with additional local services in May 2019



Average journey time on A.30 during August

1999-2006 OBJECTIVE ONE

Priority 2: Strategic investments (ERDF)

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

Measure 2.4 - Strategic regional infrastructure – transport including multi modal, freight, port.

Double track rail

Cornwall Rail Infrastructure Improvement Package Probus Burngullow – award of £3m ERDF (total project cost £13.8m) to provide a double track section on the main Penzance to London railway line.

Barncoose access

Award of £1.7m ERDF (total project cost £3.6m) to construct a 400m section of road in Redruth to provide alternative access to Barncoose Industrial Estate, opening it up for development.

St Austell Station

St Austell Station Passenger Transport Interchange – award of £1.2m ERDF (total project cost £2.6m) to upgrade the existing train station facilities and create a bus terminal.

2007-2013 CONVERGENCE

ERDF Axis 3: Transformational Infrastructure

Objective: To accelerate the growth of the higher value-added economic activity and the knowledge-based economy though the development of transformational infrastructure, while securing sustainable economic growth.

CPR Transport Infrastructure

Award of £5.5m ERDF (total project cost £8.1m) to provide planning and design work to support the delivery of the major road construction scheme, together with the construction of the Trevenson Park South access road to open up land for commercial use.

Truro - Falmouth Line

Branch Line Improvement – award of £4.7m ERDF (total project cost £7.8m) to enhance the Falmouth Branch Line with a passing loop at Penryn in order to facilitate a two per hour passenger train service during peak times between Truro and Falmouth.

Business Park access

Cornwall Business and Bio Park – award of £3.9m ERDF (total project cost £7.8m) to develop roads and infrastructure to service the proposed Cornwall Business Park at Hallenbeagle, Scorrier.

East - West link

CPR East-West Link – award of £4.2m ERDF (total project cost £18m) to create a vital link road to allow road movements across the CPR regeneration area.

Truro Park and Ride

Truro East Park and Ride Infrastructure project – award of £4m (total project cost £6.6m) to provide infrastructure for the development of the park an ride scheme to alleviate congestion and traffic within Truro.

2014-2020 GROWTH PROGRAMME

ERDF Priority Axis 7: Sustainable Transport

Objective: Improve the accessibility of CIoS by enhancing integration with the Trans-European Transport road and rail network through developing sustainable means of transport.

A30 improvements

A30 Carland-Chiverton Cross - award of £8m ERDF (total project cost £10m) to dual the important strategic link near Truro, alleviating a transport bottleneck.

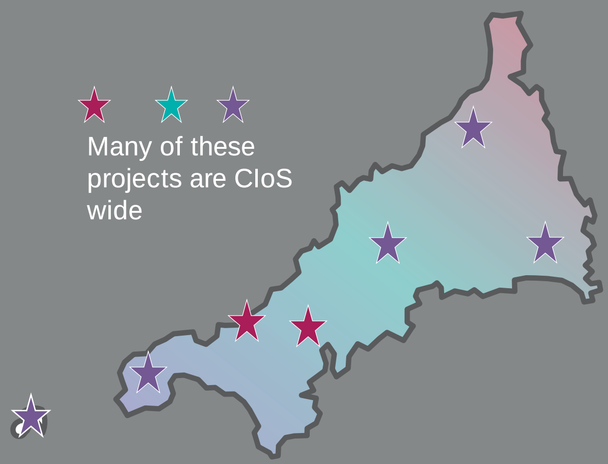
Multi Modal Hub

St Erth Multi Modal Hub – award of £5.4m ERDF (total project cost £10.1m) to provide a range of improvements to increase capacity and use of important rail hub.

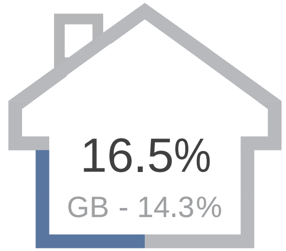
Signalling improvements

Cornwall Rail Mainline signal enhancement – award of £11.9m (total project cost £15.1m) to improve signalling which will reduce long signal ‘block sections’ that restricted rail service frequency within Cornwall, allowing rail operators to accommodate two train services per hour in each direction on the mainline..

Employability initiatives

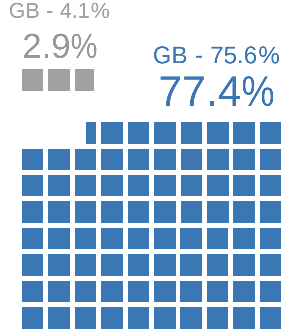


Support for people to access the labour market has formed a key part of all three Programmes. CIOS had a high incidence of worklessness with economic inactivity rates being higher than the national average. With increasing levels of employment, investments focused more on those who were furthest from the labour market. Objective One funded a plethora of CIOS wide initiatives which focused on support for people with health problems and disabilities and grant schemes to improve employability. By 2003, there was also an emphasis on testing new delivery models to address entrenched problems. A number of pioneering projects have been developed across all three programmes to support people with disabilities, mental health and other health related issues..



CIoS households classified as workless

Estimated CIoS **employment** / **unemployment** rate



1999-2006 OBJECTIVE ONE

In support of its equal access to opportunities and quality of life objectives, Priority 3 focused on developing people (including active labour market policies) and Priority 4 on community economic development (including pathways to employment).

Projects in the ‘Way to Work’ investment cluster helped economically inactive people of working age without job opportunities into work and/or training. The projects targeted groups of people who traditionally found it more difficult to access work opportunities and who often needed very specific support.

Job Centre Plus co-financed more than £18m of funding to widen access, address barriers to employment and assist individuals back into work, including those with disabilities. Specific targeted projects included:

Open Doors

Cornwall Council awarded a grant of £1,625,921 for a £3,615,756 project to improve the range of training and job opportunities for people with disabilities.

GUIDE

Truro College was awarded a grant of £738,820 from ESF towards a £1,641,825 project to help people with an acquired physical disability or brain injury find a way back to work or higher education.

Success at Work

Robert Owen Communities was awarded of £93,415 towards a £208,326 project aimed at helping people with a learning disability gain skills for the workplace.

Growing Opportunities

New Season Ltd was awarded a grant of £57,232 from EAGGF towards a £228,924 project to enlarge an existing horticultural training programme, giving greater opportunities to people recovering from illness, disability or social disadvantage to enable them to access employment.

Success at Work

Pentreath Industries were awarded 12 separate ESF grants totalling more than £2.4 million towards overall project costs of more than 4.8 million to support a range of projects offering work experience, training and employment to people recovering from mental ill health. These focused on people in hospitals and in the community and included the development of a new training centre. Pentreath projects also offered specific opportunities for work within the horticulture sector, support for women and support to train people suffering with mental ill health as mental health professionals

2007-2013 CONVERGENCE

Convergence placed people at the core of economic regeneration and ESF Priority 4 continued the focus on tackling barriers to employment.

Investments in this strand continued to target groups of people who traditionally found it more difficult to access work opportunities and who needed very specific support.

With a growing population of older people this increasingly included provision for people who were 50 years and older.

Jobcentre Plus co-financed three ESF Convergence investments worth £16m which all supported people into work. Bringing in groups such as Inclusion Cornwall, the Cornwall Works Hub became the access point for all help into work and training - trialling new services and new forms of delivery This was the first introduction to strategic project development and joint working across departments. It was locally driven and locally developed in response to need. Projects included:

Cornwall Works for Learning Disabilities

This supported people with learning disabilities to help them identify a route into employment based on their individual skills and aspirations.

These were developed within the context of a move to actual costs and increased match funding challenges, resulting in Cornwall Council stepping in and investing strategically in the agenda.

Cornwall Works Plus

This aimed to provide an individual pathway to employment for each participant rather than adopting a one-size-fits-all approach. It supported people with health conditions and also piloted a Cornwall Works 50+ project which looked at new ways to support older people to overcome the challenges they faced when seeking employment, such as care responsibilities, health conditions or confidence and skills issues.

Cornwall Works for Social Enterprise

This project used social enterprise settings to engage, inspire and support people back into work, including the inspirational Fifteen Cornwall programme

2014-2020 GROWTH PROGRAMME

In support of the Growth Programme's objective to increase labour market participation, promote social inclusion and develop the skills of the potential and existing workforce, ESF Priority Axis 1: Inclusive Labour Markets aims to increase participation in the labour market and thereby improve social inclusion and mobility.

Work Routes

Delivered with £12.9m by Reed in partnership with Lizard Pathways and Pluss, this project focuses on those who are most disadvantaged and furthest from the labour market by providing tailored support to address worklessness.

Positive People

As part of the CLLD approach, this project, led by PLUSS as part of the Big Lottery's Building Better Opportunities programme, aims to improve employability by working with people who face multiple barriers and/or disadvantages in the labour market. It was supported through ESF funding of £4,331,786 in Mid-Cornwall and £3,348,896 in South and East Cornwall to deliver these projects.

Equivalent projects also run in West Cornwall and the Isles of Scilly (Who Dares Works) and North Cornwall (Working Together Atlantic and Moor).

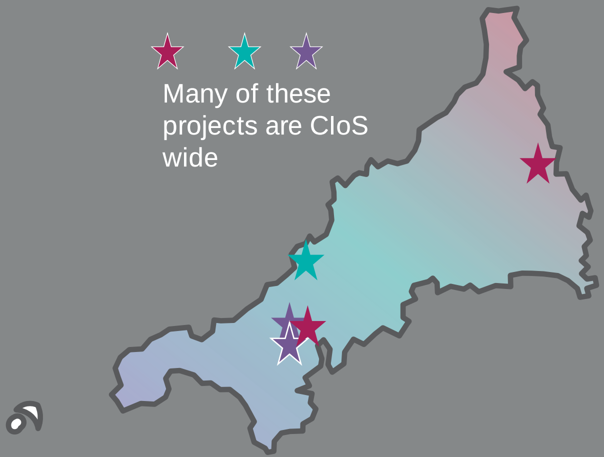
Living Well to Work

Led by the Learning Partnership and supported with £992,374 of ESF funding towards a £1.2m, this project has involved 12 partners piloting a range of innovative ways of working with older people and those with mental ill-health, learning difficulties or disability, autism and diabetes to help them into training, job search and employment.

Recovery College for Cornwall

Funded with an ESF grant of £1,105,956, this is an innovative project that aims to create a new pathway for people experiencing mental ill health to learn to recover from illness and live healthy, connected and positive lives, contributing to communities in a way that benefits both them and society

Inclusive access



40% **Unemployed**
of Outset Cornwall beneficiaries were unemployed

40% **Female owned**
of HVMIP businesses consulted were female owned

56% **Female owned**
of businesses receiving small loans through Finance for Business were female owned

1999-2006 OBJECTIVE ONE

Cross cutting theme: Equal opportunities.

The focus was on equality of access. This had to be considered in the development of the programme's strategic approach but also through all aspects of delivery. It was not just compliance driven but focused on what equal opportunities could mean for the economy.

The Objective One Programme recognised that women, in particular, were under-represented in higher paid and higher skilled jobs. However equality of opportunity was not purely about opportunities for women. The Objective One Programme recognised that people with disabilities, ethnic minority groups and others who may be disadvantaged needed help and support to gain and stay in work.

Equality of access was embedded to ensure that everyone had equal access to services for employment opportunities. Barriers were overcome through the use of a back to work fund, Cornwall Action teams, peer support and pathways to employment projects (total investment of £7.8m ESF, towards costs of £18.4m).

Empower

Led by Cornwall College to show young women the benefits of higher level training and identify opportunities for career progression and self-employment (ESF £255k towards a total project cost of £593k).

Women into Management

Led by Cornwall Youth Service to provide support for women to achieve higher level NVQ professional qualifications and assisted them into quality employment (ESF £44k towards total project costs of £111k)

CREATE

Cornwall Recruit and Train for Employers project was a wage subsidy scheme to create full time, sustainable jobs. It took a novel approach to recruitment issues around gender, disability, ethnicity and age through providing a ramped intervention rate of a subsidy to employers who took on people meeting the criteria.

Physical access

Examples include:

Callington Business Park (£126k towards project costs of £315k for state of the art facilities for disabled people.

Two new buildings at Truro College incorporating physical access features and provision for young parents and those with profound or multiple learning difficulties (£1,67m towards cost of £3.9m).

Cornwall Rivers Trust were funded (EAGGF) for making eight demonstration sites accessible by wheelchair.

2007-2013 CONVERGENCE

Cross cutting theme: Equality and diversity.

The focus was on ensuring that all members of society were able to contribute to their full potential in the economy. .

The ESF JCP co-financing programme continued to use different models of delivery to support participation under Convergence. The Cornwall Works Hub, led by Cornwall Council became the access point for all help into work and training and included a range of 'Cornwall Works' projects.

Working with the disadvantaged

Cornwall Works for Social Enterprise (ESF £4,200,000, matched by JCP) which worked with social enterprises to engage the most disadvantaged in the labour market.

The Fifteen Cornwall project sought out young people with factors in their lives or backgrounds that acted as barriers to even getting into training or the jobs market. The Fifteen model provided both classroom based and on the job training alongside the restaurant's brigade of 20 professional full-time chefs.

Embark

Led by Cornwall Council, Embark focused on raising aspirations and participation levels among members of minority groups who faced multiple barriers to education and employment opportunities. This included Equality and Diversity Training for employers and a Delegated Fund which supported positive action projects in the workplace. (£49k, matched by the SFA).

'Freestyle' projects

These included aCornwall Council led Freestyle Equality and Diversity project which provided activities and specialist support to young people within disadvantaged and hard to reach groups to remove barriers to learning and raise awareness of equality and diversity issues. This included anti-discrimination training (ESF of £508k).

2014-2020 GROWTH PROGRAMME

Horizontal principle: Equal opportunities and non-discrimination.

The focus is on ensuring equality between men and women, ensuring accessibility for persons with disabilities and furthering the aims of the Equality Act 2010.

Efforts have also been made to embed equality and diversity across the different strands of the Growth Programme.

Two excellent examples, Living Well to Work and Who Dares Works, are featured elsewhere in this report.

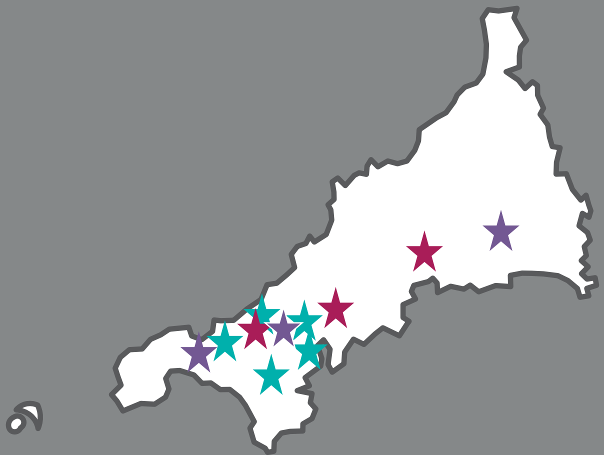
The Inclusivity Project

Based within the European Centre for the Environment and Human Health at the Knowledge Spa in Truro, this project seeks to understand and address opportunities and challenges faced by SMEs in relation to inclusive growth. It focuses on issues relating to older workers and those with disability or long term chronic health conditions. The project aims to help businesses change the way they hire and keep their people. Awarded £1.94m towards total costs of £2.43m.

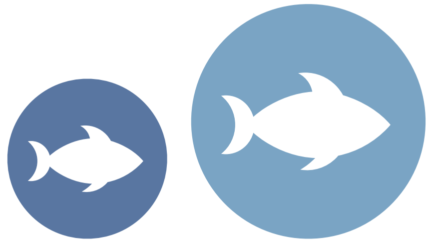
Workbox Truro

This project was funded £94k to refurbish a listed building in Truro to provide affordable and accessible workspace where new micro businesses can share facilities and skills, leading to increased turnover and reduced isolation experienced by rural home-based micros.

Supporting the fishing industry

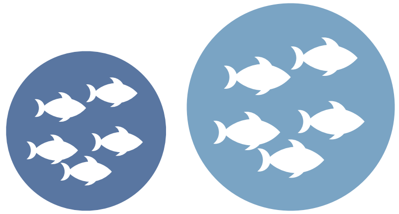


Value of landings across Cornish fishing ports (2010 - 2018)



£30.3m £45.0m

Volume of landings across Cornish fishing ports tonnes (2010 - 2018)



14,700 17,200

841

Estimated number of people directly employed in fishing in 2018

1999-2006 OBJECTIVE ONE

Funding for fishing through the Financial Instrument for Fishing Guidance (FIFG) was incorporated into the Objective One Single Programming Document.

Under the priority for community, economic development and rural structural adjustment, fishing had a specific measure (4.7) to support structural adjustment in fisheries. The support provided was consistent with the Common Fisheries Policy at the time. It could support activities including the decommissioning of fishing vessels, renewal and modernisation of the fishing fleet, protection and development of aquatic resources, fishing port facilities, processing and marketing and other activities such as promoting fish and fish products, community based projects in small remote fishing communities and innovative pilot projects.

SW Pesca (a subsidiary of South West investment group) provided support for local delivery of the fisheries programme activities in Objective One.

FIFG supported c66 fishing vessel modernisation/improvement/decommissioning projects.

FIFG supported onshore investments to support the improvement of facilities at fishing ports and harbours, for example:

Mevagissey

Engineering Works to remedy instability of a cliff face; purchase of new crane; purchase of a forklift truck; Mevagissey Harbour Regeneration study to improve working and leisure facilities.

Newlyn

Installation of two landing derricks; upgrading a slipway awarded; upgrade of the North Pier with new lighting and electricity for fishing vessels; installation of a traceability/grading system; creation of a fishing resource centre at Newlyn to provide information, advice, co-ordination and training.

Isles of Scilly

Installation of two landing derricks; upgrading a slipway awarded; upgrade of the North Pier with new lighting and electricity for fishing vessels; installation of a traceability/grading system; creation of a fishing resource centre at Newlyn to provide information, advice, co-ordination and training.

Other

Investments in other ports and harbours: eg Looe, Polperro and Port Isaac.

