

Quarterly Review Cornwall and beyond

Review October–December 2006



The Objective One Partnership
for Cornwall & the Isles of Scilly

Carleen Kelemen

Continued strategic investment is vital

Carleen Kelemen says the journey towards a sustainable, prosperous economy has just begun and we must use further structural investment to compete on a global stage.



Above World famous gardens raising the quality of tourism

The Objective One programme started in 2000 and during that time we have seen a steady growth in the economy of Cornwall and the Isles of Scilly. Continued strategic investment is vital if this accelerated growth is to be sustainable.

When the SPD – effectively the plan for Objective One in Cornwall and the Isles of Scilly – was drawn up only one project was named – the Combined Universities in Cornwall. This flagship project is already a visible success winning praise from the EC, supporting businesses in the region and offering higher education opportunities to all.



Above Carleen Kelemen, Director of the Objective One Partnership

Between the year 2000 and now it has become clearer what other strands of investment are key to economic growth. Growth that can continue while retaining and enhancing this region's distinctiveness – its beautiful environment, its delicious food and drink and its creativity and innovative spirit.

For instance, the **actnow** project has meant the roll out of high speed broadband to 99% of the region with almost 50% of businesses connected (as of February 2007). While this infrastructure is now here it is vital that we stay ahead of the game introducing ever more progressive IT for businesses to become, and remain, globally competitive.

Newquay Cornwall Airport is one of the fastest growing airports in the UK with passenger numbers increasing from about 70,000 passengers in 2001 up to 352,000 last year. Extensive development plans have targeted further growth up to 700,000 passengers by 2011, with services to a range of domestic and European destinations. Continued expansion, while paying close attention to environmental considerations such as carbon offsetting, will further open up access and business opportunities.

There have been many projects which have sharply raised the quality of the tourism experience on offer.

The Eden project is the most well known with hotels, restaurants, guest houses, gardens and other visitor attractions all raising their game. And everyone in Cornwall and the Isles of Scilly is part of this economic journey.

Objective One has been effective as a catalyst for growth. It has boosted confidence and levered in hundreds of millions of pounds of extra investment to this region.

The journey towards a sustainable prosperous economy has just begun. ‘The world is flat’ now that globalisation has levelled the playing field, allowing people the world over to exploit the cutting edge. As we approach the Convergence years we need to understand the complex reality of how economic growth and innovation integrate into a modern global economy.

This review contains comparisons between investment in Cornwall and the Isles of Scilly with elsewhere in the world. It demonstrates what can be achieved by select, targeted and complementary investments and sometimes shows how this region is already leading the way and attracting national and global attention.

Investment so far

To date the Programme has endorsed almost £346 million in 865 projects across Cornwall and the Isles of Scilly. These projects are aimed at regenerating the region’s economy by supporting businesses. The Objective One Programme has been an overall success. If Cornwall and the Isles of Scilly is to

continue the journey to a strong sustainable economy it must be globally competitive.

This review illustrates some of the projects that are already leading the way and details how investment elsewhere has led to economic success.

Projects approved to date

Number and investment value by fund

Position as of 31st December 2006

Fund	Number of approved projects	Value of investment (£)	Investment remaining (£)	Spend (£)
EAGGF	142	53,345,592	113,154	41,310,104
ERDF	279	210,629,312	10,578,937	151,990,326
ESF	166	71,929,812	-3,349,567	45,426,593
FIFG	278	10,090,602	1,396,798	8,190,758
TOTAL	865	345,995,318	8,739,322	246,917,781

Key to the funds: **EAGGF** is European Agricultural Guidance and Guarantee Fund **ERDF** is European Regional Development Fund

ESF is European Social Fund **FIFG** is Financial Instrument for Fisheries Guidance

Knowledge Economy

Economic regeneration at heart of Universities

A higher education model in the Highlands and Islands of Scotland is a prime example of how knowledge can support economic regeneration in a rural region.



photo CUC

Above Combined Universities in Cornwall, Tremough Campus

The Combined Universities in Cornwall was set up with economic regeneration at its heart. A similar organisation in the Highlands and Islands region of Scotland demonstrates how successful this can be in a rural region.