Upskilling included two rounds of safety training by the Sea Fish Industry Authority, including: Safety Training for Cornish Fishermen, awarded £30,000; and Safety Training to improve safety on fishing vessels, awarded £149,000.

CONVERGENCE 2007-2013

The UK European Fisheries Fund (EFF) Operational Programme 2007-2013 set out to promote the competitiveness and profitability of the UK fisheries sector. Its Axis 3 encompassed investments in fisheries ports, infrastructure and services, developing a well qualified and innovative industry and other activities. Axis 1 could support adjustment of the fishing fleet whilst Axis 2 included support for marketing and processing.

Axis 4 was delivered through the CIoS Fisheries Local Action Group (FLAG). Priorities included:

- Providing infrastructure and communal facilities for fishing communities and cooperatives
- Training, retention and recruitment including diversification
- Coastal communities, tourism and economic development

Delivery was facilitated through an animateur based with Cornwall Rural Community Charity (CRCC).

The EFF supported c180 fishing vessel improvements/ decommissioning/other development projects.

Funding continued to support developments in ports and harbours, for example:

Newlyn

Newlyn Fish Market weighing and grading; Newlyn lighting and electrical Upgrade; Newlyn Fish Festival Enhancements (through the FLAG); Seafood Cornwall Training Ltd's training hub was set up on the quayside in Newlyn and opened in 2009.

Mevagissey

New fork lift truck; fishermans' storage lofts; fish jetty extension; storage loft on aquarium quay; South Pier fish landing crane; CCT security system (both through the FLAG)

Other

Investments in other ports and harbours: eg Looe, Polperro, Padstow, Hayle and Cadgwith.

In terms of upskilling, Seafood Cornwall Training Ltd continued to support training, including:

- Fishing Training and updating content of Fishermen's basic safety training courses- two EFF awards of £77,000 and £66,000
- Fishermen's Safety Refresher Training, awarded £48,000
- New Entrant Training; three projects with a total award of £120,000

Additionally a business in North Cornwall, North Cornish Catch, put in place a Teaching Sustainability in Fisheries course.

GROWTH PROGRAMME 2014-2020

The UK Maritime and Fisheries Fund (EMFF) programme provides support for sustainable development within the fishing and aquaculture sectors, conservation of the marine environment, growth and jobs in coastal communities.

As with the Convergence programme, most EMFF activity is delivered at a national level. Priorities which have supported EMFF spend in C&IoS include:

- Priority 1 which supports sustainable resource efficient, innovative, competitive and knowledge based fisheries whilst
- Priority 2, which does the same for aquaculture
- Priority 5, supporting marketing and processing
- Priority 4 supporting increasing employment and territorial cohesion and specifically local delivery through the CIoS FLAG.

EMFF supported c380 fishing vessel related projects

Newlyn

Newlyn Fish Market upgrade; Newlyn harbour crane; swipe card fuelling; phase 1 of development of Sandy Cove, near South Pier, for employment use

Other ports

Other ports and harbours have also benefitted e.g. Prussia Cove, Looe (which has included funding for redevelopment of the Old Sardine Factory as a Heritage Centre) and Hayle. At Mevagissey, the Quay was resurfaced.

At Portreath harbour there were fisherman safety and quality improvements and new fishermen's gear storage facilities were installed at Bude (both through CIoS FLAG).

Training

Through the CIoS FLAG, projects supported have included a number of training schemes, for example: training needs of the Cornish seafood catching sector and a mentoring project to develop skills and talent within the industry.

The following section details several case studies of projects that have been funded through the three programme periods. As stated previously, these case studies are illustrations of some of the projects supported – they should certainly not be viewed as exhaustive. The list of case studies was developed and agreed alongside the ITI Programme team.

Each case study is structured in the same manner – with a brief description of the project, why the EU funding was important to deliver that activity, some high-level comment on impact that has been captured, and lessons learned that may be relevant to other similar initiatives.

For each example, we spoke with a project lead and jointly developed the content for the case study. Two of the case studies (Mevagissey Harbour and Isles of Scilly) have a geographical focus – showing a number of investments that were supported that aimed to improve those specific locales.

The project case studies included are:

High Value Manufacturing
Trewithen Dairy
Mevagissey Harbour
Krowji/Cultivator
Innovation Centres
United Downs Geothermal
Superfast Cornwall
Isles of Scilly
Finance for Business
Skills for Business
Outset Cornwall
Who Dares Works

HIGH VALUE MANUFACTURING

The High Value Manufacturing Investment Programme (HVMIP) was a project supported with £728,000 of ERDF funding to help improve the competitiveness of manufacturing SMEs within CIoS. It was delivered by the South West Manufacturing Advisory Service Ltd (SWMAS), building on its long history of providing high quality support to manufacturers. The project blended free advice from a SWMAS employed manufacturing specialist, alongside grants (revenue and capital) which were matched with investment from the businesses to improve capacity and capability – ultimately leading to growth.

"The HVMIP programme has been overwhelmingly well received in CIoS. It was designed specifically for SME manufacturing businesses to address a need in the market that isn't provided anywhere else. Through the EU funding, the programme has unlocked barriers to growth through practical hands-on support from our Manufacturing Specialists. SWMAS are passionate about supporting manufacturing businesses in the South West and has been providing this specialist support since 2002. We intend to carry on this work. Our current CIoS Manufacturing Advisory Programme is now live, providing continuity of support to manufacturers through to September 2022, again utilising EU funding."

NIGEL JONES – CONTRACTS MANAGER, SWMAS LTD

IMPORTANCE OF EU FUNDING

Without EU investment the project simply would not have been delivered. Many of the small manufacturing businesses that the project supported were at an early stage in their development and simply do not have the resources to invest in either technical expertise or new capital equipment. The evaluation of the project found that over half of those businesses supported employed less than 4 people and/or with an annual turnover less than £250,000. By providing subsidised support (broadly split 50/50 against the businesses' own investment) the evaluation found that most SMEs felt they were able to grow their business more quickly, efficiently and at a higher quality than in the absence of this support being available. Around 40-50% of supported businesses indicated that they would not either have progressed with planned improvements, or certainly would have progressed at a slower pace.

IMPACT

The project evaluation strongly found that it had provided a positive impact to businesses. The project provided support to 194 businesses. The vast majority felt it had been 'very important' to their subsequent development. Half of those supported had already increased their turnover and/or reduced their operational costs. 1-in-5 businesses had increased their turnover by over 25% and attributed much of this to the support received. Overall, 65 businesses had been able to launch new products or services to the market. It had been able to leverage circa £243,000 of private investment. Over 90% of supported manufacturing businesses expected their turnover to increase over the next five years as a direct result of the support received from the project. The evaluation estimated that the potential net returns generated by the project could be between £3.60-£7.70 for every £1 of ERDF investment.

Of the businesses consulted in the evaluation, over 40% were female-owned.

LESSONS LEARNED

The project was seen by businesses as operating a 'business-friendly' grant programme – commensurate to the needs of business whilst not compromising on compliance requirements. The SWMAS model – in-the-field experienced specialists backed up by robust 'checks and balances' in the core team – should/could be considered elsewhere.

The benefits on project delivery (in terms of quality and efficiency) of continuity and experience should not be underestimated. As an organisation experienced in delivering ERDF projects SWMAS had in place a highly experienced team which was able to 'hit the ground' running. The project evaluation concluded that this demonstrated the benefits of investing in 'what works' and allowing continuity in delivery.

TREWITHEN DAIRY

Trewithen Dairy is at Greymare Farm in the Glynn Valley, Lostwithiel. The Clarke family began creating dairy produce with milk from their dairy herd in 1994. By 2001 the dairy produce side was doing well and the family decided to develop this aspect of their business. They decided to move out of dairy farming and into the full-time processing of milk, cream, butter and yoghurt.

Their big investment came between 2010 -2013 with a major expansion of their dairy, supported by £5.7m funding from the EU Rural Development Programme. This followed 18 months of preparatory planning. It was a major development to secure a step change in quality control, technical standards, equipment and audit processes, to meet national and regional market demand e.g. supermarkets. The business also invested in employee skills, environmental sustainability (e.g. a solar array on site) and other aspects of business development. It also worked with its farm suppliers on quality issues, such as traceability, all needed to operate in this new market place.

Since 2013 Trewithen Dairy has invested further in its development, both with its own resources and receipt of some additional EU Growth Programme funding. This included a project focusing on supporting the sustainable development of its water management.

IMPORTANCE OF EU FUNDING

The receipt of EU funding was critical in enabling Trewithen Dairy to make the step change that was required to open up new market opportunities for its products. Trewithen Dairy is now able to operate and compete in a national and regional marketplace as a result of the investment. The funding has allowed the business to become more resilient and able to better compete in a highly competitive and sometimes volatile marketplace.

IMPACT

The major investment – which took place between 2010 an 2013 - has enabled Trewithen Dairy to considerably develop its operations and markets. Business turnover has grown as a consequence. The step change achieved has given Trewithen Dairy an AA* rating in the British Retail Consortium's certification (an internationally recognised mark of food safety and quality).

It also has a much wider impact within the community. It has gone from employee numbers of around 50 to over 200, so now acting as an important local employer. It is working with some 25-30 dairy farmers suppliers from within the wider rural area. It also has a strong corporate social responsibility (for example it is sponsoring Autum Beach Cleans in Cornwall in October 2019) and sustainability principles (for example it is seeking to achieve zero to landfill as a business by 2020).

It is now a successful family run business with active succession planning built into it across all its management levels, something which may not have happened without the grant support.

LESSONS LEARNED

It took 18 months of planning and hard work to go through the RDPE application process. Although the rigours of the application process could appear to be very demanding and sometimes excessive, the experience of Trewithen Dairy has been that the information asked for through the RDPE application process is needed for good robust business planning anyway.

What has also been very important is having a sound strategy for the 'how' and the 'why' of investing at the scale that it did. This has proved to be very valuable and the business continues to use the strategy which has been refined over time.

MEVAGISSEY HARBOUR

Mevagissey is an important fishing port in Cornwall and Isles of Scilly. It is managed by a charitable Local Trust, one of two such Port Trusts in Cornwall (along with Looe). With an objective to maintain Mevagissey harbour and its facilities in a satisfactory state that is fit for purpose both now and into the future, the Harbour Trust has sought grant support, totalling c£540,000 through successive EU fisheries programmes since 2000, to invest in harbour improvements and developments.

Added to this, fishermen based at Mevagissey have sought funding directly from each EU Fisheries programme for improvements to their vessels and equipment, and have also benefitted from other EU supported fishing investments e.g. in fishing training programmes and safety equipment. In combination this has helped the fishing industry in Mevagissey to sustain and develop its activities.

"Mevagissey Harbour Trustees have over the last nineteen years have been fortunate enough to qualify for EMMF grant funding which has helped us achieve a far higher standard in access, husbandry and ease of landing for the fishing industry,".

CHRIS GILBERTSON, CLERK TO MEVAGISSEY HARBOURTRUSTEES

IMPORTANCE OF EU FUNDING

Funding from the EU fisheries programmes has been vital to the Mevagissey Harbour Trust as a route to supporting investment in essential harbour infrastructure. If this had not been available, some investments would not have happened at all whilst some essential infrastructure improvements may have happened, although most likely over a longer time period. As a registered charity, the Trust needs to manage its limited funds carefully and the EU funding has enabled it to achieve far more than it would otherwise have managed.

IMPACT

There are 65 registered fishing vessels at Mevagissey supporting c100 jobs directly, and others indirectly through the supply chain.

EU Fisheries funding has enabled the Trust to develop the infrastructure at the harbour for changing needs of the fishing industry as well as ensure the harbour remains fully operational and safe. For example:

- stabilisation of the cliff face so the outer quay could stay operational
- Purchase of forklift trucks and cranes to improve offloading
- Building of additional storage lofts (to total 36) for the fishermen for the greater range of fishing nets and other gear.

Fish landings reported at Mevagissey have increased from c1,000 tonnes to 1,300 tonnes between 2014 – 2018, whilst the value has risen from £1.9m to £2.4m over the same period. Other important contributors are:

- investments by the fishermen themselves in vessels and gear
- investment in the ice making facilities at the harbour.

The harbour also has a wider tourism pull. It attracts visiting yachts with around 400 paying moorings fees, and generates benefits for the local shops, restaurants, cafes and other services.

LESSONS LEARNED

From the Harbour Trust perspective, sustaining the harbour infrastructure is important and this requires investment. Grasping the opportunity to access financial support has been vital to support this for the Trust and one that other Harbour Trusts or harbour management bodies could take. Talking to others who have been through the process of seeking financial support/made similar investments is valuable. Considering the ongoing maintenance implications to ensure that the capital investment made in harbour infrastructure can be sustained for the long term is also essential.

Beyond the Trust's activities, the support of the Fisheries Local Action Group Animateur in helping individuals and businesses in the fishing sector understand and access the EU fishing funding opportunities has been important, meaning funding has reached further than it might otherwise have done.

KROWJI / CULTIVATOR

In 2002 Creative Kernow was asked to lead on the development of a creative hub for Cornwall. After much research, in 2005 Creative Kernow purchased the former Redruth Grammar School site with a mortgage and gradually converted existing classrooms into workspace.In 2014, an ERDF grant of £1.75m enabled two new buildings to be erected, doubling the number of studios available. Krowji is now home to about 200 artists, makers and practitioners. Building on this success, it secured a further £1.45m ERDF grant award in early 2019 to add another 20 studios on site for completion by summer 2020.

Alongside this, Creative Kernow has also consistently supported creative SMEs across Cornwall and the Isles of Scilly with skills development, including those based at Krowji. Creative Kernow was active in both Objective One and Convergence programmes, delivering skills development in the creative industries sector.

Since 2016 it has run its own ‘Cultivator’ project which uniquely combines sector specific business development activities (supported by c£1.9m ERDF) with skills development (supported by c£0.9m ESF). Phase One of Cultivator is drawing to a close, but Phase Two will follow on in late 2019, to carry on its important support and development activities with creative industries SMEs.

IMPORTANCE OF EU FUNDING

EU funding gave Creative Kernow the opportunity to create some new purpose built workspace which has enabled it to attract a much wider range of tenants, effectively ‘upping its game’. Alongside this it has been able to charge rents that support its ability to be self-sustaining in the ongoing running of Krowji. Creative Kernow would not have been able to undertake the new build without EU funding and additional support from other partners such as Cornwall Council and Arts Council England. It would have remained a much smaller ‘hub’ in far less appropriate accommodation rather than the exemplar creative managed workspace hub it has become.

From a skills and business development perspective, creative industries SMEs could not have fully funded the depth of support that they have been able to access through Cultivator. In the absence of a sector specific initiative such as Cultivator, creative industry SMEs would be faced with generic business support programmes. However Creative Kernow is aware, through previous experience, that creative industries SMEs do not access such programmes as they are not perceived as relevant to the creative industries sector. The EU Growth Programme has been a major opportunity to provide support that is specifically tailored to the creative industries sector.

IMPACT

Krowji provides workspace to a diversity of creative industries SMEs across a broad range of creative activities. Its impacts come under three broad headings:

- Individual business impacts: A survey of Krowji tenants in 2018 showed the average tenancy as 1.2 years. 48% of tenants reported increases in turnover since moving their business to Krowji and 26% had increased turnover by more than 50%. There are also benefits through collaborative working. 45% of tenants reported working collaboratively with other Krowji tenants in some way whilst 75% of tenants attributed a percentage of their previous year’s turnover to work created with other Krowji residents or work secured through contacts made at Krowji .
- Graduate retention: Krowji provides an opportunity for students graduating from Falmouth University or other HE creative courses in Cornwall, to remain in Cornwall. The 2018 Tenant Survey showed that 30% of tenants studied at Falmouth University and 30% studied at other Cornwall-based education institutions. Additionally Creative Kernow runs an annual bursary competition for students leaving Cornwall College’s fine arts degree course, with two bursaries awarded annually to cover the cost of a Krowji studio for a year. Cultivator also supports graduate retention as 71% on its graduate start up strand of activity came from Falmouth University
- Redruth regeneration: The re-use of the old Grammar School has contributed to the regeneration of Redruth, helping to build local community confidence and activities. Creative Kernow, which is based at Krowji , became involved in local events and festivals, commissioned public art and got more artists involved locally. There are now other artists workspaces available in Redruth and artists are moving to the Redruth area from across the UK to take up any studio opportunities at Krowji

KROWJI / CULTIVATOR (CONT . . .)

For Krowji, ERDF support has been critical in enabling it to improve the quality of workspace on offer – all the new spaces are BREEAM Excellent with fibre to the room connectivity and highly accessible. This has led to a much greater take-up by creative industries businesses which has strengthened its role in retaining talent in Cornwall. The greater diversity of tenant businesses creates a virtuous cycle with increased collaboration and greater profitability for tenants and for Krowji.

ROSS WILLIAMS, DIRECTOR, CREATIVE KERNOW

Without ESIF it would be impossible to deliver Creative Industries specific business and skills development opportunities at the level provided by Cultivator. Previously creative businesses were resistant to accessing generic business or skills advice. Additionally, creative businesses do not generally have the financial capacity to invest in skills or business development opportunities. The European funding is invaluable

JANE SUTHERLAND, DIRECTOR, CULTIVATOR

Cultivator, a £3.8m project, has supported 735 clients over its three years, with a further 466 SMEs who only attended skills events and 1320 who attended networking events. It has provided a bespoke set of activities, delivered in a way suited to them, which is seen by participants as key added value. Of its participants, one third took advantage of both business and skills development opportunities through Cultivator with others progressing with either business or skills development activities.

The majority of Cultivator’s participants had not accessed business support programmes before. Evaluation shows the support will help businesses grow and develop, for example through increasing professionalism; being innovative; making investments to move to the next level and/or add new direction/products/services/practices; and opening up new/more business opportunities. Some of the quantifiable outcomes such as job creation or taking a new product/service to market may take a while to achieve. Businesses predict these to be in 1-2 years’ time or beyond. There are also more qualitative impacts such as greater self-confidence, which is interlinked with business development in the creative industries sector.

LESSONS LEARNED

Krowji has deliberately set out to design spaces which encourage a diverse range of creative SMEs to meet and mix. This has been important to its success and encourages tenants to help each other and work collaboratively. Alongside this, having a café on site has also been vital. The third essential ingredient has been the management services that Creative Kernow provides for its tenants. The central office team at Krowji is staffed by arts graduates who understand tenant needs and who provide informal support as well as the formal management services. All these have been vital for Krowji’s success. Planning for this combination of factors is valuable learning for future similar developments. Creative Kernow regularly has visits from other groups within and beyond Cornwall, to see how a creative hub can be successfully developed and managed in a rural area.

Cultivator

Whilst notionally Cultivator has two separate EU funded projects and reporting processes because it has both ERDF and ESF within the same programme, it has knitted them into one overall delivery structure. Businesses value the combined availability of creative industries specific business support and skills development, enabling tailored advice and progression within a single programme. Having both funds/activities within a single delivery process has been extremely successful and this could be a good model for other business support projects linking business and skills development. Cultivator has made the process as simple as possible for businesses so funding complexities do not intrude on delivery. Other key learning points include:

- Use of appropriate marketing and publicity language is vital so that businesses can see the direct relevance to them of the Cultivator offer. This is relevant to any business support initiative.
- The role of sub-sector specific Creative Business Advisors within the project, able to work directly with businesses, has been critical to Cultivator’s successful delivery. For a programme which involves quite intensive working with businesses, facilitators like the Creative Business Advisors are vital and need to be resourced.
- Finding relevant metrics to express business growth in the creative sector is a challenge. Those in the EU funding programmes are not always the most applicable. Businesses In the creative sector may be more likely to work with other freelancers as they expand their business, rather than take on employees. Growth in livelihood could be a measure to use rather than job creation.

INNOVATION CENTRES

Three Innovation Centres have been supported through the EU programmes over the past decade, creating a high-quality innovation infrastructure within Cornwall. In 2010, Pool Innovation Centre was opened, supported by £9m of ERDF funding. This was followed by the opening of Tremough Innovation Centre in 2012 (circa £9.8m ERDF support) and the Health and Wellbeing Innovation Centre in Truro during 2014 (circa £10m ERDF support). The Centres are owned by Cornwall Council and operated and managed by the University of Plymouth. In the first 3 years of operation, the centres were underpinned with revenue support to allow them to develop on a more sustainable model. As well as the core accommodation offer, the Centres also host a range of events.

IMPORTANCE OF EU FUNDING

The University of Plymouth – as operator of the three Centres – is quite clear that without the European programme support the Innovation Centres would not exist, certainly not at the same scale. The financials associated with developing and operating such facilities in an area such as Cornwall means that the level of return against the scale of capital investment required would not attract sufficient private investment. The EU programme support effectively means that Cornwall can offer high quality commercial space at a scale not afforded in other areas of the UK. Cornwall is seen as ‘punching above its weight’ in terms of its hard innovation infrastructure – certainly outside London and the South East.

IMPACT

The latest figures show that each of the three innovation centres run at 85%-90% occupancy, currently providing accommodation to 150 local businesses. Typical churn rate averages around 10% per year across all three centres. That is lower than anticipated given the flexibility of the offering due primarily to the lack of affordable alternatives. According to the latest estimates, the businesses support circa 1,000 FTE jobs, and with an associated turnover of £43m. Tenant businesses continue to experience strong job and turnover growth. Whilst there are a range of reasons why businesses have experienced growth, good quality accommodation is cited by many as an important factor.

A recent evaluation estimated that since 2012 the three centres have supported a gross increase in Gross Value Added of circa £28.5m, increasing strongly in most recent years.

LESSONS LEARNED

The importance of revenue funding alongside the capital funding should not be underestimated. Without this revenue support the centres would not have been sustainable in their early life, as occupancy built. The centres have become sustainable since 2017 and have benefited from an alignment of management in terms of operational, marketing and business relationship across the three centres.

Whilst the European funding allowed the development of high-quality space, the high building specification present issues in terms of facilities management. The associated costs to the high specification – largely driven by the requirements of the EU programme itself – raises questions in terms of sustainable business models. A private developer would simply not see the returns against the level of investment. In the future, a compromise on building quality for commercial spaces may not have a detrimental impact on their ability to attract tenants. This needs to be considered for any future publicly backed schemes.

UNITED DOWNS GEOTHERMAL

The project comprises the development of a pilot (demonstrator) deep geothermal power plant at United Downs, the purpose being to prove commercial viability of the technology and therefore act as a catalyst for further investment in Cornwall and the Isles of Scilly and beyond. Deep geothermal is an area where Cornwall potentially holds a competitive advantage. The project has been supported by £10.6m of ERDF funding, matched by £2.4m from Cornwall Council and £5m private investment. The project will deliver power and heat, provided through a 1-3MW power plant built on site in 2021 which will demonstrate the technical and commercial viability of supplying both electricity and heat.

The business views the project as industrial-scale R&D – effectively a proof of concept activity which if successful will drive the development of the geothermal industry within Cornwall.

IMPORTANCE OF EU FUNDING

Geothermal Engineering Limited (GEL) gained permission in 2010 to develop a geothermal site at United Downs. It then spent much time and effort trying to secure private funding to take the project forward. However, despite private investors liking the concept they were unwilling to provide the sufficient finance due to the risk and uncertainty. Whilst the potential returns in Cornwall are significant due to the geological conditions (the rocks are hotter than anywhere else in the UK)) there is uncertainty which is a disincentive to private investment. Compared to locations such as Iceland, Cornwall's resource is deeper and more difficult to extract.

As a consequence, GEL realised that it would have to seek public funding to develop a demonstration project, principally through ERDF. The European funding has been flexible enough to support the project in this initial R&D phase, with the objective that if the geothermal resource is proven, then private investment will be attracted. Effectively, the ERDF investment is helping to 'de-risk' this important first stage.

The business is very clear that without the EU funding support this project would simply not have happened.

IMPACT

The United Downs project is essentially a four-phase project and has now just entered the testing phase after the completion of the drilling. The results of the test phase will be complete and available by the Summer 2020. Early indications have been positive, but not yet confirmed. The early testing indicates that the expected georesources are in place and they potentially will provide the expected heat resource. If successful, GEL has plans to develop and establish a range of geothermal projects across Cornwall, none of which would have been possible without this initial R&D project.

As an addition to the wider geothermal ambitions in CIoS, the EU Growth Programme has also recently announced that it is supporting further geothermal heat and power exploration activity at the Eden Project – initially supplying a district heating system for Eden's Biomes, offices and greenhouses.

LESSONS LEARNED

This project demonstrates that funding for this type of industrial-scale R&D activity can only happen if local partners demonstrate the risk appetite. In the case of United Downs, the EU programme was prepared to support this activity – helping to lower the risk to other public investors (Cornwall Council) and the businesses own investment. The returns – in terms of establishing a truly leading deep geothermal industry – could be significant.

SUPERFAST CORNWALL

Superfast Cornwall was set up in 2011 with the largest single Convergence investment. Over time it has received ERDF grant funding of £62m towards total project costs of over £150m. Delivered as three projects, this Next Generation Broadband Infrastructure investment aimed to make fast, fibre based broadband available to businesses and households across CIoS. A 'Superfast Cornwall Labs' workstream also investigated technological developments and trends to push at the boundaries of what was possible through superfast broadband. As a complementary project, Superfast Business Cornwall, run by SERCO, was funded through the Growth Programme to support businesses to exploit this digital technology and maximise the return on investment from the roll out of the infrastructure.

"Cornwall Council recognise that the ERDF funding enabled the level of investment and benefits delivered to be far higher than could have been achieved with the later nationally funded programme"

JULIAN COWANS, PROGRAMME MANAGER, SUPERFAST CORNWALL

IMPORTANCE OF EU FUNDING

During the first phase of work part funded by the EU (2011-15) over 132,000 km of optical fibre was laid – enough to stretch around the globe three times – and over 700 new roadside cabinets were installed to help support the new network. This period saw 24+Mbps superfast broadband being made available to over 85% of premises

The programme was subsequently extended in 2016-2017 (with Government and local funding) before 'Superfast 2' was launched in 2018, part funded by the EU.

IMPACT

By 2015 Cornwall was recognised as having one of the best rural fibre broadband networks in the world. As a result the Superfast Cornwall programme received six prestigious awards for its success. It aimed to enable even more premises, effectively reaching out to the 'hardest to reach' areas, and current coverage is 92% 30+Mbps superfast with 37% coverage of full fibre 300+Mbps ultrafast.

An extensive programme of evaluation has unpinned the programme, showing that, as the roll-out progressed, take-up steadily increased, reaching 66,537 connected premises in June 2015, an estimated 90,000 by March 2017 and estimated 128,400 in March 2019.

Business benefits have been positive and the net economic impact attributed to the superfast programme (to March 2019) is estimated at 4,090 new FTE jobs and a GVA uplift of £154.6m. It is also estimated to have safeguarded 6,950 FTE jobs and £277.8m of GVA. Evaluation of the linked Superfast Business Cornwall project also showed strong benefits for supported businesses, productivity growth and excellent return on investment for the public purse.

LESSONS LEARNED

A collaborative partnership approach was taken to managing the contracts with the selected private sector provider Openreach. This has enabled all projects to tackle some extremely challenging areas, and ultimately overachieve on aims, delivering much better value for the public money invested.

Significant investment was also made into a marketing campaign, which ensured high take up of superfast broadband services by both businesses and households. This enabled Openreach to gain more confidence on its return on investment and invest further.

Strong emphasis was placed by Cornwall Council on the future proofing of the network, and Cornwall now has 37% coverage of full fibre compared to 8% nationally.

ISLES OF SCILLY

The Isles of Scilly have benefited from a range of initiatives that have allowed it to be maintain its connections to the UK mainland and support its economy. During the Convergence programme this included initiatives to provide commercial space for local businesses (on St Mary's and St Agnes), critical investment in St Mary's airport and Quay, the regeneration of the Porthcressa area to provide workspace, social housing, other public services and enhanced public realm. This was supported by a SIF project development team funded by ERDF and the RDA. In the current Growth Programme there have been investments in the Penzance Heliport – helping to reinstate the critical helicopter link – the development of a Local Energy Market, a network of electric vehicle chargers and a grant (voucher) scheme for local businesses.

'EU funding allowed us to leverage funding which as an island community we simply would never have been able to access'

DIANA MOMPOLOKI -TRESCO ESTATE

IMPORTANCE OF EU FUNDING

An important aspect that EU funding enabled was the development in 2008-09 of a Strategic Investment Framework (SIF) for Penzance and the Isles of Scilly. EU funding allowed the establishment of a team to develop and deliver the project priorities as defined in the SIF, providing resources that were simply not available to the Council of the Isles of Scilly. As a direct result of this additional resource – including Quantity Surveyors, architects, project management – the critical investments in infrastructure, business support etc. were delivered.

In many senses, EU funding has been able to support island communities in a better and more flexible way to national UK programmes. There is recognition that many of the projects would not have met 'value-for-money' criteria as set out in national programmes (build costs have been estimated at 48% higher than on the mainland). Therefore, there is confidence that many of the critical investments would simply not have occurred.

IMPACT

In simple terms, the impact of continued EU support has meant that the islands continue to function as a viable and vibrant community. Without critical investment in its connectivity then it would be difficult to see how community life could be sustained. EU funding has directly and indirectly leveraged significant funding. For example, the refurbishment of the runway at St Mary's airport allowed the Department for Transport to invest a further £1.8m in resurfacing the islands roads.

LESSONS LEARNED

The establishment of an investment framework was a crucial part in allowing the Isles of Scilly to develop and deliver projects, most of which also supported through EU programmes. It allowed smaller areas with less available resources to get their 'share' of the available funding. Without this support, it is less likely they can compete against larger more populated areas. By also allowing sufficient flexibility so that the funding can be used to engage architects, surveyors etc. it meant that projects can be developed with confidence and to a high quality. The team were also able to support the projects in delivering against EU requirements i.e. monitoring, compliance etc. which meant this was dealt with consistently across all projects and in a more cost effective way.

FINANCE FOR BUSINESS

Finance for Business was part of a region-wide initiative – the South West Loans Fund – which was specifically delivered in CIoS. It was supervised by the South West Investment Group Ltd. It provided a £5m loan fund (supported by £3.75m of Convergence ERDF) which provided small loans for business (up to £50,000) and Finance for Business (up to £250,000) focusing on businesses which had growth potential but had not been able to secure all their finance requirements from the private sector. It was a requirement of the funding to invest the original £5m by June 2013 and then re-lend a further £3.5m by the investment end date of December 2015, subsequently extended to June 2016.

IMPORTANCE OF EU FUNDING

The loan fund was supported in March 2009, during the financial crisis when traditional forms of loan finance for businesses such as high street banks had been retrenched due to credit/liquidity issues. Therefore, the EU backed loan fund offered an important alternative at a time when many SMEs were finding it difficult to access sufficient loan finance to enable their business to grow.

IMPACT

Overall, the loan fund has supported 153 Cornish SMEs. This encapsulated 117 SMEs provided with small loans for business (up to £50k), and a further 36 SMEs receiving 'finance for business loans' (between £50k-£250k). The loan fund met its objective of providing £5m in original loan and then re-lending a further £3.5m. Therefore, the original £3.5m of ERDF support has resulted in £8.5m of loan finance being available to CIoS SMEs. Of those business receiving support, 39 were start-ups and 56% were female led. It is estimated that it helped support the creation of 433 jobs, with a further 142 safeguarded. The fund is still in its realisation phase and is contracted to maximise the recovery of loans from SMES and deliver outputs until December 2020. As at 30 September 2019 it is estimated that it had created £14.4m of GVA and the fund is on target to realise £2.9m of loan repayments which are due to be re-invested into the Cornwall and Isles of Scilly Investment Fund – therefore being re-circulated to CIOS businesses over the coming years.

LESSONS LEARNED

The success of the Finance for Business project to be able to recirculate the available loan finance in terms of secondary lending provides positive signs that original investment to support loan finance can generate significant leverage. This provides some positive signals for the potential benefits the CIoS Investment Fund (supported itself through the ERDF Growth Programme) could deliver.

The evidencing requirements for businesses in receipt of the loans through the Finance for Business was difficult and onerous. There was a heavy evidencing/administrative burden on those businesses. One outcome of this was that evidencing job targets (creation/safeguarding) was difficult, needing to meet tightly defined ERDF requirements. As a result, the full extent of economic benefits supported by the project are probably understated. Moving forward, greater flexibility over evidencing requirements from businesses (often very small) could/should be considered. This has been a consistent finding through several evaluations – finding the right balance between compliance and evidencing and reducing administrative burden on businesses.

SKILLS FOR BUSINESS

Building on the investments made to strengthen sector networks under previous funding programmes, Developing Skills for Business (DS4B) received an ESF grant of £4.4m to provide a strategic approach to developing employer-led skills with businesses across CIoS. This includes curriculum development, apprenticeship standards and bespoke training. Led by Cornwall College, DS4B is being delivered in conjunction with Cornwall Chamber of Commerce, Cornwall Council and a range of sector networks, each of which are tasked with identifying skills needs, leading to the development of solutions to improve the labour market relevance of training. The project also seeks to increase the capacity of these sectors to engage with the SME businesses they represent.

"This is new type of project within the Growth Programme which has opened up opportunities for improved sector co-ordination and curriculum development, responding directly to employer skills needs. The openness, dialogue and collaboration between the partners has been outstanding, enabling us as a team to identify priorities and make a difference."

CHLOE SEVERN, DS4B PROJECT AND PARTNERSHIP MANAGER

IMPORTANCE OF EU FUNDING

Feedback suggests that DS4B would not have gone ahead without the ESF funding. Although Cornwall College would have continued to gather feedback on its courses from individual employers, and adapted them incrementally, there would have been no sector co-ordination or large-scale curriculum development without the additional resource that the grant funding provided. This has been particularly important during the transition from apprenticeship frameworks to the new standards which have potentially been disruptive for businesses.

IMPACT

The most impactful part of the project has been the ability to obtain a sector-wide perspective of skills needs as opposed to receiving piecemeal feedback from individual businesses. Each delivery partner has undertaken a range of activities to understand what their respective sectors require in terms of skills and training and feel that they have generated new insights into the needs of their businesses/sectors.

This co-ordination effort has given businesses the opportunity to come together to strategically influence change and is leading to tangible results. For example, Cornwall Manufacturer's Group has developed a brand new suite of training, designed specifically to address identified gaps and Software Cornwall has developed a new apprenticeship programme. New models of delivery have been developed for shared apprenticeships, including for seasonal workers, which is thought to be a completely new for CIoS.

The project has strengthened the capacity of these sector groups to engage with the businesses they represent and has resulted in real collaboration between the different organisations involved.

LESSONS LEARNED

Although there have been challenges with delivering such a large scale multi-partnered project through ESF funding, the power of the partnership should not be under-estimated. The DS4B delivery partners meet regularly with an open exchange of information from which a number of cross cutting themes have been identified that affect businesses across CIoS. This forum has led to the development of further work for specific groups of employees such as those with mental health issues and disabilities which adds real value to the project. For example, insights from Cornwall Food Foundation's 'Every Customer Matters' training which aims to make products more accessible, are being rolled out to other sectors where there is broader applicability.

OUTSET CORNWALL

Outset Cornwall was funded through the CIoS ESIF, match funded by LiveWest and the Outset Foundation and delivered by YTKO and a small consortium of partners. Outset was established in 2009 and is committed to achieving social and economic inclusion through the creation of successful and sustainable new enterprises. It provides support for those who live in deprived communities, rural and coastal areas, and individuals facing the biggest barriers to enterprise – such as the long-term unemployed, BME groups, women, single parents and people with physical and mental health issues.

"“Before Outset there was no start up support that was specifically tailored to be truly inclusive of everyone, but thanks to the European funding it has been possible to offer a highly effective service for anyone, regardless of the barriers and challenges they face. The economic and social impact of this project has been significant, and the results are a testament to what can be achieved when the right support is in place.”