The setup is similar to the Combined Universities in Cornwall, which is a partnership of universities and colleges. Both the CUC and UHI were designed to make access to higher education easier in a rural region, to encourage young people to the region and, importantly, to support business via research and development, new technologies, such as environmental science, and graduates.



photo University of highland and islands

Above Prof Cormack and Prof Megson of the University of Highlands and Islands

In December 2006, the UHI Millennium Institute which, like CUC, received EU investment was held up as a shining example of an innovative institution at the Conference of Commonwealth Education Ministers in Cape Town. Ministers heard that the Association of Commonwealth Universities intends to develop partnerships with institutions like UHI which are ‘focused on using tertiary education to promote regional economic development and regeneration, and the enhancement of cultural and social diversity.’

The UHI campus is a network of 13 partner colleges and research institutions, two associated institutions and more than 50 outreach learning centres. More than 6500 students are studying on undergraduate and postgraduate courses, or undertaking postgraduate research.

Professor Bob Cormack, UHI principal, said: “In research, there is clear recognition of the present and future role we have in sustaining the economy and enhancing the educational, cultural and social infrastructure of the various communities we serve.”

UHI, designated as a higher education institution in 2001, has set out to meet the needs of the Highlands and Islands, the UK’s most northerly region, by generating and sustaining a knowledge-based economy.

actnow leads the way in broadband roll out

The project to introduce high speed internet access to this region's rural economy was so successful it has changed the way broadband is rolled out across the UK.

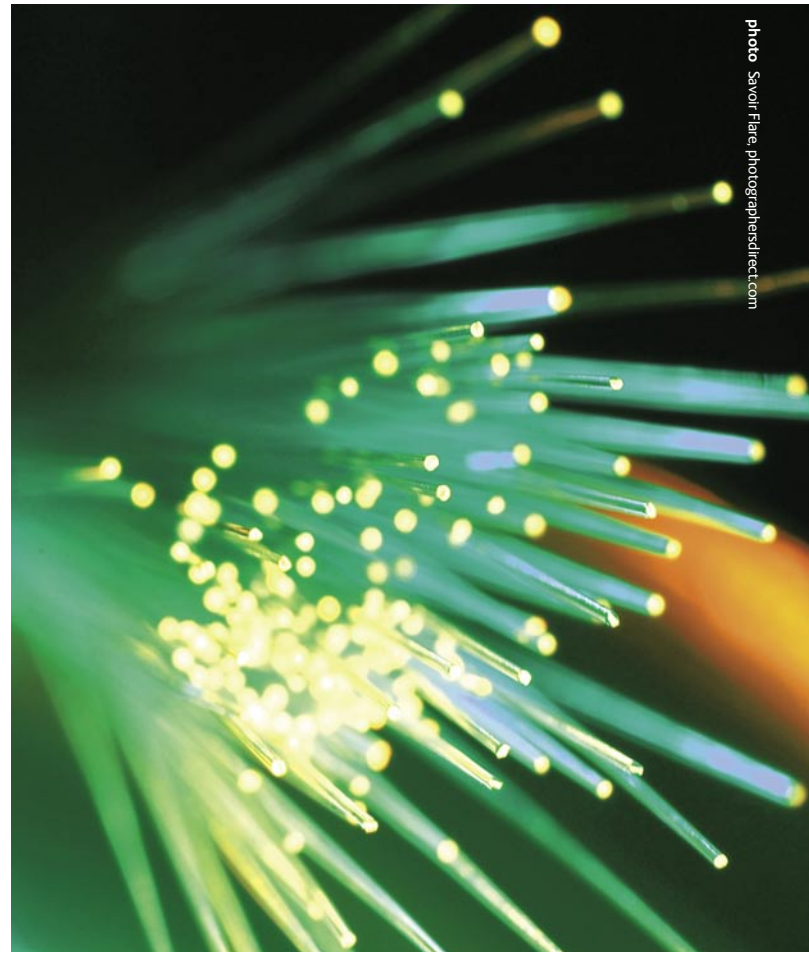


photo: Savori Flare photographersdirect.com

Above Fibre optics, the cutting edge of IT

The roll out of high speed broadband access for Cornwall and the Isles of Scilly generated a unique method that has since been taken up in Britain and other parts of the EU.