KATE PERKINS, YTKO

IMPORTANCE OF EU FUNDING

Outset Cornwall delivered through the Growth Programme was a continuation from activity delivered through the previous EU Convergence programme, albeit with a different delivery model and financial/funding context. The EU funding helped to address some specific market failures that resulted in a lack of services and support for start-up enterprises, especially those formed by disadvantaged and under-represented groups. Without the c£3.4m of ERDF funding, the consortium would not have been able to provide support to more than 1,000 individuals who were at various stages of establishing their own enterprise, 500 of which were early-stage start-ups.

IMPACT

Two-thirds of the individuals assisted by the project were females, with nearly a third aged over 50. 40% of those assisted stated they were currently unemployed. Just over a quarter of these had been unemployed for over 3 years. 10% were single parents.

An evaluation of the project found that 85% of beneficiaries stated that the support they had received had provided them with everything they wanted to find out about. Over a third had started their own business/social enterprise or become self-employed since they received support from the project. The independent evaluation estimated that the project had generated a social economic and financial return of £4.17 for every £1 of ERDF investment.

LESSONS LEARNED

The workshop element of the project had been particularly valued. The peer support it provided – sometimes manifesting in long-term relationships – was important for confidence building. The feedback strongly suggests they should remain a core of the delivery mechanism in any future similar interventions and as such have remains a core offer of the live Outset Cornwall project. Workshops also represent a relatively cost-effective form of support (compared to one-to-one support) and were effective for the project because individuals often face similar issues when establishing enterprises.

The consortium-based model was at times difficult to manage, certainly resource intensive for the lead organisation which wasn’t necessarily covered by the allowable management costs. The risk of full cost coverage may be heightened in a partnership context.

WHO DARES WORKS

As part of the Big Lottery's Building Better Opportunities Programme, Who Dares Works is led by Active Plus and brings together seventeen social enterprises, working as one team, to help people who need the most support to connect or reconnect with work, education and training. With ESF grant funding of £2.7m, the partnership aims to help participants help themselves – wherever possible through helping others. Operating across West Cornwall and the Isles of Scilly, the project supports people that are not working and who face significant and complex barriers such as isolation and alcohol dependency as well as physical and mental health conditions.

"'This has been a brilliant project. The partners have worked extremely well together and have enabled us to deliver something really valuable for the people that need it the most"

CAROLYN WEBSTER

IMPORTANCE OF EU FUNDING

The project aims to inspire and motivate people who are furthest from the labour market – people who may not even be thinking about employment or training. It offers them support with a range of interlinked and complex issues in both group and individual settings. This includes counselling and trauma therapy which is a unique part of this project and would not be available without the funding.

IMPACT

Who Dares Works has exceeded its engagement targets and has supported a diverse range of people, around 65% of whom have a disability or health related problem. At the heart of the project are inspiring courses run by military veterans. They have found that bringing people in similar circumstances together through team building exercises has helped motivate participants to take the next steps in their journey.

Equally important has been the opportunity to try out different jobs. For example, 'Who Dares Cooks' run by Cornwall Food Foundation enables participants to have a go at cooking to see if they are suited to it, rather than being taught in a classroom. Similarly, 'Who Dares Builds' offers a chance for participants to have a go at different trades whilst also bringing old spaces and buildings back into use.

These activity-based elements sit alongside one-to-one support to tackle individual barriers ranging from dyslexia to debt management. The approach helps to build confidence, motivation and self-belief as people move towards training and work. Participants can also get fully involved in the development, delivery and management of the project.

LESSONS LEARNED

This project took two years to plan and feedback suggests that its success has been built on the strength of the partnership. Each partner has a clearly defined and specialist role to play and, operating as cohesive team, they have enabled the delivery model to work on the ground.

Overall approach - benchmarking against comparator areas

This analysis forms a core part of this study. The aim of the exercise is to understand CIoS performance against a number of areas that display similar characteristics. All areas within the UK differ and, in that respect, CIoS cannot be compared directly to any single area.

Benchmarking an area like CIoS has to utilise recognisable parameters. For the purposes of this exercise, output (as measured by GVA) in 1997 (in £m) and population in 2018 were used to control potential suitable areas through a proximity analysis. A long list of areas was initially identified within a 10% variance against total GVA.

CIoS is one of two less developed regions within the current EU programme within the UK; West Wales and the Valleys (WWV) being the other. However, West Wales and the Valleys does not necessarily provide a robust benchmark because it has a population 3.5 times larger than CIoS and an economy 3.2 larger. Therefore, our benchmarking has focused on separating West Wales as a more comparable areas – given it is more peripheral, rural and more similar in size and population than CIoS.

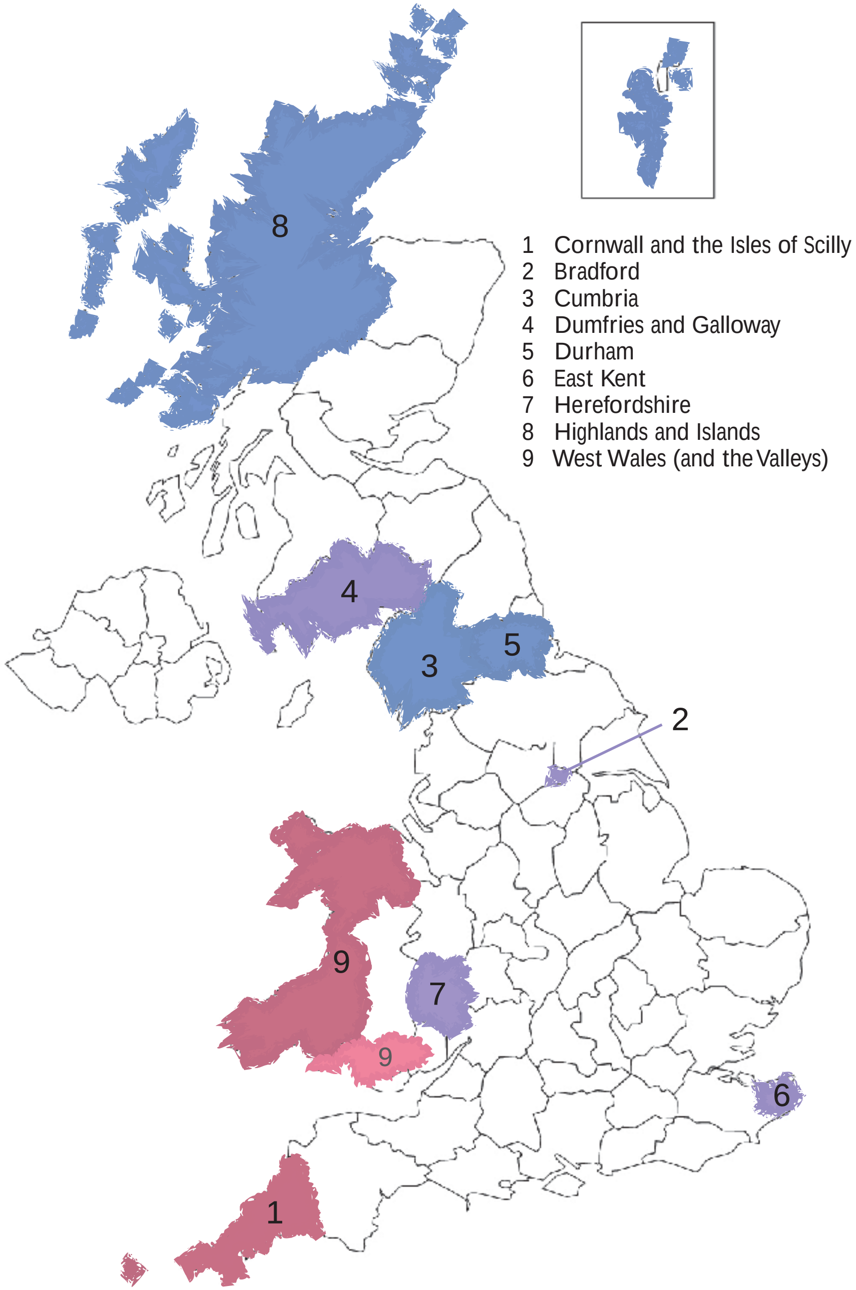
Overall, we identified 8 alternative areas against which to compare CIoS performance. The majority of these could be considered ‘rural’ to some extent – certainly relatively distanced from any major urban conurbation. The ‘proximity analysis’ did present one purely urban area – Bradford. Whilst we recognise that Bradford has significantly different economic and socio-demographic characteristics to CIoS we felt its inclusion was worthwhile, offering something different to the other benchmark areas. Ultimately, our decisions regarding benchmark areas was a combination of the proximity analysis explained above and pragmatism.

The benchmark areas included in our analysis are shown below:

	2018 Population	2017 GVA	Funding Status
Cornwall and IoS	568210	10075	Less Developed region
Bradford	537173	10185	More developed
Cumbria	498888	11864	Transition
Dumfries and Galloway	148790	2243	More developed
Durham CC	526980	8754	Transition
East Kent	535919	10146	More developed
Herefordshire	192107	3878	More developed
Highlands and Islands	489330	12562	Transition
West Wales	792265	13348	Less Developed region (part)

Data analysis in this paper follows the order set out in table above, with CIoS data presented as the top row in the highlighted box, then the other benchmark areas alphabetically. Where helpful UK or West Wales and the Valleys data is presented outside the benchmark box. In some of the tables conditional formatting is used to assist interpretation. This will typically be through a colour scale with high and low values marked by colour extremes, and data bars as in the GVA column.

At an overall level, CIoS can be compared on some of the main economic indicators to the UK areas receiving Structural Funds. This is shown in the Table below.



	1997 - 2017		2017	
	GVA Change %age	GVA per head change %age	GVA per head £	GVA per hour £
Less Dev regions (w/o Cornwall)	85.7	75.9	17,086	26.6
Less Developed regions	88.7	76.7	17,239	26.3
Transition regions	90.9	77.4	20,758	29.5
More Developed regions	106.4	78.8	30,092	33.3
Cornwall	112.8	83.2	18,458	23.8

1997 data was selected as the baseline period – prior to the commencement of the Structural Fund period in 1999. The table shows that in terms of overall economic growth (GVA) CIoS has performed strongly, certainly growing more quickly than the other area (West Wales and the Valleys) that has been consistently classified as a ‘less developed’ region. It has also grown more strongly than the collective growth rates within both Transition and More Developed. On a per capita basis, the overall growth has exceeded the comparators, although to a lesser extent which reflects the faster population growth that has occurred in CIoS compared to most other areas (discussed in more detail below).

Despite this overall growth, CIoS still lags these combined areas in terms of productivity measures – shown on a ‘per head’ and ‘per hour’ basis. This is discussed in more detail below. The overall story emerging is that economic growth within CIoS has been relatively strong, but the message regarding productivity growth is less positive. An initial inference is that growth in CIoS has been driven by:

- Relatively high population growth
- Relatively high levels of labour market engagement (employment)
- Growth in less productive activities

This is explored in more detail as we progress through the detailed analysis of the indicators.

Comparison of Indicators – initial findings:

In this section we present some of the primary benchmark analysis we have undertaken. This focuses on some key topics which include:

- Population
- Employment
- Sectoral change
- Businesses
- Earnings
- Economic growth and productivity

The indicators detailed below are not exhaustive but those included relate to the stories that are emerging from the analysis. A more comprehensive set of benchmarked indicators has been provided to the client.

The report sets out comparative ranking through use of traffic lights where the highest ranked areas (1-3) are coded green and the lowest (7-9) coded red. Additional formatting – data bars or trend lines are used as appropriate. Where relevant we highlight our interpretation of what the indicators are highlighting – 'the story'; and whether any changes can be attributed to the presence of EU Structural Funds.

Population

CIoS has experienced relatively strong population growth over the 20-year period from 1997-2018 both in absolute numbers and proportional change. It has experienced the 2nd highest population growth, with total population increasing by 17.1% over this period. Only East Kent (which includes the Local Authorities of Canterbury, Dover, Folkestone and Thanet) experienced higher population growth, only marginally at that. The initial inference that we draw is that this could be viewed as a measure of success – population growth (particularly net in-migration - involving fewer people leaving and more people arriving) tends to be associated with some measure of economic strength. As economies grow and demand more labour, they tend to attract people to move into an area. Conversely, those areas which suffer from economic weakness tend to experience outward migration – some of the Welsh Valleys are examples in that respect. This 'hypothesis' is examined in more detail below, looking specifically at change in working-age population and in-migration.

Table 1: Total Population Change

	Change	Change % 1997-18	Rank
Cornwall and IoS	83096	17.1	2
Bradford	67974	14.5	3
County Durham	28447	5.7	7
Cumbria	10718	2.2	8
Dumfries and Galloway	270	0.2	9
East Kent	79715	17.5	1
Herefordshire, County of	23641	14.0	4
Highlands and Islands	31380	6.9	6
West Wales	52779	7.1	5

Population Age Changes

Focusing on the different components of that total population change, we have analysed relative change through broad age groups. The table below shows that, perhaps counter to the commonly held perception, population growth has not been driven only by those of retirement age. It had the third highest % change for 16-64-year olds (broadly working age) and the second highest change for those aged 0-16. It had the third highest proportional increase in the 65+ population[1].

Bradford (with a younger and more ethnically diverse population) had a significantly higher increase in the 0-16 population. East Kent was the only other area with a positive increase in this younger age band share. Interestingly, many of the more rural areas all saw a falling proportion of 0-16-year olds, with Cumbria, Dumfries and Galloway and Highlands and Islands seeing a more than 10% fall in the number of young people. In that respect, it could be argued that CIoS has bucked the trend in terms of largely rural and peripheral areas experiencing a fall in the number of young people. We feel this is an important outcome (both socially and economically) for CIoS.

East Kent, Bradford and Herefordshire (alongside CIoS) all saw relatively high % increases in the 16-64 population. Cumbria and Dumfries and Galloway saw a reduction in the working age population, with Durham, Highlands and Islands and West Wales only experiencing small gains. This relates back to the earlier point in this paper, that the increase in working-age population within CIoS indicates there has been some factor at play. We suggest that 'economic robustness' has been an important reason helping CIoS counter some of the wider trends seen in other rural areas.

In terms of those of retirement age (65+) CIoS did experience proportional growth comparable to areas such as Highlands and Islands and Herefordshire. Largely this has been because of demographic change (that is the ageing of the existing population) rather than that associated with net in-migration or those of retirement age.

Table 2: Population change by broad age group:

	Total			0 - 16 years		16 - 64 years		65 + years	
1997-2018 change	Actual	%age	Rank	%age	Rank	%age	Rank	%age	Rank
Cornwall and Isles of Scilly	83096	17.1	2	5.0	2	12.1	3	43.9	3
Bradford	67974	14.5	3	13.9	1	14.3	2	16.2	9
Cumbria	28447	5.7	7	-12.8	8	-3.3	8	38.0	5
Dumfries and Galloway	10718	2.2	8	-16.7	9	-6.0	9	39.3	4
Durham CC	270	0.2	9	-8.6	6	2.7	6	35.4	6
East Kent	79715	17.5	1	3.9	3	18.0	1	28.7	8
Herefordshire, County of	23641	14.0	4	-3.6	4	9.8	4	46.1	2
Highlands and Islands	31380	6.9	6	-11.4	7	1.7	7	49.4	1
West Wales	52779	7.1	5	-5.7	5	2.9	5	32.8	7

[1] *Cornwall Council are investigating the 65+ demographics and working patterns for this age group*

Economic growth – GVA

When set against the benchmark areas, CIoS has experienced relatively strong economic growth and this relative performance has been broadly consistent, although it clearly suffered in relative terms during the recessionary period (defined as 08-11). In terms of the analysis we were keen to break the overall period into three distinct phases:

- The overall period which this analysis focuses on, covering 1997 (baseline) to 2017 (latest available data)
- Pre-recessionary period (1997-2007) - largely covering Objective 1
- Recessionary period (2008-2011) – covering the first part of the Convergence programme
- 'Bounce back' period (2012-2017) – covering the latter part of Convergence and early part of the Growth programme

The overall message is that CIoS saw the 2nd highest increase in total GVA for the periods 1997-17 (overall), 1997-07 (pre-recession), and 2012-17 (bounce back). However, in the recession period it was the 8th worst performing area, one of only two where GVA fell.

It is important to note that the ONS now produces three different ways of measuring economic output (GVA). These are an income-based, a production-based and - since late 2018 - a balanced-approach. The balanced approach is a combination of the income and production estimates. In this report we have used the income-based approach. However, we are aware that balanced-approach has been adopted more recently in other work in CIoS - most notably in the emerging Local Industrial Strategy. Each approach can be used in analysis, but it is useful to note that each produces slightly different estimates of the size of the CIoS economy. For example, the income-based approach estimates the CIoS GVA in 2017 was £10.4bn (current prices). In comparison, the balanced-approach estimates this was £9.9bn. For the purposes of the analysis in this report (through the benchmarking and 'what if' scenarios) we are comparing against other areas on a consistent basis - using the income-based approach. Therefore, it is the change over time that is important - rather than necessarily the current size of the CIoS. However, it is useful for the reader to understand the differences.

The UK is included in the table for reference, in order to help understand wider 'trend growth'. Over the whole period, CIoS is one only of two benchmark areas that exceeded UK growth (albeit only marginally, by 0.6%, in CIoS) – Highland and Islands being the other.

Again, our interpretation of the data is that CIoS has performed relatively strongly in terms of overall economic growth – reinforcing the message argued earlier when compared to other Structural Fund regions. Those other rural areas which haven't benefited from the same level of Structural fund support such as Herefordshire, Cumbria and Durham have grown less strongly in overall terms.

Interestingly, economic growth in CIoS has been significantly stronger than experienced in West Wales (remembering this excludes the Valleys component from the West Wales and the Valleys area which currently qualifies for 'Less developed' Structural Fund support). Clearly, much of the economic growth experienced in West Wales and the Valleys has been driven by those areas closer to major urban areas in South Wales. The largely rural West Wales has not performed strongly.

Table 3: Overall GVA growth

	1997-07		2008-2011		2012-17		1997-17	
	%	Rank	%	Rank	%	Rank	%	Rank
UK	61.9		2.7		20.1		112.2	
Cornwall and IoS	65.2	2	-1.0	8	17.6	2	112.8	2
Bradford	53.7	5	0.7	5	16.8	4	86.9	6
Cumbria	50.0	7	-0.2	7	17.3	3	95.2	4
Dumfries and Galloway	41.3	9	5.9	1	24.7	1	106.3	3
Durham CC	49.1	8	2.2	3	16.1	6	89.4	5
East Kent	56.0	4	-2.3	9	12.4	7	85.0	7
Herefordshire,	52.7	6	0.3	6	9.6	9	84.2	9
Highlands and Islands	71.0	1	4.3	2	16.2	5	119.3	1
West Wales	56.8	3	2.0	4	12.2	8	84.9	8

We have also undertaken the same analysis but removing imputed rent. Cornwall Council now tend to report on an adjusted GVA figure which takes out the imputed rent element of GVA. This is set out below – comparing to the above analysis.

Table 4: GVA growth (minus imputed rent)

	GVA 1997-17				
	Adjusted to remove imputed rental			GVA income as published	
	Change	%	Rank	%	Rank
Cornwall IOS	2891	52.9	1	112.83	2
Bradford	1969	27.2	7	86.92	6
Cumbria	2708	36.3	2	95.23	4
Dumfries and Galloway	651	35.9	3	106.35	3
Durham	1630	26.1	8	89.44	5
East kent	884	12.1	9	85.01	7
Herefordshire	804	32.2	5=	84.23	9
Highlands and Islands	2489	32.5	4	119.31	1
West Wales	2863	32.2	5=	84.88	8

Productivity measures:

Compared to the relatively positive picture painted above with regards to overall economic growth, there is a less positive story to tell with regards to productivity – as measured in a variety of ways. CIoS has tended to perform less well on most productivity measures. The below tables (7-10) sets out productivity as measured by GVA per head (1997-17), GVA per filled job (2002-18) and GVA per hour (2004-17).

These measures consistently show that CIoS's relative positive in the benchmark areas has largely remained unchanged – in fact declining for GVA per filled job. CIoS ranks 6th for the GVA per head measure, but 8th or 9th for GVA per filled job and GVA per hour. The table shows that most areas hardly move in their position (Durham being the exception).

Importantly, the (output) gap between CIoS and the UK for all productivity measures increased significantly (from £8,968 in 2002 to £16,729 in 2017 GVA per filled job, from £5.07 in 2004 to £9.84 in

2017 for GVA per hour, and from £4,629 in 1997 to £8,972 in 2017 for GVA per head). Clearly, this has implications for the UK Government's overall policy objective of narrowing the gap in regional economic performance – which tends to be measured through one of the productivity measurements.

Table 5: GVA per head 1997-17 % change and rank

	1997-07		2008-11		2012-17		1997-17	
	%	Rank	%	Rank	%	Rank	%	Rank
Cornwall and IoS	52.9	2	-2.6	8	12.8	6	83.2	4
Bradford	43.8	7	-2.3	7	14.5	4	64.0	7
Cumbria	46.2	5	0.0	4	17.5	2	91.2	3
Dumfries and Galloway	39.6	9	5.7	1	26.1	1	105.4	1
Durham CC	47.7	4	0.7	3	14.0	5	80.3	5
East Kent	45.6	6	-4.7	9	7.5	8	58.5	9
Herefordshire,	43.0	8	-0.7	6	6.3	9	62.5	8
Highlands and Islands	64.0	1	2.7	2	15.3	3	104.0	2
West Wales	50.9	3	-0.4	5	10.1	7	73.2	6

The same broad story is shown through the alternative productivity measures – GVA per job and/or per hour. There are some tentative signs that relative performance in CIoS may be marginally improving in recent years. Overall though, they confirm the picture that relative productivity performance against the comparator areas has not been that strong.

Table 6: GVA per filled job Change % and Rank

	%	Rank	%	Rank	%	Rank	%	Rank
	2002-17		2002-08		2008-12		2012-17	
UK	51.3		26.6		6.4		12.4	
Cornwall and IoS	39.6	7	18.6	7	4.1	7=	13.0	3
Bradford	50.2	4	28.3	1	3.7	9	12.9	4
Cumbria	49.8	5	25.3	5	4.1	7=	14.8	2
Dumfries and Galloway	57.7	2	18.4	8	13.2	1	17.7	1
Durham CC	52.7	3	25.7	4	9.8	3	10.7	6
East Kent	42.1	6	26.2	3	4.9	5	7.3	8
Herefordshire	28.1	9	12.9	9	8.9	4	4.2	9
Highlands and Islands	58.4	1	26.6	2	12.2	2	11.5	5
West Wales	35.9	8	20.1	6	4.8	6	8.0	7

Table 7: GVA per hour % Change and Rank

	%	Rank	%	Rank	%	Rank	%	Rank
	2002-17		2002-08		2008-12		2012-17	
UK	36.1		22.6		5.1		11.0	
Cornwall and IoS	22.1	8	12.3	9	5.4	7	8.8	5
Bradford	44.3	2	26.9	3	6.4	5	13.7	2
Cumbria	33.4	5	17.4	6	6.7	4	13.6	3
Dumfries and Galloway	49.7	1	30.5	1	14.2	1	14.7	1
Durham CC	42.1	3	28.4	2	6.9	3	10.7	4
East Kent	23.5	6	21.1	5	5.7	6	1.9	9
Herefordshire	17.5	9	13.8	8	3.3	9	3.2	8
Highlands and Islands	34.0	4	23.2	4	13.3	2	8.7	6
West Wales	22.5	7	14.4	7	4.0	8	7.1	7

Employment

Focusing on labour market performance, CIoS has performed relatively strongly in terms of growth in the number of jobs. The tables below demonstrate the two 'Less Developed' regions (including only West Wales) have seen stronger job growth than most other benchmark areas – particularly the more rural areas.

CIoS performed strongly before and after the recession in terms of employment growth. In this section we illustrate a measure using the ONS jobs density dataset, showing CIoS with the highest increase for 2000-17 (and 2000-08), and 3rd highest for 2009-17. *The different job data sources are set out in the accompanying data compendium.*

Table 8: Total Jobs (ONS) 2000-17 (Jobs Density)

	Actual Increase 2000-17	Rank	% Change 2000-17	Rank
UK			19.4	
Cornwall and IoS	74000	1	34.6	1
Bradford	18000	8	8.3	9
County Durham	24000	6	13.6	8
Cumbria	46000	4	20.5	5
Dumfries and Galloway	10000	9	15.4	7
East Kent	49000	3	27.4	2
Herefordshire	19000	7	21.8	4
Highlands and Islands	42000	5	18.8	6
West Wales	69000	2	23.3	3

Self-Employment

CIoS has the highest levels of self-employment of the comparator areas. From lower bases other areas have grown at faster rates, with Cornwall ranking 4th consistently. Note, figures here are for Cornwall only.

Table 9: Changes in Self Employment %

	%age 2004-07	Rank	%age 2008-11	Rank	%age 2012-18	Rank	%age 2004-18	Rank
Cornwall	2.0	6	1.7	4	6.3	4	23.1	4
Bradford	11.3	2	0.8	5	8.8	3	53.6	2
Cumbria	-8.8	9	1.9	2	-18.6	9	-6.3	9
Dumfries and Galloway	10.3	3	1.8	3	9.5	2	51.7	3
Durham	2.3	5	-13.3	8	55.2	1	55.2	1
East Kent	23.1	1	-15.4	9	-1.0	7	13.3	6
Herefordshire,	5.7	4	-0.9	6	-10.6	8	14.6	5
Highlands and Islands	-4.3	8	6.4	1	1.8	6	10.4	7
West Wales	0.9	7	-7.3	7	2.9	5	1.5	8

Business stock

It is also important to understand the changing stock of businesses. We set out local units and enterprises data within geographic areas by sector, focusing on higher value sector groupings, turnover and company size. CIoS scores highly across all of these differing definitions.

Table 10: Growth (%) in number of businesses in knowledge intensive sectors

	Knowledge intensive services					Export-intensive sectors	Knowledge economy
	financial	hi-tech	market services	other	total		
Cornwall and IoS	4	3	2	8	5	3	3
Bradford	8	2	1	1	1	4	1
County Durham	6	4	5	3	4	8	5
Cumbria	1	8	9	5	6	2	6
Dumfries and Galloway	9	9	6	9	9	9	9
East Kent	5	1	3	6	2	1	2
Herefordshire	2	5	8	2	3	7	8
Highlands and Islands	7	7	4	7	8	5	4
West Wales	3	6	7	4	7	6	7

In terms of overall business stock growth - the growth in the number of businesses - CIoS is ranked 4th.

Table 11: Growth in overall business stock

	2010-19		
	Actual	%	Rank
UK	606,380	23.6	
Cornwall and IoS	3100	12.1	4
Bradford	3240	21.3	1
County Durham	2145	14.3	3
Cumbria	1745	6.6	7
Dumfries and Galloway	160	2.1	9
East Kent	2865	16.8	2
Herefordshire	895	8.4	6
Highlands and Islands	2435	9.5	5
West Wales	2235	5.9	8

Using Scale Up Institute analysis of data received from ONS for the years 2013-2016, the following picture emerges on the local scale up context, CIoS ranks 1st for employment scale ups (those businesses which have grown their employment by >20% per year over a 3-year period) and 2nd for turnover scale ups (those businesses which have grown their turnover by >20% per year over a 3-year period).

Table 12: Change in Scale Ups per 100k population per annum 2013-16

	EMPLOYMENT		TURNOVER	
	%age	Rank	%age	Rank
Cornwall and IoS	0.5	4	6.1	1
Bradford	-0.4	7=	2.4	9
County Durham	-0.4	7=	3.8	6
Cumbria	0.4	5	3.1	7
Dumfries and Galloway	1.1	1	4.5	4
East Kent	0.1	6	4.6	3
Herefordshire	0.8	2	4.2	5
Highlands and Islands	-2.3	9	2.7	8
West Wales	0.7	3	4.9	2

Qualifications

CIoS showed the highest growth in those with level 4 or above qualifications, with significantly higher growth than all other benchmarks, and improved the overall ranking (against this selected group) by two places. The highest levels of level 4 or above qualifications (in 2018) was Highlands and Islands by 5.3%.

Table 13: Changes in the proportion of population with NVQ4+

2001 - 2018	% point change	change %	Rank
Cornwall and Isles of Scilly	20.9	150.4	1
Bradford	12.7	88.0	9
Cumbria	16.4	107.1	8
Dumfries and Galloway	19.6	119.5	5
Durham	15.7	119.3	6
East Kent	18.0	130.0	3
Herefordshire,	19.3	113.1	7
West Wales	19.9	124.4	4
Highlands and Islands	23.7	131.8	2

Earnings (resident annual pay gross):

In terms of resident earnings, in the period 2002-2019 CIoS saw the 3rd highest increase (in percentage terms) in average (median) earnings.

These strong improvements however appear linked to the earlier parts of this period, in particular 2002-2008. CIoS had the highest rate of increase for this period, significantly higher than the other areas. For the 2012-19 period CIoS ranked 9th. Therefore, the gains associated with the pre-recession period in earning performance seem to have been reversed against these comparator areas and the UK average.

Table 14: Change in average (median) earnings

	Median % Change							
	2002-19		2002-08		2008-12		2012-19	
UK	46.8		22.7		7.2		15.8	
Cornwall and IoS	56.6	3	31.7	1	7.6	4	10.6	9
Bradford	41.6	8	14.3	9	8.6	3	14.1	8
Cumbria	51.7	6	16.5	8	11.9	2	16.3	7
Dumfries and Galloway	64.7	2	23.9	2	3.1	8	28.9	1
Durham	28.8	9	18.4	6	-8.6	9	19.1	2
East Kent	53.3	4	23.3	3	5.4	6	18.0	5
Herefordshire	51.0	7	18.5	5	7.3	5	18.8	3
Highlands and Islands	66.3	1	22.2	4	15.7	1	17.7	6
West Wales	52.8	5	18.1	7	4.2	7	18.7	4

Lower Earnings

Considering the growth of earnings for lowest earners (as expressed by those in the lower quartile, or lowest 25%), we see a similar story. CIoS is still ranked 9th out of the comparator areas in 2002 and 2019. However, CIoS showed the 3rd highest improvement in lower quartile earnings over the whole period where data is available (2002-2019), experiencing particularly strong growth between 2002-08, and 2008-12 (3rd). However, of more concern is that in recent years (2012-19) CIoS is ranked 9th out of comparator areas in terms of growth in the lowest earners.

Table 15: Lower quartile earnings growth

	Median % Change							
	2002-19		2002-08		2008-12		2012-19	
UK	51.8		24.6		2.1		19.3	
Cornwall and IoS	65.9	3	34.2	2	13.5	3	8.9	9
Bradford	42.0	8	15.6	7	7.2	4	14.6	8
Cumbria	72.1	1	15.2	8	22.1	1	22.3	5
Dumfries and Galloway	68.7	2	38.4	1	-9.4	8	34.6	1
Durham	28.0	9	26.1	5	-18.1	9	23.9	3
East Kent	59.6	6	14.3	9	20.6	2	15.9	7
Herefordshire	62.9	5	26.1	4	4.5	5	23.7	4
Highlands and Islands	58.1	7	33.2	3	1.9	7	16.5	6
West Wales	63.5	4	20.5	6	4.0	6	30.5	2

‘What if’ scenarios

This section of the report focuses on meeting the core question in the brief which was to envisage what CIoS would look like without the support of the EU programmes. This section therefore explores how the CIoS economy may have developed if EU funding support had not been available for the period in our focus – from 1999 onwards.

It should be noted that this is not strictly establishing the ‘counterfactual’. Establishing a counterfactual is certainly not easy and expectations need to be established early to understand that any analysis will not come up with a definitive answer. The inherent problem with a methodologically robust counterfactual is that there are no ‘clean’ comparator areas, or ‘control groups’ i.e. other areas of the UK that have had no public sources of funding to support their local economy – whether this is European, national, regional or local authority funding support. Over the 20-year period, significant public support would have been provided to every single area within the UK. Even successful economies such as London and the South East have still been able to access significant levels of public funding.

Therefore, the difficulty of establishing a robust counterfactual has resulted in testing three different approaches to how we can quantitatively assess the ‘what if’ scenario at a macro level. In our view, these approaches complement the extensive work done in the benchmarking section – which in itself does demonstrate relative performance against comparator area across a range of economic indicators.

In our view the three approaches could be viewed as alternative ‘what if’ scenarios. In this work we have ‘tested’ each approach to understand what message it conveys.

Context

The first step in this work is establishing the broad level of EU investment that CIOS has received through the three different programme periods. Given that this effectively covers four separate programmes (ERDF, ESF, EAFRD, EEF) this is difficult to exactly establish. However, in broad terms the investment levels for each programme period are set out below. Given much of this investment relates to historical programmes – and much of the information has been archived – the below figures should certainly be viewed as indicative estimates.

However, our working assumption is that over the three programme periods (2000-2020), CIoS has been in receipt of circa £1.5bn support through the EU Structural Fund programmes. This support has leveraged in significant additional funding and investment (both public and private), so the total investment into the CIoS economy will have been higher than this. A broad estimate is that the Objective One and Convergence programmes were successful in leveraging at least an additional further (public and private) £1.5bn investment. Leverage figures for the current Growth Programme are not yet available at a programme level and therefore the £1.5bn is expected to be an underestimate.

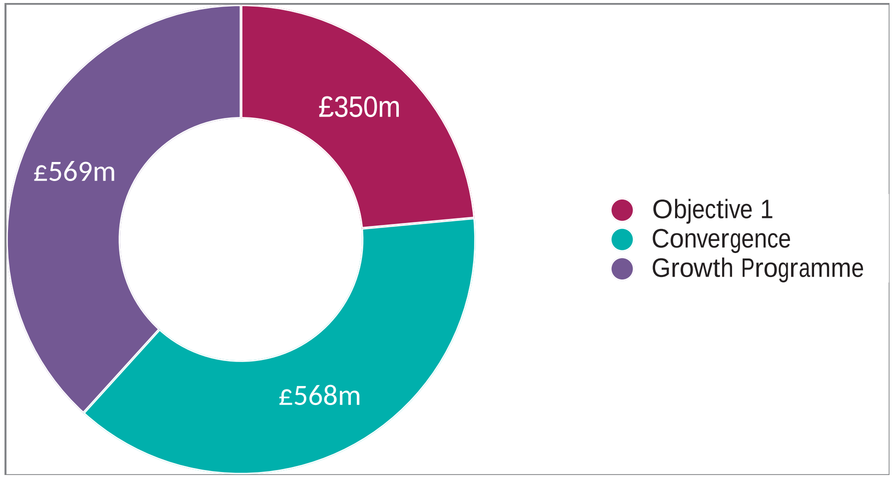
Objective One 2000-2006 (ESF, ERDF, EAGGF and FIFG combined)
Objective One value without match= circa £350m

Convergence 2007-2013

ERDF Convergence value without match = £355m[2]
ESF Convergence value = £164m
EAFRD Convergence value = £41m
EFF Convergence value = £8m
Total Convergence value without match = £568m

Growth Programme 2014 – 2020

Growth Programme value ERDF = £410m
Growth Programme value ESF = £132m
Growth Programme EAFRD = £20m
Growth Programme EMFF = £7m
Total Growth Programme value without match = £569m
Total estimated programme support = £1,486m



It is important to recognise that this investment has effectively been spread over a 20-year period. It should certainly be viewed as an investment flow.

It is equally important to place the scale of this investment in the context of the overall size of the economy during this period. We estimate that the cumulative economic output for the CIoS economy over a 20-year period (as measured by GVA) has been circa £179bn. Whilst it should be recognised that investment is different to GVA, placing the c£1.5bn EU programme investment against the cumulative output of the CIoS economy over a 20-year period raises the question of how much that scale of investment (even if accompanied by other public sector investment) is reasonably expected to change long-standing structural issues within the local economy.