While other countries in the world have rolled out broadband their governments have paid for expensive IT infrastructure. In this rural region, where demand was low and installation costs could not be justified, a forward thinking partnership of the public and private sector made what seemed to be impossible happen.

Trish Wells headed British Telecom's side in the public/private partnership that comprised the pioneering actnow project in Cornwall and the Isles of Scilly.



Above Trish Wells, Director of Regional Broadband Partnerships

Initiatives ensured that people in Cornwall and the Isles of Scilly not only knew about broadband and actively demanded it, but that the businesses knew how to make the most of this revolutionary IT and how to use it to become globally competitive.

Mrs Wells said: "The digital network economy was key and there were models in Scandinavia and parts of Canada that were heralded as the way to do things but their capital investment was Government led."

actnow Project Director Nigel Ashcroft added: "In the early days, the risk was managed by enabling exchanges in tranches. actnow's success was built on our business sector being quick to recognise the far reaching benefits that broadband could bring, enabling them to become less peripheral and compete with cities in the UK, Europe and across the world."

As a result Cornwall and the Isles of Scilly has gone from zero broadband coverage in 2002 to 99% coverage today. On top of this nearly 50% of businesses are connected and overall Cornwall has an ADSL broadband penetration of 40.2% compared to the national average of 30.9% and the South West average of 35%.

Airports

Airport expansion vital to a modern economy

Ease of access is a key factor in attracting business and building a strong knowledge based economy. Newquay Cornwall Airport is being developed with that in mind.