We feel that understanding the scale of EU programme investment against the cumulative size of the CIoS economy (c1%-2%) over this 20-year period provides fundamental context for the analysis.

Comparison of funding support

Clearly a significant consideration is that if CIoS did not receive EU Structural Fund support at the levels it did (classified as a 'Less Developed' region), we assume that it would still have received some support. For example, levels of support akin to those areas classified as 'Transition' in a Structural Fund context. Given the underlying weakness in the CIoS economy that was evident in 1999, we feel that this is an appropriate judgement to make.

The next step is to establish the relative funding that other areas in the UK have received. Again, the difficulty is accessing this information in a historical context i.e. through the Objective One and Convergence programme periods. Consequently, we have estimated the typical levels of EU funding support through the current programme period (2014-2020). Currently EU funding is distributed at the LEP level within England, and through the Welsh and Scottish Governments.

[2] *https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/657782/Convergence_list_of_beneficiaries_Feb_2017.pdf*

Our estimate of per capita support is set out in the below table for the comparator areas included in our benchmarking exercise. Again, given the difficulty of collating this information – which is held in a variety of places – means that it is our analysis/interpretation of the level of funding received across the different areas. It is not published data accessible via a single source.

However, the table does demonstrate the significant additional level of funding that 'Less Developed' regions do attract. The table illustrates that both CIoS and West Wales and Valleys have received in excess of £1,000 per capita funding from the current EU Growth programme – taking account of ERDF and ESF only.

Table 16: EU funding per capita 2014-20 (LEP level benchmark areas)

	ERDF and ESF 2014-20	
	EU funds £m	EU funds per head £
Cornwall and IoS	590.4	1,039.4
Bradford	389.0	126.3
Cumbria	91.0	182.7
Dumfries and Galloway	data not available	
Durham CC	201.0	298.2
East Kent	185.1	43.7
Herefordshire	113.3	164.2
Highlands and Islands	160.0	340.4
West Wales	2,006.0	1,021.9

This analysis is then extended to include all areas within England that are in receipt of EU Structural Fund support through the current programme. This data is shown as allocations at a Local Enterprise Partnership, which are only in place in England. Hence, this table only shows English areas. This table also includes EAFRD funding alongside ERDF and ESF – hence the slightly higher per capita for CIoS. It doesn't include EMFF funding – although the impact of its inclusion (given that it is relatively small amount of support – c£7m in current programme within CIoS) would not significantly affect the overall picture.

The table shows those areas which are classified as 'Transition' and 'More developed' and is sorted on a descending basis according to per capita allocations. The table again illustrates the significant level of relative EU funding that CIoS has attracted, and that the level of support 'tapers off' quite quickly as you move into 'Transition' and 'Less Developed' areas.

We estimate that the average per capita funding received by 'Transition' areas is circa £157 during the current programme period, compared to £1,060 – accounting for ERDF, ESF and EAFRD investment only[3]. Clearly, this demonstrates the significant additional funding that CIoS has been able to secure.

To reiterate the earlier point, this analysis only focuses on EU Structural Fund support. We do not know what other forms of public support (UK Government, Local Authority etc.) each respective area receives. There is a possibility that other areas receive higher levels of non-EU funding support which would narrow this apparent 'differential'. However, there is a lack of data to evidence this assumption. This is an implicit uncertainty in this overall analysis - again, highlighting that it is not possible to establish a 'clean' control area.

Table 17: EU funding per capita in euros 2014-20 (England) [4]

[3] *These are estimates - as allocations are made in Euros but spent in pounds sterling, and therefore cannot be exact.*

[4] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/307492/bis-14-772-uk-allocations-eu-structural-funds-2014-2020-letter.pdf

	Total EU funds €m	Population m	EU funds per capita €
Cornwall and Isles of Scilly	602.1	0.6	1060
Tees Valley	203.1	0.7	301
Cumbria	102.6	0.5	206
Lancashire	270.6	1.5	181
Stoke-on-Trent and Staffordshire	164.8	1.1	146
Liverpool City Region	221.3	1.6	143
Greater Lincolnshire	144	1.1	132
Humber	104.7	0.9	112
Sheffield City Region	210.3	1.9	112
Heart of the South West	137.2	1.8	78
North East	550.5	2.0	278
The Marches	122.6	0.7	178
Cheshire and Warrington	144.7	0.9	155
Black Country	138.9	0.9	148
Coventry and Warwickshire	176.6	1.2	148
Greater Manchester	414.3	2.8	147
Leeds City Region	396	3.1	128
Greater Birmingham and Solihull	256.2	2.0	126
Leicester and Leicestershire	129.5	1.1	123
Worcestershire	70.6	0.6	119
Derby, Derbyshire, Nottingham, Nottinghamshire	251.6	2.2	113
York, North Yorkshire and East Riding	109.4	1.2	94
London	745.4	8.9	84
Swindon and Wiltshire	48.3	0.7	67
Dorset	110.4	1.7	66
Gloucestershire (Gfirst)	50.9	0.8	66
New Anglia	41.7	0.6	66
West of England	70.1	1.2	61
Hertfordshire	71.1	1.2	60
Greater Cambridge and Greater Peterborough	84.4	1.7	50
South East	203.2	4.2	48
South East Midlands	93.2	2.0	46
Solent	45.8	1.1	43
Coast to Capital	71.8	2.0	35
Thames Valley Berkshire	22.8	0.7	33
Oxfordshire	29.9	0.9	33
Enterprise M3	49.9	1.7	29
Buckinghamshire Thames Valley	15.8	0.5	29

We have shown the different relative performance of CIoS across a range of economic indicators in our benchmarking exercise. Moving into the 'what if' scenarios we 'test' three different approaches to unravelling the question of what might have happened to the CIoS economy without funding, or if it received a lower level of funding:

1. Even though we don't have a control group, we have established several benchmark areas which can be utilised in different ways – either comparing on an individual basis or in aggregate. We believe that the difference in CIOS performance against benchmarks for a range of key indicators (including overall economic growth) – as demonstrated in the benchmark analysis – enables us to interpret how the CIOS economy could have performed with lower level of investment than it had. This could be called a 'difference in difference' approach.
2. We strip out what proportion of growth/decline in CIoS could be attributed to national trends, or how much could be attributed to other regional competitive factors. This is sometimes referred to as a 'shift share' approach. One factor prevalent in CIoS (although certainly not the only one) would be the higher levels of EU structural investment.
3. We have investigated whether, by 'controlling' for some variables such as population growth, we can understand more about how that has affected some of the key measures such as productivity. We explore the relationship between population growth and economic growth, and to test our 'hypothesis' – as shown in the benchmarking section – that higher population growth in CIoS has essentially 'deflated' its productivity performance.

Each method is a different approach to quantitatively exploring the 'what if' question. We have tested each and we draw our interpretation of the results – including some subsequent policy questions that arise out of the analysis - at the end of this report.

The 'what if' scenarios

1 'Difference in growth patterns'

In this approach, we set out below a range of alternative growth rates based on the 1997-17 performance of a range of areas, or aggregated groups of places. In effect, these different growth rates experienced by other areas in receipt of EU Structural Fund support effectively acts as the 'what if' scenario.

We consider:

- All areas in the UK (at NUTS3 level), grouped by their EU Structural Fund classifications – 'Less Developed' (in this instance we mean West Wales and Valleys), 'Transition' and 'More Developed'
- Given each of these Structural Fund areas will contain areas with differing economic conditions, we also undertake an analysis of comparable growth rates for those areas that grew more slowly in 'Transition' and 'More Developed' areas – expressed in this instance through lower quartiles and percentiles.
- Referring to our comparator areas in the benchmarking exercise, we utilise their relative growth rates

In each instance we are effectively estimating what the size of the CIoS economy could have been if it followed the growth patterns of these other comparable areas. This is demonstrated in the table below. The right-hand column shows how much smaller the CIoS economy (in 2017) would have been if it had followed the same average growth rate within the relevant group of areas.

For example, if the CIoS economy had followed the same broad growth pattern of all the 'Transition' regions then its economy would have been smaller by c£990m in 2017. If it had followed the same growth pattern as West Wales and the Valleys (the other current 'Less Developed' area) then its economy would be c£1.3bn smaller.

What this table illustrates is a range of scenarios of how the CIoS economy could have developed if it were in receipt of a lower amount of EU Structural support. Again, it is fundamental to reiterate that there will be many factors at play in determining relative economic performance and it is not possible to exactly attribute these differences to the presence of a higher form of EU Structural support in CIoS (particularly given our earlier point about the scale of investment against the total size of the economy). Nevertheless, we feel it does usefully demonstrate some possible 'what if' scenarios for the CIoS economy.

Table 18: Difference in difference approach / estimates

Scenario Identifier Alternative CF	Growth Rate 1997-17 %	When 1997 CIOS was £m	If Cornwall had the growth rate of Col 1 areas the 97-17 change would be £m	The 2017 GVA would be £m	The actual CIOS 2017 GVA was £m	Cornwall Economy is smaller by £m
Less Developed regions	92.5	4888	4519	9407	10403	996
Less w/o CIOS (WWV)	86.9		4248	9136		1267
Transition Regions	92.6		4526	9414		989
More Developed regions	118.1		5771	10659		-256
Transition - Lower Quartile	77.1	4888	3767	8655	10403	1748
Transition - 2nd lowest quartile	87.4		4274	9162		1241
Bradford	86.9	4888	4248	9136	10403	1267
Cumbria	95.2		4655	9543		860
Dumfries and Galloway	106.3		5198	10086		317
Durham	89.4		4372	9260		1143
East Kent	85.0		4155	9043		1360
Herefordshire	84.2		4117	9005		1398
Highlands and Islands	119.3		5832	10720		-317
West Wales	88.3		4315	9203		1200

This exercise provides us with modelled impacts that we feel are robust to use in ongoing discussions and communications around the possible contribution of the EU programmes to date. Three conclusions can be drawn from this 'what if' scenario exercise:

- If the CIoS economy had grown at the same average growth rate as all of those areas which are defined as 'Transition' regions in the current Growth programme, its economy would be c990m smaller
- If the CIoS economy had grown at the same average growth rate as the slowest 50% of the 'Transition' regions (recognising that it is likely to be more like these areas than the better performing areas), its economy would be c£1.2bn smaller
- If the CIoS economy had grown at the same average growth rate as the eight comparator areas (as used in the benchmarking exercise and a mixture of 'Less Developed', 'Transition' and 'More Developed'), its economy would be c£1.1bn smaller.

Therefore, under each of these modelling scenarios the CIoS economy would be smaller – this is a key finding within this approach.

We feel this provides helpful illustrations of potential alternative growth patterns which may have occurred if CIoS had received significantly lower EU Structural Fund support. By applying observed growth patterns from other areas that did receive EU funding but at lower levels, we feel the modelled impact on the CIoS economy provides us with a reasonable set of possible 'what if' scenarios.

Again, it is useful to reiterate two important points:

- This exercise has been undertaken on overall economic growth (as measured by GVA) for CIoS and the picture is broadly positive. However, the benchmarking exercise showed that for other measures – notably productivity – relative improvements are certainly less clear. We explore this further later in this section.
- It would not be correct to simply place the c£1bn of EU investment against estimated alternative growth scenarios as shown above. £1bn of investment is not the same as £1bn of additional GVA. Gross Value Added (in its broadest definition) represents the value of goods and service produced minus the cost of producing those goods/services, effectively net rather than gross output.

2. Accounting for national growth

Shift share is another form of regional analysis that aims to determine how much of regional growth can be attributed to national trends and how much to unique regional factors. In the context of this report, regional growth refers to CIoS. This can be applied to measurements of output or employment growth. Shift share helps answer why output and/or employment is growing or declining in a regional industry.

Shift share differs from the above approach in that it also considers the industrial structure of a given area, taking the growth rates of separate industries and the 'share' of those industries in regional economies. This can then be aggregated to provide a picture at a whole economy level – which is what we have done here.

To conduct shift share analysis, regional growth needs to split into three components:

1. Industrial mix effect - The industrial mix effect in our analysis represents the share of CIoS industry growth explained by the growth of the specific industry at the national (UK) level. To arrive at this number, the UK economic growth rate is subtracted from the national UK growth rate of the specific industry, and this growth percentage is applied to the CIoS growth in that industry.
2. National growth effect - The national growth effect explains how much of CIoS's industry's growth is explained by the overall growth of the UK economy: if the UK's whole economy is growing, you would generally expect to see some positive

change in each industry within CIoS (the proverbial “rising tide that lifts all boats” analogy).

3. Regional competitive effect - The regional competitive effect is the most interesting of the three indicators. It explains how much of the change in a given industry is due to some unique competitive advantage that the region (CIoS) possesses, because the growth cannot be explained by national trends in that industry or the economy as whole. In our work, this effect is calculated by taking the **total CIoS growth** of the given industry and subtracting the **national UK growth** for that same industry. It is important to note that this effect can be positive even if in CIoS the industry has declined over time. This would indicate that CIoS decline has been less than the national UK decline.

For shift share analysis, a time frame (start year and end year) is required since this approach deals with growth over time. For our analysis we utilise Gross Value Added (Income approach at current basic prices) between 1997 and 2017 – covering the whole period in our analysis. 1997 acts as the baseline before the commencement of the Objective 1 European programme.

The fundamental point to note here is that it is difficult to define what is encapsulated in the ‘regional competitive element’. In the context of this work, it may be partly explained by the presence of the higher form of EU programme support. However, to reiterate the point made several times, there may be other factors at play.

Recognising that we are needing to construct a ‘what if’ scenario, we felt it was not appropriate to simply compare CIoS growth against national (UK) growth. Therefore, we have:

- Undertaken shift share analysis of CIoS economy against UK national trend
- Undertaken shift share analysis of all aggregated ‘Transition’ regions against UK national trend. We also undertake this analysis against the Lower Quartile of Transition regions i.e. the slowest growing 25% of regions with ‘Transition’ status
- We then analyse the difference in the ‘regional competitive element’ between CIoS and ‘Transition’ (and Lower Quartile) areas to, again, create a ‘what if’ scenario

As previously stated, in the context of this work, the regional competitiveness effect is the most important consideration and equals the actual change (growth in GVA - £m) minus the actual expected change. A positive regional competitive effect at an aggregate level indicates the CIoS economy has outperformed national UK trends. Conversely, a negative regional competitive effect means it has underperformed against national trend.

A key observation to address explicitly is that this shift share analysis does initially raise questions about the overall performance of ‘lagging regions’ (including CIoS) in the context of overall national growth. As the table shows, the expected growth i.e. if the CIoS economy had followed UK national trend growth, is greater than the actual growth. The regional competitive element (the residue between the expected and actual growth) is negative, even when stripping out London and Greater South East. This outcome of the shift share analysis is perhaps not surprising given that largely regional differentials have remained in place for decades i.e. the gap between lagging regions and the better performing regions has remained persistent. The structural imbalances within the UK economy have been difficult to breakdown, despite concerted effort by all Governments (supported by EU programme investment in many areas).

Table 19: Growth in Gross Value Added (1997-2017) - £m (CIoS)

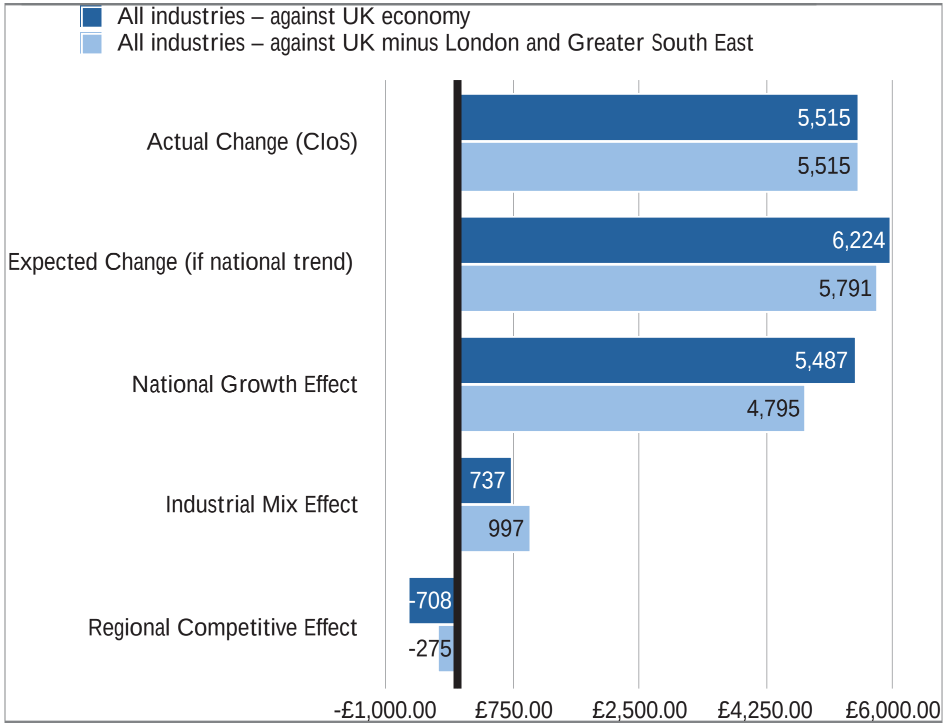


Table 20: Growth in Gross Value Added (1997-2017) - £m (Transition areas)

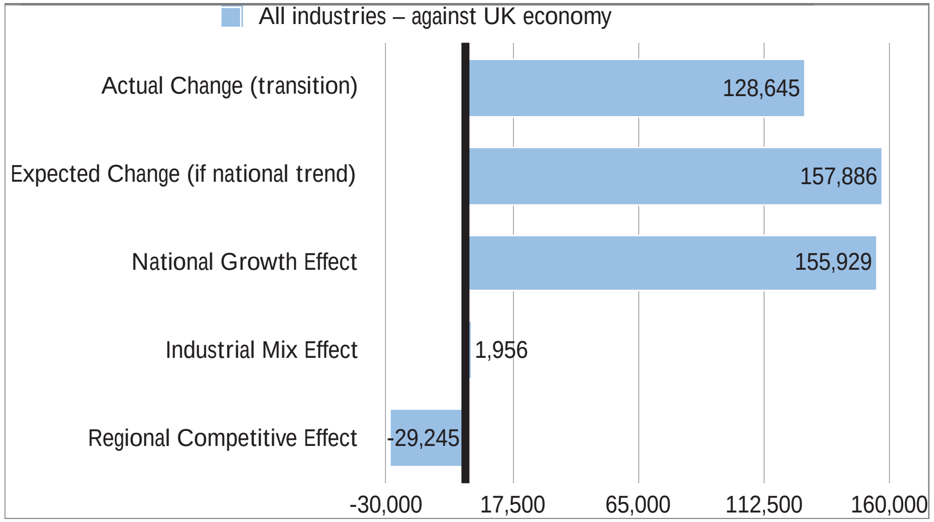
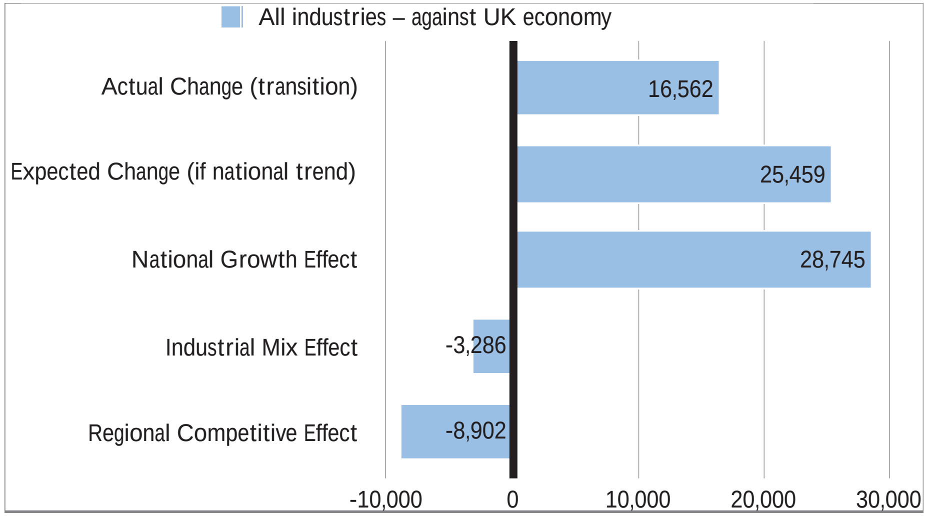


Table 21: Growth in Gross Value Added (1997-2017) - £m (LQ Transition areas)



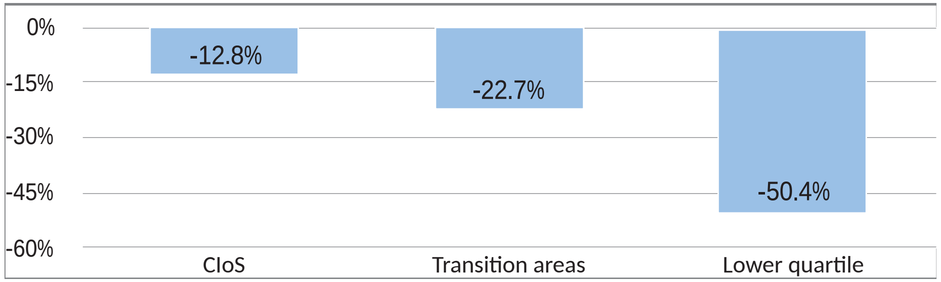
We then undertook the same analysis for all 'Transition' areas. Again, this showed that the regional competitive effect was negative – the growth in these areas has not matched national growth and the actual change in GVA is lower than the 'expected' change.

Similarly, we undertook the same analysis for those Transition regions in the lowest quartile i.e. the slowest growing 25%[5]. This shows that growth in those area has significantly lagged national trend growth over the past 20 years, much more so than in CIoS (which has only done so marginally).

[5] *Mid and East Antrim, Telford and Wrekin, Ards and North Down, Na h-Eileanan Siar, Wirral, North and East Lincolnshire, East Lancashire, South Teeside, Causeway Coast and Glens, Blackpool, Sefton, Torbay*

Importantly, the difference between the expected and actual change in Transition areas is significantly larger than seen in CIoS - as set out in the below table.

Table 22: Difference (%) between 'expected' and actual change (97-17)



Therefore, the argument here is that whilst the CIoS economy has not necessarily matched national trends (based on the industries it has the growth rates of those industries at a national level) it has performed better than the aggregated Transition areas, and significantly better than the slowest growing areas – conforming to the conclusion in the first 'difference in difference' approach.

To construct a 'what if' scenario we have applied the difference (between actual and expected change) experienced in the Transition areas (and LQ Transition areas) to the CIoS baseline. That is, applying the 22.7% and/or 50.4% adjustment. If this were applied this could have meant that the CIoS regional competitive effect would have significantly larger – as shown in the table below.

Table 23: Difference between 'expected' and actual change (transition)- £m

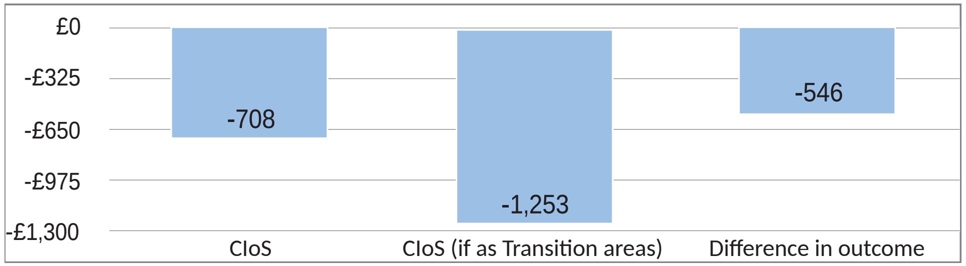
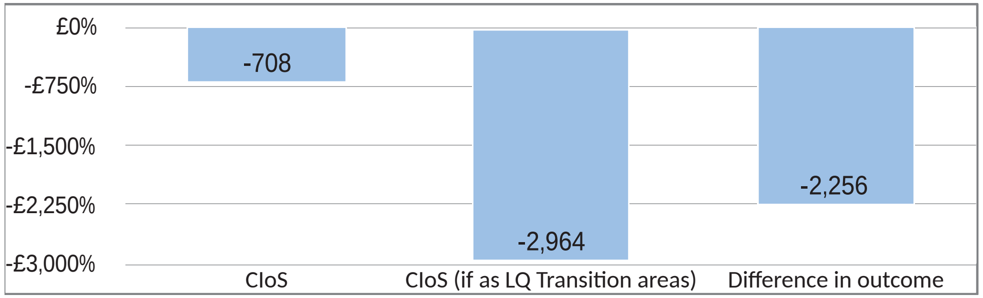


Table 24: Difference between 'expected' and actual change (LQ transition) - £m



This approach estimates that the CIoS economy could have been £546m smaller if it had followed a similar pattern to the Transition areas (and their constituent industries). This is lower than the c£990m positive differential estimated through the 'difference in difference' approach.

However, if we set it against the slowest growing Transition areas – many of which are relatively small and predominantly rural economies (Lower Quartile Transition) – then the potential 'what if' scenario becomes highly significant. This approach does highlight the particularly muted growth that those areas have experienced in the context of national growth, and growth within their industrial mix. This is slightly higher than the comparison in the 'difference-in-difference' approach. (£1.7bn).

Therefore, what this analysis shows is that by looking at the 'what if' question a different way – this time using shift share analysis – the same broad conclusion emerges – albeit at a different scale. Whether that difference in scale changes the 'story' could be argued.

3. Population growth and productivity

In order to try to understand more about the CIoS productivity performance we have explored the relationships between the following data:

- population change
- the difference in change between GVA and GVA per head
- GVA per filled job
- GVA per hour

This was to see if there was scope and an argument to model higher or lower productivity change through seeking to establish a relationship between population growth, productivity performance and overall economic growth. While this may at first appear counter intuitive a strong message of the benchmarking exercise was that for CIoS, productivity gains have not matched overall economic (GVA) or employment improvements. Our hypothesis is that high population growth (including those of working age) may have been a factor in this.

The following tables sets the results of our analysis. To make this more manageable we have presented this at the NUTS 2 level. We have also concentrated only the most recent period (2012-17), partly because the policy focus on improving productivity has been particularly sharp during that period.

Recognising that it is a complex table to interpret there are a range of findings in this table that are worth pulling out.

- Areas like Lancashire, and to a lesser extent Eastern Scotland, Southern Scotland and Cumbria all experienced relatively low population growth from 2012-17, all areas were below the equivalent rate in CIoS and the UK. Improvements to GVA per filled job and GVA per hour in these areas were all relatively high (see the cells highlighted in darker shades of blue below). On its own this suggests a modest relationship between lower population change and productivity improvements.
- However, as the rest of the table shows, many of the areas with higher levels of population change are recognisable as not only areas with bigger and more productive economies in absolute terms but have also seen higher levels of productivity improvements (from higher bases). High levels of productivity gains have also been seen in areas that have:
  - Higher starting points of productivity, and
  - High population growth

Examples include:

- Inner London East and West
- West Midlands
- Berkshire Buckinghamshire and Oxfordshire.

CIoS was marked by relatively high population growth, but a low starting point for productivity measures. In this respect it is similar to areas such as Lincolnshire and Devon.

It may be that it is worth further exploration of the types of activities, specific projects and investments, and policy framework in place in areas such as Lancashire, Eastern and Southern Scotland to see if the productivity improvements can be clearly assigned to attributable factors.

Because, under the ‘difference in growth patterns’ approach, we argued that lower performing transition regions were an appropriate comparator, and allowed us to construct a ‘what if’ scenario for the CIoS economy, we further set out below a series of core indicators. This compares CIoS against Transition regions to see whether there are any insights we can use to investigate the relationship between population and productivity. The table is split into four periods, broadly consistent with the approach undertaken in the benchmarking exercise: the whole programme period; pre-recession period; recessionary period; post-recession period.

Table 25: Changes in productivity measures (201-17)

		2000-17	2000-08	2009-12	2012-17
Total jobs % Change	CIOS	34.6	23.4	0.0	12.5
	Transition Areas	16.6	9.3	-0.5	8.7
Population Total % Change	CIOS	13.2	5.0	2.2	5.1
	Transition	8.3	3.6	1.3	2.9
16-64 % Change	CIOS	7.5	6.3	-0.0	1.3
	Transition	5.5	5.4	-0.1	0.1
GVA % Change	CIOS	112.8	72.7	1.2	17.6
	Transition	92.6	59.2	2.4	16.8
GVA per head % Change	CIOS	83.2	58.9	-0.2	12.8
	Transition	81.2	54.6	1.3	14.6
GVA per filled job % Change	CIOS	39.6	18.6	2.8	13.0
	Transition Areas	46.5	24.0	3.6	11.5
GVA per hour % Change	CIOS	22.1	6.5	3.7	8.8
	Transition Areas	33.5	14.7	3.4	10.7

Green shading shows areas with higher values/growth. The pale yellow shading shows lower values /growth.

The dates for each differ slightly due to data availability issues.

Compared to the Transition regions, CIoS has experienced:

- Significantly higher increases in the total number of jobs
- Higher population and working age population growth
- Higher GVA growth, although lower in the recessionary period
- A mixed picture on productivity measures

What is of interest from the above table is that the performance on these productivity measures (compared to the Transition regions) appears to be slightly improving. The large differentials that existed in the early part of the programme period have certainly narrowed and reversed during some years. This may indicate that the policy focus on improving productivity in CIoS is having some impact. There is some evidence (as the benchmarking suggested) that the relative productivity performance in CIoS is showing signs of improvement post-recession.

Generally, though, if we were to take a broad view on this issue, it is that those local economies that were already performing relatively well in terms of productivity have continued to outperform the lagging areas. As is well known, solving the productivity conundrum for these lagging areas is proving to be a difficult nut to crack.

A full comparison against a longer list of areas for these productivity measures is included in Annex Two.

Conclusion - 'what if' scenarios

This work has outlined that it is first important to understand the investment flows from the EU Structural Funds given the scale of the overall CIoS economy over the 20-year period. The level of influence that could be expected needs to be placed in this context.

We set out a headline analysis of 'what if' scenarios:

Both the 'difference in growth patterns' and 'accounting for national growth' approaches estimate that the CIoS economy would have been smaller (potentially considerably so) if it had grown at rates similar to those experienced in the areas classified as 'Transition' under the EU Structural Funds. That is the key finding.

Given these Transition areas received substantially less EU programme support (on a per head basis), then one of the reasons for this positive difference could have been the higher levels of EU programme support in place in CIoS over the past 20 years. However, it is simply not methodologically robust to state that the positive difference can solely be attributed to those higher levels of EU programme support.

However, when read in combination with the extensive benchmarking exercise we have undertaken in this report, we take the view that positive change has happened in CIoS in terms of how the economy has developed, and that the EU programmes have had a significant role in that.

Of course, this does not answer the question about whether the c£1.5bn of EU programme support has been invested in the most effective manner, and whether it has been used in the most appropriate way. This is a policy debate beyond the realms of this study (and would be very difficult to come to a robust and agreed conclusion). It may be useful in that discussion to view CIoS performance against the other 'Less Developed' region – West Wales and the Valleys. CIoS appears favourably against many of the measures.

Deep-rooted structural issues remain within CIoS, which is demonstrated through the 'shift share' analysis which highlights the issue that at a macro level CIoS (along with many other areas in the UK) is not keeping pace with the 'fastest runners' – principally London and the South East and some of the other dynamic major urban areas. It is well known that regional differentials within the UK are not closing quickly and remain stubbornly wide, partly reflecting inherent advantages in London and South East which cannot be easily replicated in more peripheral areas

It is important to reiterate the point about 'scale and influence'. Set against the cumulative output of the CIoS over the 20-year period, the £1.5bn of EU investment represents a very small tool to influence those structural issues. This paper – both quantitatively and qualitatively – argues that there are signs (and evidence) that it has certainly supported positive change.

Although the sum of investment (c£1.5bn) appears large in aggregate, its dispersion over the 20-year period, and the fact that it needed to meet multiple objectives and activities, means that it is important to be realistic about the expectation that it was ever going to be able to be transformative to the whole economy and fully meet those deep-rooted structural issues. We feel the evidence does suggest that good ground has been made, but there is much more ground to cover.

Generally, as our third strand in the above analysis shows, it appears that there have been some areas that have managed to improve their productivity story (which continues to play a prominent policy role – such as in the emerging Local Industrial Strategies). We feel this may point to some useful policy analysis in CIoS, understanding whether those areas have been pursuing different policy objectives, invested in different activities etc. which may prove useful pointers to CIoS economic development policy moving forward.

We have also undertaken consultations with stakeholders to understand their views on key lessons learned - and these views are represented here.

Overall View of the impact of the EU Programme support

- The view from most of the stakeholders we spoke to for this work (although not necessarily universal) was that the EU programmes have been very positive for CIoS, both economically and for the wider society. Most felt that the programmes had supported initiatives that were transformative and will continue to create a legacy. The majority of individual views was that CIoS would now be a very different place if the support hadn't been in place. Many of the stakeholders felt that it had established its own distinctiveness and identity, and some of the activities supported by the EU programmes had been important in this. However, several of the stakeholders we spoke to also felt that the EU investment could have been used better and achieved more than it has.

"EU programmes have been positive for CIoS"

Management of the Programmes

- For this work, we have only spoken to stakeholders within CIoS. We have not spoken to anybody at a regional or national level. Given this context, one of the primary views we received is that local prioritisation and management of any programme is important. The broad view was that as the principally locally led Objective One programme changed to a regionally managed Convergence programme, and then into the nationally led Growth Programme the level of local influence has waned. The loss of locally defined objectives was seen by most of the stakeholders we spoke to as a constraining factor for the current Growth Programme. Whilst it is recognised by some that having regional and national objectives did lead to a more strategic focus on the schemes supported, it did mean that many aspects of local innovation has been lost, or the ability to fund small-scale projects to address specific localised issues. The perception is that there is a balancing act between having appropriate local representation and independent strategic input from outside CIoS. Moving forward, this may require management boards for future funding programmes to have a greater external (to CIoS) strategic input, whilst not losing the core local determination.

"local prioritisation and management is important"

- The different managing departments for the programmes has meant that it is much more difficult to create 'integrated' projects. For example, there have been instances where there was a desire to create a holistic business support/ skills development project. However, because ERDF and ESF were managed by different managing authorities, this model was viewed as difficult to work in practice. Consequently, those projects were delivered separately – both meeting different reporting requirements. Other stakeholders felt that developing a business support/skills development programme alongside some of the larger capital schemes would have been beneficial (i.e. incorporating ESF outcomes in ERDF

"difficult to create integrated projects with separate funds and managing authorities" funded capital schemes) but the structure/management of the programmes has made this very difficult. This has meant that projects have been delivered more inefficiently because of this fragmentation. It was generally perceived that the centralisation of the programmes had resulted in a slower and less flexible model. The ITI Board have been keen to develop this more joined-up approach, but it has been difficult to do under the current structure. Again, the perception is that this could benefit from greater consideration in programme decision-making.

Moving forward beyond the EU programmes, our interviews indicated that there is a certainly a desire within CIoS for any local funding programme to be established on a 'single-pot' basis – allowing a better integration of funded activities in a more holistic manner. The view of several stakeholders was that a major benefit of this would be a greater ability for major projects to deliver more local impact i.e. giving disadvantaged communities a better chance of benefiting from supported schemes.