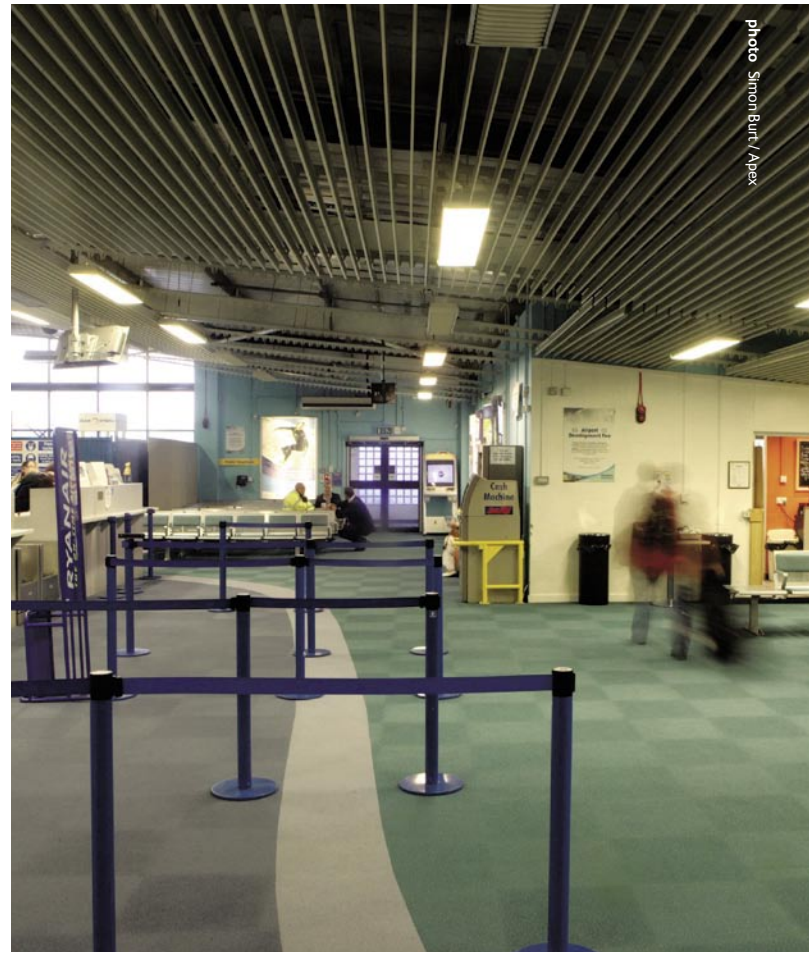


photo: Simon Burt / Apex

Above Newquay Cornwall Airport

Newquay Cornwall Airport is one of the fastest growing regional airports in the UK. Just under £14 million from the Objective One European Regional Development Fund (ERDF) is being invested to safeguard its future when the adjacent MoD base (RAF St Mawgan) is “mothballed”.

Improvements underway include increasing the terminal size by 20% and taking its annual passenger handling capability from 250,000 to 400,000 passengers; increased car parking; new security features and strengthening two of the aircraft stands outside the terminal. At the same time Cornwall County Council is completing economic appraisal, business planning and master plan preparation with



photo: Cornwall County Council

Above Andrew Mitchell, Cornwall County Council economic portfolio holder

a view to secure future planning consent and private sector investment.

The development of the airport is a key part of the infrastructure of a more knowledge based economy. The challenge is to develop the airport in the most environmentally responsible manner with the lowest possible carbon footprint.

Andrew Mitchell, Cornwall County Council economic portfolio holder, said: “It is vital that Newquay Cornwall Airport is recognised as a main and convenient gateway for business people, visitors and residents. Cornwall is already established as a popular destination and investment around the airport – in areas such as related industries and tourism – can only strengthen this and encourage more wealth creation.”

Southampton Airport is an example of how a regional airport can expand successfully. Voted in the Top Three airports worldwide by a Daily Telegraph poll, in 2005 it contributed £86 million a year to the local economy (according to University of Southampton research). By 2030 it is estimated that it will contribute £260 million a year to the local economy.

In the expansion there are plans for noise management (with for instance, no night flights); managing air quality and promoting public transport links.

Agriculture

IT investment boosts farmers' cooperative growth

Cornwall Farmers Ltd invested in an IT system which transformed its business and has attracted attention from farmers' cooperatives as far afield as Africa.



Above Computer aided business

A farmers' cooperative in Cornwall has attracted attention from across the globe following rapid growth with the support of a state of the art computer system.

Cornwall Farmers Ltd was established in 1921 and serves farms, rural communities and towns across Cornwall and Devon. It has a network of Farm and Country stores stocking a range of products for all farm and rural pursuit requirements. The company used Objective One EAGGF (European Agricultural Guidance and Guarantee Fund) investment to install an £800,000 IT system, from Cal Software Ltd, to streamline operations.



Above Andrew Cocks, Chief Executive of Cornwall Farmers Ltd

Chief Executive Andrew Cocks explained: "This was the biggest challenge in the cooperative's 80 years or so of life. We had about 13 different IT systems – different ones for each business that had been acquired over the years. We saw we needed to address the sales function, to train people, to look at logistics of transport and warehousing and then expand into property management and development, procurement and supply chain development and better marketing.

"We realised you could not do any of this unless you invested in the infrastructure at the beginning. With Objective One support the IT project has been the common denominator around everything we have done since. Before we started the project we had about 220 people on the payroll, now we have 350. We have been able to carry out an acquisition of Countrywest Trading Limited and there is a lot more potential out there."

The success has been so visible that cooperatives from Wales and other parts of the UK have visited, the English Food and Farming Partnership (EFFP) is using Cornwall Farmers as a case study and Mr Cocks has been invited to Malawi to talk about how the business works.