- The loss of the ability to leverage in 'clean' match-funding has been problematic. For CIoS, this effectively relates to the loss of the South West Regional Development Agency, which provided important matched investment for several important larger schemes. The perception is that a by-product of this (as mentioned above) was that it resulted in more local innovation. The loss of this 'co-investor' means that organisations are all desperate to find the appropriate matched investment. Consequently, the current programme is shaped much more by where the match-funding is available. Cornwall Council continues to act as an important co-investor in many schemes, but its own resources have been constrained through Local Authority cuts over recent years. Therefore, it has had to make difficult decisions about which projects to support. The available EU programme investment has lowered the risk of the Council's own investment, which is seen positive. They have worked well in combination. The difficulty in accessing match-funding has meant that smaller local organisations have not been able to engage in the programme, again leading to a loss of locally led delivery and innovation in the current programme.

"too much competition for local match funding"

- This issue is, in part, accentuated by tight control of the management costs that are eligible through the programme – particularly for ERDF. The allocation of a maximum ceiling that can be used to manage and deliver projects has been a difficult target to achieve for several delivery organisations, particularly those working on quite complex collaborative / partnership models. Several project evaluations have found that whilst the projects have been delivered successfully, the margins (between it being a sustainable or a loss-making activity) have been extremely tight. This may act as a disincentive for commercial businesses to become involved in the programmes, particularly to work in partnership. Moving forward, it may be appropriate to integrate some flexibility into management costs allocation to reflect the complexity of project delivery models/ structures.

"management costs are not always realistic"

Programme flexibility

- Having a six-year programme in place with no real means of flexibility to reflect changing local circumstances is seen as a constraint. Because the programmes are managed at a national level, there has been no real ability to be flexible and responsive. It was generally seen that the Convergence programme worked more effectively in being able to respond to changing local needs, with examples of local partners being to work collaboratively to flex delivery and better adjust to local need. It was felt that maintaining a consistent focus on top-level objectives was important (rather than chopping and changing), but having some flexibility in how to address those objectives was important. For example, during the Convergence ESF programme the local DWP and LSC teams worked together to commission complementary projects based on identified need.

“programmes need more flexibility built in”

- Some stakeholders commented on the constraints associated with having a ‘call-based’ programme. Previous programmes were perceived to be more demand led. Whilst the current Growth Programme managed more by Open Calls against priorities. A hybrid of the two was felt to be a better model, potentially with a bigger role for delegated programmes which are able to better respond to demand.
- It is important that any future funding programme will have sufficient flexibility and scope to support the activities that have been addressed through ESF i.e. skills development, worklessness, promoting inclusivity etc. There are concerns that there is still limited recognition (nationally and locally) that much of the skills delivery in CIoS over the past decade has been underpinned by ESF investment. Without ESF support some of the delivery would have been unsustainable, including much of the important outreach delivery into disadvantaged areas. This has been particularly salient in the context of FE provision having experienced significant cuts in budgets over the past decade. The loss of ESF funding could have significant implications for skills delivery in CIoS if it is not replaced. The skills agenda needs to be an important part of the evolving local policy discussions e.g. Local Industrial Strategy, Shared Prosperity Fund etc.

“the loss of an ESF style programme will be challenging”

Project development and access to the programmes

- Having specific resource in place to facilitate and develop project concepts – in support of organisations (business, voluntary, community) who don’t have that capability – appears to be highly valued (like community animateur roles). The positive outcome is that high quality projects can be developed and brought forward with a high level of confidence. An example of this is the resource in place to develop EAFRD and EMFF projects. Beyond EAFRD and EMFF, the current Growth Programme has more limited project development resource/support in place, placing a greater emphasis on project applicants (many of which don’t have the right skills or available time) to develop projects. This may act as a disincentive for many, whereas by providing some support may have resulted in some good quality projects being brought forward into the programmes.

“supporting smaller organisations to develop projects is hugely valued”

- It is important that funding schemes/grant programmes are structured so that there is the potential for businesses to ‘progress’, potentially accessing larger grants/loans as they mature. However, small delegated grant schemes appear to be appreciated as a vital means of engaging micro businesses. It also appears important that a combination of revenue/capital support is offered, not constrained to one.

- The locally led programmes through the LEADER Local Action Groups, Fisheries Local Action Group and, with the current programme, Community Led Local Development Local Action Groups, has been one way of getting more people engaged locally with EU funding and getting smaller amounts of funding out to a wider number of recipients. Key to these has been the animateur/facilitator role which provide support and guidance to applicants. Nevertheless the locally led approach has not been without its challenges e.g. the particular geographies they cover and the administrative complexities involved often driven by national programme requirements.

Establishing Priorities and improving focus

- Trickle down. Although not a view uniformly held, several stakeholders felt that the ability of the Convergence programme to support large-scale infrastructure investments e.g. Superfast Broadband, Newquay Airport, CUC etc. had been particularly beneficial to the CIoS economy. The lack of a specific 'infrastructure-focused' priority in the Growth Programme was seen by several as a constraint. It has been much harder to fund infrastructure improvements, something that CIoS continues to need. The Convergence programme was viewed as important in allowing CIoS's perceived historical 'infrastructure deficit' to be reduced, also allowing Cornwall Council to leverage significant national investment. Almost counter to this view though is that there are concerns that the EU programmes (and wider local policy) has not concentrated enough on focusing attention on the real areas of disadvantaged that continue to exist in CIoS. Significant pockets of deprivation and poverty remain and whether this focus has been prioritised enough has been questioned by several stakeholders we spoke to. Our view is that the 'trickle down' effect has not worked. In some senses this has come through our benchmarking analysis e.g. poor wage growth for lowest earners etc. There seems to be a need for a better mechanism/consideration of how supported schemes can benefit areas of disadvantaged. This may mean more onus within project proposals and the appraisal of the projects etc. In our view one of the most significant policy developments within CIoS over the next decade will be on how initiatives create a better 'trickle down' effect (see our earlier comment on better integration between people/skills initiatives and wider economic development activity).

> "some of the major infrastructure projects were particularly beneficial"

> 'trickle down effects have not generally worked"

- Building standards. The high specifications demanded in capital projects i.e. requirement to meet BREEAM requirements (defining the environmental standards for buildings), has created some resultant issues. Firstly, the high specification of EU programme buildings was seen by several stakeholders as continuing to make it hard for private sector developers to compete, particularly in the context of the current rental levels within the market for CIoS commercial space. In simplest terms, many viewed the EU-funded capital buildings as too highly specified. This has also caused problems from an operational perspective. The buildings are costly to manage and have high M&E overheads. Some doubted whether the 'premium' of the high-quality buildings was necessarily required to achieve the same economic outcome i.e. number of tenants etc. Many stakeholders felt that moving forward, more flexibility around the lower specification of capital schemes would be useful – potentially providing better value-for-money. However, we are also aware that the environmental performance of buildings is an equally important local objective – particularly in the context of Cornwall Council's recent declaration of a Climate Emergency. Moving forward, there may be a policy trade-off between building specification, long-term perceptions of quality in the CIoS economy and cost of delivery. We are certainly not advocating a 'race to the bottom' in terms of building standards. However, we are highlighting the perception that similar immediate economic outcomes could be delivered at potentially lower cost.

- Business support. Our stakeholder consultations confirmed that the business support landscape is still seen as crowded, despite several efforts to simplify it. The proliferation of marketing and communications to the business community continues to provide the impression that several providers are chasing few businesses. EU funded projects are competing – not seen as a positive state of play. Whilst the introduction of the Growth Hub has been seen positive, the perception is still held that many projects are chasing -limited (business) beneficiaries. It would be useful if one organisation was given the remit and responsibility to deliver a coordinated marketing/communication message to the business community. There was also a perception that there were too many 'generic' business support projects, and the most successful have been those with a very tightly defined focus.

"there are still too many business support products"

We have undertaken extensive data analysis as part of the benchmarking and counterfactual analysis. Given the focus of the work has been to look at CIoS relative performance against a multitude of socio-economic indicators, and that we were looking at change over a 20-year period, this work has inevitably raised some specific questions which may have a potential policy relevance. Given the specific scope of this study, it has not been possible to pursue some of the policy questions that have arisen – some of which are specific and detailed.

Therefore, this study concludes with some areas which we feel are useful to highlight. Local partners may wish to consider exploring these further.

1. The legacy/long-lasting impact of University expansion on the scale and profile of net migration. When University presence was established in CIoS with the establishment of the CUC partnership, there was a reasonable amount of focus on the 'reversal' of net outward migration of young people – the reversal of the 'brain drain'. However, our analysis of net migration data suggests that this effect may not have been sustained. Instead, the net outward has shifted – now not occurring at 18 (when CIoS young people tend to leave for HE opportunities) but instead at 22-24 (when University students are graduating). Therefore, the policy issue becomes one of retention rather than attracting young people to the area. There have been several EU programme supported initiatives to improve retention (Unlocking Potential, Launchpad etc.) and these have been successful. However, would it be useful to undertake some more analysis to fully understand the dynamics of internal migration?
2. It may be useful to attempt to better understand why CIoS economic growth was particularly strong in the pre-recession period but did not leave it in a position to be particularly robust when the economic downturn occurred. Conversely, are there any 'early warning signals' regarding how resilient the CIoS now is? There is some evidence of potential fragility in the (national and local) economy e.g. part-time work, underemployment, zero-hours contracts, muted productivity etc. Conversely whether the interventions over the past few years have now positioned the CIoS economy in a more robust place. Has the development of the CIOS economy post-recession been typical or atypical? We recognise that these are questions which are certainly not easy to answer. However, some further work on exploring whether there are signs of any specific 'fragility' or 'robustness' may lead to some useful policy discussions regarding how best to respond.
3. There are some areas we have identified in the benchmarking/ counterfactual analysis which seems to have performed better in terms of improving their productivity. The broad CIoS picture of high growth (output and employment) but low productivity has been a different profile to some other areas. It may be worth exploring whether the 'productivity conundrum' has been approached differently in these areas. Have they pursued different objectives and activities which may offer pointers?
4. Even though CIoS economic growth has been robust, earnings growth has not performed well in relative terms. Even against comparator areas, wage growth (and levels) remain low. CIoS remains a low wage economy. In particular, why has the wage growth of the lowest earners been so poor post-recession. This obviously raises significant economic and social policy questions which may be worth exploring more.
5. A question which comes out of some of the data in our analysis is how well the benefits of the economic growth which has been

experienced in CIoS has been shared across all parts of society – so-called ‘inclusive growth’. There is some evidence that parts of the CIoS population still struggle – disadvantaged communities still remain, low earnings are prevalent etc. An increasing policy focus on promoting more inclusive growth is evident. It may be useful to better understand what mechanisms or activities can be promoted to create a better spread of benefits within CIoS.

BEIS	Department for Business, Energy and Industrial Strategy
CLLD	Community Led Local Development
DWP	Department for Work and Pensions
EAGGF	Agricultural Guidance and Guarantee Fund
EFF	European Fisheries Fund
EMFF	European Maritime and Fisheries Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
FIFG	Financial Instrument for Fisheries Guidance
FLAG	Fishing Local Action Group
GVA	Gross Value Added
ITI	Integrated Territorial Investment
LAG	Local Action Group
LEADER	Liaison Entre Actions de Developpement de l'Economie Rurale
MHCLG	Ministry of Housing, Communities and Local Government
MMO	Marine Management Organisation
NVQ	National Vocational Qualification
PMC	Programme Management Committee
RDPE	Rural Development Programme for England
RPA	Rural Payments Agency
SROI	Social Return on Investment
SWRDA	South West Regional Development Agency

The following tables are referred to in the text and simply show the full detail of the analysis.

Expanded difference in difference approach / estimates

Scenario Identifier Alternative CF	Growth Rate 1997-17 %	When 1997 CIOS was £m	If Cornwall had the growth rate of Col 1 areas the 97-17 change would be £m	The 2017 GVA would be £m	The actual CIOS 2017 GVA was £m	Cornwall Economy is smaller by £m
Less Developed regions	92.5		4519	9407	10403	996
Lessw/o CIOS (WWV)	86.9		4248	9136	10403	1267
Transition Regions	92.6	4888	4526	9414	10403	989
More Developed regions	118.1		5771	10659	10403	-256
Benchmarks w/o CIOS	93.4		4565	9453	10403	950
Lower Quartile	77.1		3767	8655	10403	1748
2nd lowest quartile	87.4	4888	4274	9162	10403	1241
Lower quartile	87.9		4298	9186	10404	1218
2nd lowest quartile	102.9		5032	9920	10405	485
lowest percentile	65.7		3209	8097	10403	2306
2nd lowest	70.4		3440	8328	10403	2075
3rd lowest	78.4		3831	8719	10403	1684
lowest percentile	74.3	4888	3633	8521	10403	1882
2nd lowest	86.0		4203	9091	10403	1312
3rd lowest	89.9		4395	9283	10403	1120
CIOS (control)	112.8	4888	5515		10403	
Bradford	86.9	4888	4248	9136	10403	1267
Cumbria	95.2	4888	4655	9543	10403	860
Dumfries and Galloway	106.3	4888	5198	10086	10403	317
Durham	89.4	4888	4372	9260	10403	1143
East Kent	85.0	4888	4155	9043	10403	1360
Herefordshire	84.2	4888	4117	9005	10403	1398
Highlands and Islands	119.3	4888	5832	10720	10403	-317
West Wales	88.3	4888	4315	9203	10403	1200

	2017		2012-17					2017		
	Total GVA £m	GVA per head £	Total GVA % Change	GVA per head % change	GVA per head % Change	Population Change	per filled job % Change	value £	per hour % Change	value £
UK	1819754	27430	20.1	15.3	4.8	3.7	12.4	54330	11.1	33.7
Inner London - East	101895	42855	18.9	9.3	9.6	9.3	4.9	75372	5.2	43.4
Outer London - East and North East	35747	18758	15.0	8.0	7.0	6.8	7.2	58898	6.5	37.9
Inner London - West	187037	160161	33.7	26.4	7.3	5.8	14.5	92407	13.9	50.5
Bedfordshire and Hertfordshire	53278	28869	28.1	21.8	6.4	5.5	11.7	54053	7.2	32.3
Leicestershire, Rutland and Northamptonshire	43391	23783	22.8	16.1	6.6	5.5	15.2	48598	11.8	29.4
Outer London - South	29650	22840	12.3	7.5	4.9	4.9	7.3	58707	2.3	36.4
Kent	40900	22322	19.4	13.9	5.5	4.9	12.1	50957	10.7	31.9
West Midlands	66541	22967	25.7	19.9	5.9	4.8	17.5	49988	15.8	30.7
Gloucestershire, Wiltshire and Bristol/Bath area	68903	27735	20.0	14.6	5.4	4.8	10.5	52176	10.2	33.2
Outer London - West and North West	66668	32119	28.2	22.9	5.3	4.7	16.2	69106	15.8	42.4
Essex	40080	22017	21.1	15.9	5.2	4.5	12.0	49059	11.2	31.4
Berkshire, Buckinghamshire and Oxfordshire	88179	36869	19.0	14.2	4.8	4.4	10.6	64174	8.1	38.7
Lincolnshire	14241	18959	14.2	9.3	4.9	4.3	7.7	41012	7.6	25.9
Surrey, East and West Sussex	81514	28322	17.5	12.9	4.5	4.2	11.6	56509	12.2	36.3
Cornwall and Isles of Scilly	10403	18458	17.6	12.8	4.8	4.1	13.0	37601	8.8	23.8
East Anglia	62189	24850	16.5	12.2	4.3	3.7	10.7	48777	10.8	31.1
Devon	24771	20896	19.0	14.7	4.3	3.7	11.4	41654	10.7	27.7
Greater Manchester	65528	23413	18.9	14.8	4.1	3.6	10.2	48561	8.8	30.2
Hampshire and Isle of Wight	52638	26601	13.2	9.6	3.6	3.4	10.6	54327	10.0	35.5
Derbyshire and Nottinghamshire	47265	21522	17.5	13.6	3.9	3.4	10.6	45728	9.2	28.9
Dorset and Somerset	29241	22054	18.3	14.6	3.6	3.2	12.4	44518	13.6	28.8
Eastern Scotland (NUTS 2013)	58354	29434	22.4	18.6	3.8	3.2	18.6	59146	16.4	37.2
South Yorkshire	26568	19066	18.4	14.9	3.5	3.1	10.8	43337	9.8	27.6
West Yorkshire	53346	23123	18.2	14.8	3.4	3.0	11.1	46808	10.9	29.3
Herefordshire, Worcestershire and Warwickshire	34519	25684	25.1	21.3	3.8	2.9	12.0	48909	9.9	29.8
North Eastern Scotland	19951	40667	8.5	6.3	2.2	2.7	4.4	64991	0.6	38.1
Northern Ireland (UK)	39731	21237	17.1	14.2	3.0	2.6	13.2	47458	12.3	28.3
Shropshire and Staffordshire	32655	20164	15.8	12.9	3.0	2.5	9.8	43687	7.4	27.0
East Wales	28063	24155	21.2	18.4	2.8	2.3	13.5	47560	12.3	30.0
Cheshire	29723	32080	18.0	15.4	2.6	2.2	10.4	57619	6.7	35.1
North Yorkshire	19247	23477	12.6	10.3	2.3	2.1	7.8	42731	10.2	28.2
Merseyside	30863	19984	15.0	12.6	2.4	2.1	8.6	48149	7.0	30.4
West Central Scotland	35610	23195	21.8	19.0	2.8	2.1	10.1	46651	12.2	29.8
Northumberland and Tyne and Wear	31315	21618	17.6	15.7	2.0	1.7	14.3	47124	12.7	30.0
Lancashire	33059	22180	22.7	20.6	2.1	1.6	20.7	48011	20.4	30.4
Tees Valley and Durham	21898	18307	13.5	11.8	1.7	1.5	11.4	47410	10.3	30.2
West Wales and The Valleys	33519	17072	15.1	13.7	1.4	1.3	10.9	42074	9.2	26.7
East Yorkshire and Northern Lincolnshire	19370	20831	12.2	11.1	1.1	1.0	7.5	45832	10.5	29.6
Highlands and Islands	12562	26755	16.2	15.3	0.8	0.6	11.5	49955	8.7	32.5
Southern Scotland	12861	13582	20.6	20.5	0.1	-0.0	16.8	41138	12.8	25.5
Cumbria	11864	23806	17.3	17.5	-0.2	-0.2	14.8	46010	13.6	29.3