He added: "The Curry report on sustainable agriculture noted that where farmers have strong cooperatives GDP is demonstrably higher.

Tourism

Raising the tourism game brings rewards

Cornwall and the Isles of Scilly is shedding its bucket and spade image and improving its tourism product. As recognised in Dubai, world class quality is a must to stay ahead.



Above Quality local produce lifting the quality of tourism

Tourism is a longstanding industry in Cornwall and the Isles of Scilly and Objective One investment has been used to raise quality and create year-round business to ensure wages increase and local producers are supported.

Dubai is an example of a place that has reinvented itself to attract wealth via tourism. The city, in the United Arab Emirates, has grown from a sleepy fishing village to an economy built on trading to the massive tourist mecca that it is today. To accelerate this Dubai's own airline, Emirates, was established in 1985 and hotel numbers went from 42 in that year to 272 by 2002.



Above Malcolm Bell, Chief Executive of South West Tourism

The Burj Al Arab hotel, which rises out of the sea in the shape of a giant sail, is probably the most recognised building with more and more top quality hotels and shopping centres springing up out of the desert sand.

While Cornwall and the Isles of Scilly aims to preserve its past and its beautiful natural environment, hotels, guesthouse, restaurants and visitor attractions are raising their game to offer world class quality and delicious local produce.

Examples of this lifting of quality include the Fifteen Cornwall restaurant, badged by celebrity chef Jamie Oliver and Hotel Penzance, which won two golds in the Cornwall Tourism Awards 2006. Both have received Objective One investment, either directly or via the honey2Cornwall gateway fund.

Malcolm Bell, Chief Executive of South West Tourism, said: "In an ever more competitive world Cornwall has to rise to the challenge of maintaining and improving the quality of the Cornish environment and quality of life, whilst delivering high quality experiences for our visitors – this approach will increase the value of Cornish tourism whilst building a unique world class offering that will establish and reinforce Cornwall in the top tier of international tourism."

Fifteen offers chance of a lifetime

Socio-economic inclusion is a must on this region's journey to a better economy. Fifteen is a proven formula with trainees progressing to employment around the world.



Above Ready for business at Fifteen Cornwall

To transform the economy of Cornwall and the Isles of Scilly those who are out of work must be given the opportunity to seek employment.

Fifteen Cornwall was set up using Objective One investment on the lines of Jamie Oliver's Fifteen restaurant in London. It targets young people living in Cornwall who are not working and are out of education. These young people are trained to work in a professional kitchen and then supported throughout their careers. Training includes time at Cornwall College, work placements at some of Cornwall's top restaurants, produce sourcing trips and cooking at Fifteen Cornwall, at Watergate Bay, under the guidance of talented, professional chefs.



Above Fifteen Cornwall trainees in Italy

In addition to this, trainees are offered support to address whatever their personal problems might be that have previously held them back. The second cohort of Fifteen Cornwall trainees have already begun college. In London, the fifth cohort of trainees is training at Fifteen.

Previous London successes include Ben Arthur, 26, who used the Fifteen apprenticeship to turn his life around having left the education system without any formal qualifications. After a stint in construction and an office mail room he heard about the Fifteen opportunity. Graduating with a distinction Ben went on to travel after which he returned to the Fifteen family as a chef de partie. Ben is now fluent in Italian, currently cheffing at fine dining establishments in and around London, and is also on the board of trustees of the Fifteen Foundation.

John Relihan travelled all the way from Ireland to apply for the Fifteen London course. He graduated top of his class and with a distinction. Since then John has gone on to work experience at La Trompette and 18 months cheffing in San Francisco's Incanto.

All profits from Fifteen Cornwall go to the Cornwall Foundation of Promise, whose purpose is the creation of fantastic career opportunities for disadvantaged local young people.

Objective One Gateway Funds give straightforward access to a selection of support and investment. For further information and full contact details of these Gateway Funds please visit our website www.objectiveone.com

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 - **Cornwall Business Growth Fund**
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